

Federal Communications Commission.
Marlene H. Dortch,
Secretary.
 [FR Doc. E7-25239 Filed 12-27-07; 8:45 am]
 BILLING CODE 6712-01-P

FEDERAL COMMUNICATIONS COMMISSION

[DA 07-4732]

Notice of Debarment; Schools and Libraries Universal Service Support Mechanism

AGENCY: Federal Communications Commission.

ACTION: Notice.

SUMMARY: The Enforcement Bureau (the "Bureau") debars Mr. Brown from the schools and libraries universal service support mechanism (or "E-Rate Program") for a period of three years based on his conviction of mail fraud in connection with his participation in the program. The Bureau takes this action in order to protect the E-Rate Program from waste, fraud and abuse.

DATES: Debarment commences on the date Mr. Richard E. Brown receives the debarment letter or December 28, 2007, whichever date comes first, for a period of three years.

FOR FURTHER INFORMATION CONTACT: Diana Lee, Federal Communications Commission, Enforcement Bureau, Investigations and Hearings Division, Room 4-C330, 445 12th Street, SW., Washington, DC 20554. Diana Lee may be contacted by phone at (202) 418-0843 or e-mail at diana.lee@fcc.gov. If Ms. Lee is unavailable, you may contact Ms. Vickie Robinson, Assistant Chief, Investigations and Hearings Division, by telephone at (202) 418-1420 and by e-mail at vickie.robinson@fcc.gov.

SUPPLEMENTARY INFORMATION: The Bureau debarred Mr. Brown from the schools and libraries universal service support mechanism for a period of three years pursuant to 47 CFR 54.521 and 47 CFR 0.111(a)(14). Attached is the debarment letter, DA 07-4732, which was mailed to Mr. Brown and released on November 27, 2007. The complete text of the notice of debarment is available for public inspection and copying during regular business hours at the FCC Reference Information Center, Portal II, 445 12th Street, SW., Room CY-A257, Washington, DC 20554. In addition, the complete text is available on the FCC's Web site at <http://www.fcc.gov>. The text may also be purchased from the Commission's duplicating inspection and copying during regular business hours at the

contractor, Best Copy and Printing, Inc., Portal II, 445 12th Street, SW., Room CY-B420, Washington, DC 20554, telephone (202) 488-5300 or (800) 378-3160, facsimile (202) 488-5563, or via e-mail at <http://www.bcpweb.com>.

Federal Communications Commission.

Hillary S. DeNigro,
Chief, Investigations and Hearings Division, Enforcement Bureau.

The debarment letter, which attached the suspension letter, follows:

November 27, 2007

DA 07-4732

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED AND E-MAIL

Mr. Richard E. Brown, c/o Douglas McNabb, Esq., McNabb Associates PC., JP Morgan Chase Tower, 600 Travis Street, Suite 7070, Houston, TX 77002.

Re: Notice of Debarment, File No. EB-07-IH-5369

Dear Mr. Brown:

Pursuant to section 54.521 of the rules of the Federal Communications Commission (the "Commission"), by this Notice of Debarment you are debarred from the schools and libraries universal service support mechanism (or "E-Rate program") for a period of three years.¹

On September 25, 2007, the Enforcement Bureau (the "Bureau") sent you a Notice of Suspension and Initiation of Debarment Proceedings (the "Notice of Suspension").² That Notice of Suspension was published in the **Federal Register** on October 10, 2007.³ The Notice of Suspension suspended you from the schools and libraries universal service support mechanism and described the basis for initiation of debarment proceedings against you, the applicable debarment procedures, and the effect of debarment.⁴

Pursuant to the Commission's rules, any opposition to your suspension or its scope or to your proposed debarment or its scope had to be filed with the Commission no later than thirty (30) calendar days from the earlier date of your receipt of the Notice of Suspension or publication of the Notice of

Suspension in the **Federal Register**.⁵ The Commission did not receive any such opposition.

