

FILED

UNITED STATES DISTRICT COURT  
MIDDLE DISTRICT OF FLORIDA  
TAMPA DIVISION

2014 APR -9 PM 12: 24

CLERK US DISTRICT COURT  
MIDDLE DISTRICT OF FLORIDA  
TAMPA FLORIDA

UNITED STATES OF AMERICA

v.

Case No.

8:14 CR 140 T 23 MAP

THOMAS E. BIDDIX,  
KEVIN BRIAN COX  
a/k/a "Brian Cox,"  
and  
LEONARD I. SOLT,

18 U.S.C. § 1349  
18 U.S.C. § 1343  
18 U.S.C. § 287  
18 U.S.C. § 2  
18 U.S.C. § 1957  
18 U.S.C. § 1341

Defendants.

INDICTMENT

The Grand Jury charges:

BACKGROUND

At all times relevant to this Indictment, unless otherwise indicated:

1. The Federal Communications Commission ("FCC") is an independent federal government agency that regulates interstate and international communications by radio, television, wire, satellite, and cable throughout the United States, including landline and cellular telephone communications. Part of the FCC's mission is to provide all Americans with access to a basic level of telephone service.

2. The Universal Service Administrative Company ("USAC") is a not-for-profit corporation designated and authorized by the FCC to administer programs that provide affordable, nationwide telephone service to all Americans,

such as for rural health care providers and eligible schools and libraries. To pay for these programs, USAC collects fees from private telephone companies, who often pass the fees onto customers in the form of a line item on their telephone bill called a "universal service charge" or something similar.

3. The Low Income Program, also called the Lifeline Program, is one such program authorized by the FCC and administered by USAC. The Lifeline Program reimburses participating telephone companies for providing discounts on telephone installation and monthly telephone service to qualifying customers. A qualifying customer is generally one whose income is at or below 135% of the federal poverty guidelines or one who qualifies for an enumerated federal or state assistance program.

4. Telephone companies participate in the Lifeline Program by providing discounted telephone service to qualifying customers and then obtaining reimbursement from USAC. A participating telephone company may receive reimbursement directly from USAC, and it may also receive reimbursement indirectly from USAC through a separate participating telephone company.

5. In order to obtain reimbursement directly from USAC, a telephone company submits an FCC Form 497, also called a "Lifeline and Link Up Worksheet," that claims a total dollar amount to be reimbursed.

6. In order to receive reimbursement indirectly from USAC, a telephone company orders Lifeline Program service for its qualifying customers

through a separate participating telephone company. The separate participating telephone company includes on the FCC Form 497 that it submits to USAC the amount of reimbursement attributable for the first company's qualifying customers and later passes the reimbursement it receives from USAC to the first company.

7. Telephone companies that participate in the Lifeline Program are required to ensure that their qualifying customers are, in fact, qualified based on the applicable state or federal requirements. Participating telephone companies must obtain documentation establishing eligibility for any qualifying customer, such as that customer's signature on a document certifying under penalty of perjury that the customer qualifies as low-income or for an enumerated assistance program.

8. Associated Telecommunications Management Services, LLC ("ATMS") was a holding company that owned and operated multiple subsidiary telephone companies that participated in the Lifeline Program and received reimbursement from USAC. Included among the ATMS subsidiaries were (1) Ganoco, Inc., a Florida telephone company doing business as American Dial Tone ("American Dial Tone"); (2) Bellerud Communications, LLC, a Texas telephone company ("Bellerud"); (3) BLC Management, LLC, a Tennessee telephone company doing business as Angles Communications Solutions ("BLC"); (4) LifeConnex Telecom, LLC, a Florida telephone company ("LifeConnex"); and (5) Triarch Marketing, Inc., a Louisiana telephone company

doing business as Tri-Arch Communications ("Triarch") (collectively the "ATMS entities").

9. ATMS purchased telephone lines from AT&T and similar telephone companies in order to resell those lines to ATMS's customers.

10. ATMS was incorporated on or about August 25, 2009, as a Delaware limited liability company and was headquartered in Melbourne, Brevard County, Florida.

