



Department of Justice

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FORMER TELECOM OWNER SENTENCED TO THREE YEARS IN PRISON FOR SCHEME TO DEFRAUD FEDERAL E-RATE PROGRAM

WASHINGTON — The former president and owner of ATE Tel Solutions Inc., which does business as ATE Telecom Solutions Inc. (ATE Tel), was sentenced to serve three years in prison following his conviction for his involvement in a scheme to defraud the federal E-Rate program, the Department of Justice announced today. Rafael G. Adame, sentenced yesterday in U.S. District Court in McAllen, Texas, was convicted on seven of nine counts of wire fraud for submitting fraudulent applications for payment on behalf of ATE Tel to the Federal Communications Commission's (FCC) Universal Service Administrative Company (USAC). Adame will also pay \$106,514 in restitution to the USAC.

Adame was convicted of submitting fraudulent invoices for payment to the Schools and Libraries Division of USAC from December 2001 to May 2003. As a result of the scheme to defraud the E-Rate program, Adame fraudulently obtained \$106,514 in payments from USAC.

"Committing fraud upon the E-Rate program harms underprivileged school districts," said Thomas O. Barnett, Assistant Attorney General in charge of the Department's Antitrust Division. "This sentence demonstrates that those who cheat the competitive process and steal money from federal programs will be held accountable for their actions."

The E-Rate program subsidizes the provision of Internet access and telecommunications services, as well as internal computer and communications networks, to economically disadvantaged schools and libraries. The program was created by Congress in the Telecommunications Act of 1996 and is administered by USAC, a non-profit corporation, under the auspices of the FCC.

Adame owned and operated ATE Tel, a vendor that provided computer-related goods and services through the E-Rate program to various school districts, including Weslaco Independent School District in South Texas. Adame devised a scheme to defraud the E-Rate program through illegitimate invoices that were transmitted via wire communications to USAC. On these invoices Adame entered fabricated data, such as false customer bill dates and false amounts for reimbursement. USAC then relied on this illegitimate information to transmit wire transfers for the indicated amount into ATE Tel's bank account. By making false representations on invoices filed with USAC, Adame received payments in excess of what was authorized and for work that was not actually performed.

Yesterday's sentencing resulted from an ongoing national investigation of fraud in the E-

Rate program. The trial and prosecution of this case was conducted by the Antitrust Division's Dallas Field Office, the Dallas office of the Federal Bureau of Investigation and the Federal Communications Commission's Office of Inspector General.

As a result of the Antitrust Division's ongoing investigation into fraud and anti-competitive conduct in the E-Rate program, six companies and eleven individuals have been found guilty at trial, pleaded guilty, agreed to plead guilty, or have entered civil settlements. The defendants have agreed to pay criminal and civil fines and restitution totaling more than \$40 million. Individual defendants have collectively been sentenced to serve almost 20 years in prison.

Anyone with information concerning fraud or anticompetitive conduct in the E-Rate program should contact the Dallas Field Office of the Antitrust Division at 214-661-8600.

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