As discussed in the Notice of Suspension, you pled guilty to and were convicted of three counts of mail fraud, in violation of 18 U.S.C. 1341, for activities in connection with your participation in the E-Rate program involving telecommunications upgrade projects in four Connecticut school districts.⁶ You admitted to participating in schemes to defraud the E-Rate program where fictitious bills for upgrades that were never performed and inflated bills for engineering upgrade projects totaling approximately \$956,203 were ultimately submitted to the Universal Service Administrative Company for reimbursement from the E-Rate fund.⁷ Such conduct constitutes the basis for your debarment, and your conviction falls within the categories of causes for debarment under section 54.521(c) of the Commission's rules.⁸ For the foregoing reasons, you are hereby debarred for a period of three years from the debarment date, i.e., the earlier date of your receipt of this Notice of Debarment or its publication date in the **Federal Register**.⁹ Debarment excludes you, for the debarment period, from activities "associated with or related to the schools and libraries support mechanism," including "the receipt of funds or discounted services through the schools and libraries support mechanism, or consulting with, assisting, or advising applicants or service providers regarding the schools and libraries support mechanism."¹⁰

Sincerely,

Hillary S. DeNigro,
Chief, Investigations and Hearings Division, Enforcement Bureau.

cc: Calvin B. Kurimai, Esq., Assistant United States Attorney, Kristy Carroll, Esq., Universal Service Administrative Company (via e-mail)

September 25, 2007

DA 07-4036

VIA CERTIFIED MAIL

RETURN RECEIPT REQUESTED AND E-MAIL

Mr. Richard E. Brown, c/o Douglas McNabb, Esq., McNabb Associates PC,

⁵ See 47 CFR 54.521(e)(3) and (4). That date occurred no later than November 9, 2007. See supra note 3.

⁶ See Notice of Suspension, 22 FCC Rcd at 17342.

⁷ See id.

⁸ Id. at 17343; 47 CFR 54.521(c).

⁹ See Notice of Suspension, 22 FCC Rcd at 17343-44.

¹⁰ See 47 CFR 54.521(a)(1), 54.521(a)(5), 54.521(d); Notice of Suspension, 22 FCC Rcd at 17344.

¹ See 47 CFR 0.111(a)(14), 54.521.

² Letter from Hillary S. DeNigro, Chief, Investigations and Hearings Division, Enforcement Bureau, Federal Communications Commission, to Mr. Scott A. Federowicz, Notice of Suspension and Initiation of Debarment Proceedings, 22 FCC Rcd 17341 (Inv. & Hearings Div., Enf. Bur. 2007) (Attachment 1).

³ 72 FR 57574 (October 10, 2007).

⁴ See Notice of Suspension, 22 FCC Rcd at 17343.

JP Morgan Chase Tower, 600 Travis Street, Suite 7070, Houston, TX 77002.

Re: Notice of Suspension and Initiation of Debarment Proceedings, File No. EB-07-IH-5369

Dear Mr. Brown:

The Federal Communications Commission ("FCC" or "Commission") has received notice of your conviction for mail fraud in violation of 18 U.S.C. 1341 in connection with your participation in the schools and libraries universal service support mechanism ("E-Rate program").¹¹ Consequently, pursuant to 47 CFR 54.521, this letter constitutes official notice of your suspension from the E-Rate program. In addition, the Enforcement Bureau ("Bureau") hereby notifies you that we are commencing debarment proceedings against you.¹²

I. Notice of Suspension

The Commission has established procedures to prevent persons who have "defrauded the government or engaged in similar acts through activities associated with or related to the schools and libraries support mechanism" from receiving the benefits associated with that program.¹³ You pled guilty to three counts of mail fraud for activities in connection with your participation in the E-Rate program involving telecommunications upgrade projects in four Connecticut school districts.¹⁴ While employed at Southwestern Bell Communications ("SBC"), the prime contractor servicing these school districts, you recommended subcontractors to perform telecommunications upgrades in four Connecticut school districts. You also

¹¹ Any further reference in this letter to "your conviction" refers to your February 13, 2007 guilty plea and subsequent conviction of three counts of mail fraud. *United States v. Richard E. Brown*, Criminal Docket No. 3:07-CR-29 (RNC), Plea Agreement (D.Conn. filed Feb. 13, 2007 and entered Feb. 14, 2007) ("Brown Plea Agreement"); *United States v. Richard E. Brown*, 3:07-CR-29 (RNC), Judgment (D.Conn. filed Sept. 6, 2007 and entered Sept. 7, 2007) ("Brown Judgment").

¹² 47 CFR 54.521; 47 CFR 0.111(a)(14) (delegating to the Enforcement Bureau authority to resolve universal service suspension and debarment proceedings pursuant to 47 CFR 54.521).

