



FEDERAL COMMUNICATIONS COMMISSION

WASHINGTON, DC 20554

Enforcement Bureau
Investigations and Hearings
Division

February 14, 2012

DA 12-212

**VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED
AND E-MAIL**

Mr. Jeremy R. Sheets
c/o Mr. Martin E. Crandall
Clark Hill PLC
500 Woodward Ave., Suite 3500
Detroit, MI 48226-3435

**Re: Notice of Debarment
File No. EB-11-IH-1122**

Dear Mr. Sheets:

The Federal Communications Commission (Commission) hereby notifies you that, pursuant to Section 54.8 of its rules, you are prohibited from participating in the schools and libraries universal service support mechanism (E-Rate program) for three years from either the date of your receipt of this Notice of Debarment, or of its publication in the Federal Register, whichever is earlier in time (Debarment Date).¹

On October 18, 2011, the Commission's Enforcement Bureau (Bureau) sent you a Notice of Suspension and Initiation of Debarment Proceeding (Notice of Suspension)² that was published in the Federal Register on November 7, 2011.³ The Notice of Suspension suspended you from participating in activities associated with or relating to the E-Rate program and described the basis for initiating debarment proceedings against you, the applicable debarment procedures, and the effect of debarment.

¹ 47 C.F.R. § 54.8(g) (2010). *See also* 47 C.F.R. § 0.111 (delegating authority to the Enforcement Bureau to resolve universal service suspension and debarment proceedings).

² Letter from Theresa Z. Cavanaugh, Acting Chief, Investigations and Hearings Division, Enforcement Bureau, Federal Communications Commission, to Jeremy R. Sheets, Notice of Suspension and Initiation of Debarment Proceeding, DA 11-1733, 26 FCC Rcd 14408 (Inv. & Hearings Div., Enf. Bur. 2011) (Attachment 1).

³ 76 Fed. Reg. 68760 (Nov. 7, 2011).

As discussed in the Notice of Suspension, as president and co-owner of CMS Internet LLC (CMS), you devised and participated in a scheme to defraud the E-Rate program, which resulted in a loss to the program of up to \$70,000.⁴ Specifically, you made materially false representations that induced two school districts to steer E-rate contracts to CMS; and you paid the school applicants' share of E-Rate expenses with purported "donations" and "leasing payments."⁵ Furthermore, you failed to disclose that you purchased ineligible goods and services with E-Rate funds.⁶ Finally, you obstructed a 2007 federal grand jury investigation by instructing a CMS employee to testify falsely about receiving gifts and to destroy computer records.⁷ As a result of your conviction for wire fraud, the United States District Court for the Western District of Michigan sentenced you to serve 15 months in federal prison, followed by two years of supervised release for defrauding the E-Rate program.⁸ The court also prohibited you from "having any involvement with any government-backed or federally-regulated programs during the course of supervision."⁹ The court ordered you to pay a \$12,000 criminal fine in addition to paying Universal Service Administration Company (USAC) \$115,534 in restitution.¹⁰ Pursuant to Section 54.8(c) of the Commission's rules, your conviction of criminal conduct in connection with the E-Rate program serves as a basis for your debarment.¹¹

In accordance with the Commission's debarment rules, you were required to file with the Commission any opposition to your suspension or its scope, or to your proposed debarment or its scope, no later than 30 calendar days from either the date of your receipt of the Notice of Suspension or of its publication in the Federal Register, whichever date occurred first.¹² The Commission did not receive any such opposition.

For the foregoing reasons, you are debarred from participating in the E-Rate program for three years from the Debarment Date.¹³ During this debarment period, you are excluded from participating in any activities associated with or related to the E-Rate program, including the receipt of funds or discounted services through the E-Rate program, or

⁴ Notice of Suspension, 26 FCC Rcd at 14409.

⁵ *Id.*

⁶ *Id.*

⁷ *Id.*

⁸ *See United States v. Jeremy R. Sheets*, Criminal Case No. 1:10-cr-380, Judgment (W.D. Mi. 2011).

⁹ *Id.* A condition of your supervised release includes forfeiting all monetary claims pending under contract with other E-Rate school applicants. Telephone Conversation with Jason Turner, Lead Counsel, Dep't of Justice, Antitrust Division (Aug. 10, 2011).

¹⁰ *Supra* note 5.

¹¹ 47 C.F.R. § 54.8(c).

¹² *Id.* §§ 54.8 (e)(3), (4). Any opposition had to be filed no later than November 17, 2011.

¹³ *Id.* §§ 54.8(e)(5), (g).

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consulting with, assisting, or advising applicants or service providers regarding the E-Rate program.¹⁴

Sincerely,



Theresa Z. Cavanaugh
Acting Chief
Investigations and Hearings Division
Enforcement Bureau

cc: Johnnay Schrieber, Universal Service Administrative Company (via e-mail)
Rashann Duvall, Universal Service Administrative Company (via e-mail)
Jason C. Turner, Antitrust Division, United States Department of Justice (via email)
Jennifer M. Dixton, Antitrust Division, United States Department of Justice (via email)
Meagan D. Johnson, Antitrust Division, United States Department of Justice (via email)

¹⁴ 47 C.F.R. §§ 54.8(a)(1), (5), (d).