¹³ See Schools and Libraries Universal Service Support Mechanism, Second Report and Order and Further Notice of Proposed Rulemaking, 18 FCC Rcd 9202, 9225, ¶ 66 (2003) ("Second Report and Order"). The Commission's debarment rules define a "person" as "[a]ny individual, group of individuals, corporation, partnership, association, unit of government or legal entity, however, organized." 47 CFR 54.521(a)(6).

¹⁴ See generally *United States v. Richard E. Brown*, Criminal Docket No. 3:07-CR-29 (RNC), Information (D.Conn. filed and entered Jul. 28, 2006) ("Information"); *Brown Plea Agreement* at 1; *Brown Judgment* at 1.

reviewed invoices submitted by the subcontractors to SBC for payment that SBC then submitted to the Universal Service Administrative Company ("USAC") for reimbursement from the E-Rate fund.¹⁵ You admitted to participating in schemes to defraud the E-Rate program where fictitious bills for upgrades that were never performed were submitted to USAC for reimbursement from the E-Rate fund.¹⁶ In another fraudulent scheme in which you admitted to being a participant, engineering services for upgrade projects were billed at inflated rates and the associated invoices were also submitted to USAC for E-Rate reimbursement.¹⁷ In sum, these schemes generated approximately \$1,564,768 in fictitious expenses and approximately \$956,203 of these expenses ultimately were submitted to the USAC for reimbursement from E-Rate fund.¹⁸

Pursuant to section 54.521(a)(4) of the Commission's rules,¹⁹ your conviction requires the Bureau to suspend you from participating in any activities associated with or related to the schools and libraries fund mechanism, including the receipt of funds or discounted services through the schools and libraries fund mechanism, or consulting with, assisting, or advising applicants or service providers regarding the schools and libraries support mechanism.²⁰ Your suspension becomes effective upon the earlier of your receipt of this letter or publication of notice in the **Federal Register**.²¹

Suspension is immediate pending the Bureau's final debarment determination. In accordance with the Commission's debarment rules, you may contest this suspension or the scope of this suspension by filing arguments in opposition to the suspension, with any relevant documentation. Your request must be received within 30 days after you receive this letter or after notice is

¹⁵ See Information at 2-3.

¹⁶ See Information at 1-8.

¹⁷ See Information at 8-10.

¹⁸ See Information at 3, 5, 8; <http://www.usdoj.gov/usao/ct/Press2007/20070829-3.html> (Department of Justice Press Release dated August 29, 2007) (last accessed September 12, 2007) ("DOJ August 29 Press Release"). See also Letter from Hillary S. DeNigro, Chief, Investigations and Hearings Division, Enforcement Bureau, Federal Communications Commission, to Scott A. Federowicz, c/o Paul H.D. Stoughton, Conway & Stoughton, LLP, Notice of Suspension and Initiation of Debarment Proceedings, File No. EB-07-IH-5171, (rel. June 27, 2007) ("Federowicz Suspension Letter"); 72 FR 39425 (Jul. 18, 2007).

¹⁹ 47 CFR 54.521(a)(4). See Second Report and Order, 18 FCC Rcd at 9225-9227, ¶¶ 67-74 (2003).

²⁰ Second Report and Order, 18 FCC Rcd at 9225, ¶ 67; 47 U.S.C. 254; 47 CFR 54.502-54.503; 47 CFR 54.521(a)(4).

²¹ Second Report and Order, 18 FCC Rcd at 9226, ¶ 69; 47 CFR 54.521(e)(1).

published in the **Federal Register**, whichever comes first.²² Such requests, however, will not ordinarily be granted.²³ The Bureau may reverse or limit the scope of suspension only upon a finding of extraordinary circumstances.²⁴ Absent extraordinary circumstances, the Bureau will decide any request for reversal or modification of suspension within 90 days of its receipt of such request.²⁵

II. Initiation of Debarment Proceedings

Your guilty plea to criminal conduct in connection with the E-Rate program, in addition to serving as a basis for immediate suspension from the program, also serves as a basis for the initiation of debarment proceedings against you. Your conviction falls within the categories of causes for debarment defined in section 54.521(c) of the Commission's rules.²⁶ Therefore, pursuant to section 54.521(a)(4) of the Commission's rules, your conviction requires the Bureau to commence debarment proceedings against you.

As with your suspension, you may contest debarment or the scope of the proposed debarment by filing arguments and any relevant documentation within 30 calendar days of the earlier of the receipt of this letter or of publication in the **Federal Register**.²⁷ Absent extraordinary circumstances, the Bureau will debar you.²⁸ Within 90 days of receipt of any opposition to your suspension and proposed debarment, the Bureau, in the absence of extraordinary circumstances, will provide you with notice of its decision to debar you.²⁹ If the Bureau decides to debar you, its decision will become effective upon the earlier of your receipt

²² Second Report and Order, 18 FCC Rcd at 9226, ¶ 70; 47 CFR 54.521(e)(4).

²³ Second Report and Order, 18 FCC Rcd at 9226, ¶ 70.

²⁴ 47 CFR 54.521(e)(5).

²⁵ See Second Report and Order, 18 FCC Rcd at 9226, ¶ 70; 47 CFR 54.521(e)(5), 54.521(f).

²⁶ "Causes for suspension and debarment are the conviction of or civil judgment for attempt or commission of criminal fraud, theft, embezzlement, forgery, bribery, falsification or destruction of records, making false statements, receiving stolen property, making false claims, obstruction of justice and other fraud or criminal offense arising out of activities associated with or related to the schools and libraries support mechanism." 47 CFR 54.521(c). Such activities "include the receipt of funds or discounted services through the schools and libraries support mechanism, or consulting with, assisting, or advising applicants or service providers regarding schools and libraries support mechanism described in this section ([47 CFR] 54.500 et seq.)." 47 CFR 54.521(a)(1).

²⁷ See Second Report and Order, 18 FCC Rcd at 9226, ¶ 70; 47 CFR 54.521(e)(2)(i), 54.521(e)(3).

²⁸ Second Report and Order, 18 FCC Rcd at 9227, ¶ 74.

²⁹ See id., 18 FCC Rcd at 9226, ¶ 70; 47 CFR 54.521(e)(5).

of a debarment notice or publication of the decision in the **Federal Register**.³⁰

If and when your debarment becomes effective, you will be prohibited from participating in activities associated with or related to the schools and libraries support mechanism for three years from the date of debarment.³¹ The Bureau may, if necessary to protect the public interest, extend the debarment period.³²

Please direct any response, if by messenger or hand delivery, to Marlene H. Dortch, Secretary, Federal Communications Commission, 236 Massachusetts Avenue, NE., Suite 110, Washington, DC 20002, to the attention of Diana Lee, Attorney Advisor, Investigations and Hearings Division, Enforcement Bureau, Room 4-C330, with a copy to Vickie Robinson, Assistant Chief, Investigations and Hearings Division, Enforcement Bureau, Room 4-C330, Federal Communications Commission. If sent by commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail), the response should be sent to the Federal Communications Commission, 9300 East Hampton Drive, Capitol Heights, Maryland 20743. If sent by first-class, Express, or Priority mail, the response should be sent to Diana Lee, Attorney Advisor, Investigations and Hearings Division, Enforcement Bureau, Federal Communications Commission, 445 12th Street, SW., Room 4-C330, Washington, DC 20554, with a copy to Vickie Robinson, Assistant Chief, Investigations and Hearings Division, Enforcement Bureau, Federal Communications Commission, 445 12th Street, SW., Room 4-C330, Washington, DC 20554. You shall also transmit a copy of the response via e-mail to diana.lee@fcc.gov and to vickie.robinson@fcc.gov.

If you have any questions, please contact Ms. Lee via mail, by telephone at (202) 418-1420 or by e-mail at diana.lee@fcc.gov. If Ms. Lee is unavailable, you may contact Ms. Vickie Robinson, Assistant Chief, Investigations and Hearings Division, by telephone at (202) 418-1420 and by e-mail at vickie.robinson@fcc.gov.

Sincerely yours,

Hillary S. DeNigro,
Chief, Investigations and Hearings
Division, Enforcement Bureau.

³⁰Id. The Commission may reverse a debarment, or may limit the scope or period of debarment upon a finding of extraordinary circumstances, following the filing of a petition by you or an interested party or upon motion by the Commission. 47 CFR 54.521(f).

³¹Second Report and Order, 18 FCC Rcd at 9225, ¶ 67; 47 CFR §§ 54.521(d), 54.521(g).

³²Id.

cc: Calvin B. Kurimai, Esq., Assistant
United States Attorney Kristy Carroll,
Esq., Universal Service
Administrative Company (via e-mail)

[FR Doc. E7-25133 Filed 12-27-07; 8:45 am]

BILLING CODE 6712-01-P

FEDERAL DEPOSIT INSURANCE CORPORATION

Statement of Policy for Section 19 of the Federal Deposit Insurance Act

AGENCY: Federal Deposit Insurance Corporation (“FDIC”).

ACTION: Final agency policy statement (amended).

SUMMARY: On October 13, 2006, Section 19 of the Federal Deposit Insurance Act was modified to address institution-affiliated parties participating in the affairs of Bank Holding Companies and Savings and Loan Holding Companies. The FDIC is introducing a footnote to its Statement of Policy for Section 19 of the Federal Deposit Insurance Act (“SOP”) that will provide the public with a better understanding of the FDIC’s scope given the Federal Reserve System’s and Office of Thrift Supervision’s new authority under Section 19. The FDIC is not seeking comment on the footnote clarifying the SOP, and the change is effective upon publication in the **Federal Register**.

DATES: The change to the policy statement is effective December 28, 2007.

FOR FURTHER INFORMATION CONTACT: Martin P. Thompson, Review Examiner (202) 898-6767, or John P. Henrie, Field Supervisor, (678) 916-2220 in the Division of Supervision and Consumer Protection; or Michael P. Condon, Counsel, (202) 898-6536, or Richard Bogue, Counsel, (202) 898-3726, in the Legal Division.

SUPPLEMENTARY INFORMATION:

I. Background

Section 19 of the Federal Deposit Insurance Act, 12 U.S.C. 1829, prohibits, without the prior written consent of the FDIC, a person convicted of any criminal offense involving dishonesty or breach of trust or money laundering, or who has agreed to enter into a pretrial diversion or similar program in connection with a prosecution for such offense, from becoming or continuing as an institution-affiliated party (“IAP”), owning or controlling, directly or indirectly, an insured depository institution (“insured institution”), or otherwise participating, directly or

indirectly, in the conduct of the affairs of the insured institution. In addition, the law forbids an insured institution from permitting such a person to engage in any conduct or to continue any relationship prohibited by Section 19. The FDIC’s SOP was enacted in November 1998 to provide the public with guidance relating to Section 19, and the application thereof.

The Financial Services Regulatory Relief Act of 2006¹ modified Section 19 to address IAPs affiliated with Bank Holding Companies and Savings and Loan Holding Companies. The FDIC has amended the SOP to introduce a technical change that will provide the public with a better understanding of the FDIC’s scope given the FRS’ and OTS’ new authority under Section 19.

II. Clarifying Amendment to the Statement of Policy

FDIC Statement of Policy for Section 19 of the FDI Act

1. The first sentence of the first paragraph of subsection A is amended by adding footnote number 1.

A. Scope of Section 19

Section 19 covers institution-affiliated parties, as defined by 12 U.S.C. 1813(u), and others who are participants in the conduct of the affairs of an insured institution.¹ * * *

By Order of the Board of Directors.

Dated at Washington, DC, the 19th day of December 2007.

Federal Deposit Insurance Corporation.

Valerie J. Best,

Assistant Executive Secretary.

[FR Doc. E7-25128 Filed 12-27-07; 8:45 am]

BILLING CODE 6714-01-P

FEDERAL HOUSING FINANCE BOARD

[No. 2007-N-14]

Notice of Annual Adjustment of the Cap on Average Total Assets That Defines Community Financial Institutions Notice of Annual Adjustment of the Limits on Annual Compensation for Federal Home Loan Bank Directors

AGENCY: Federal Housing Finance Board.

¹This Statement of Policy applies only to insured depository institutions and their institution-affiliated parties. In addition to the requirement to file an application with the FDIC, such individuals may also need to comply with any filing requirements established by the Board of Governors of the Federal Reserve System under 12 U.S.C. § 1829(d), in the case of a bank holding company, or with the Office of Thrift Supervision under 12 U.S.C. § 1829(e), in the case of a savings and loan holding company.