11. Defendant **THOMAS E. BIDDIX**, a resident of Melbourne, Brevard County, Florida, was an owner, the Chairman of the Board, and the Chief Executive Officer of ATMS starting in or about August 2009.

12. Defendant **KEVIN BRIAN COX**, a resident of Arlington, Tennessee, was an undisclosed owner of ATMS starting in or about August 2009. Cox previously owned BLC, which ATMS acquired on or about November 30, 2009.

13. Defendant **LEONARD I. SOLT**, a resident of Land O' Lakes, Pasco County, Florida, previously owned LifeConnex, a telephone company that ATMS acquired on or about September 1, 2009.

14. Co-Conspirator A, a co-conspirator not named as a defendant herein, a resident of Melbourne, Brevard County, Florida, was an undisclosed owner of ATMS, starting in or about August 2009.

**COUNT ONE**  
**(Conspiracy to Commit Wire Fraud – 18 U.S.C. § 1349)**

15. Paragraphs 1 through 14 of this Indictment are realleged and incorporated herein as though set forth in full.

**Overview of the Fraudulent Scheme**

16. From in or about January 2009 until in or about April 2013, BIDDIX, COX, SOLT, Co-Conspirator A and others perpetrated a scheme to defraud the FCC and USAC in connection with the Lifeline Program.

17. ATMS entities, including American Dial Tone, Bellerud, BLC, LifeConnex, and Triarch, received money directly and indirectly from USAC in connection with the Lifeline Program.

18. BIDDIX, COX, SOLT, Co-Conspirator A and others fraudulently obtained money for ATMS and ATMS entities from USAC in connection with the Lifeline Program by, among other conduct, artificially inflating the total dollar amount claimed for reimbursement on FCC Form 497s that ATMS entities submitted to USAC, usually on a monthly basis, primarily by misrepresenting their number of verified qualifying customers.

19. Based on their falsely inflated claims to the FCC and USAC, ATMS obtained more than \$46 million directly from USAC in connection with the Lifeline Program from in or about September 2009 through in or about March 2011.

20. BIDDIX, COX, SOLT, Co-Conspirator A and others fraudulently obtained money for ATMS indirectly from USAC in connection with the Lifeline Program by, among other conduct, misrepresenting to AT&T and similar

telephone companies the total number of lines for verified qualifying customers for which ATMS was entitled to submit to them for reimbursement from USAC.

**The Conspiracy**

21. From in or about January 2009 until in or about April 2013, within the Middle District of Florida and elsewhere, defendants

**THOMAS E. BIDDIX,  
KEVIN BRIAN COX, a/k/a "Brian Cox," and  
LEONARD I. SOLT**

knowingly and willfully combined, conspired, confederated and agreed with each other and other persons known and unknown, to commit the offense of wire fraud in violation of Title 18, United States Code, Section 1343.

**Object of the Conspiracy**

22. It was the object of the conspiracy that BIDDIX, COX, SOLT, Co-Conspirator A and others would enrich ATMS and themselves by submitting inflated claims to the FCC and USAC on behalf of ATMS in connection with the Lifeline Program in order to obtain money from USAC.

**Manner and Means of the Conspiracy**

23. The conspirators used the following manner and means, among others, to accomplish the objects and purpose of the conspiracy:

- a. The conspirators made and caused to be made false and misleading representations to the FCC, state regulatory agencies, and other telephone companies regarding the ownership structure, management, and operations of ATMS.

- b. The conspirators submitted and caused to be submitted false and misleading documents to the FCC, USAC, state regulatory agencies, and other telephone companies on behalf of ATMS in order to fraudulently obtain money from USAC in connection with the Lifeline Program.
- c. ATMS improperly obtained money from USAC in connection with the Lifeline Program based on the conspirators' false submissions.
- d. The conspirators used money from USAC to continue to fund ATMS and to finance their personal business ventures and lavish lifestyles, including personal living expenses, luxury automobiles, yachts, and private jet airplanes.
- e. The conspirators attempted to conceal their conduct from the FCC, USAC, state regulatory agencies, and other telephone companies.
- f. The conspirators concealed their conduct and the proceeds of the fraud from the Internal Revenue Service ("IRS").

**Overt Acts**

24. In furtherance of the conspiracy and to achieve the objects and purpose thereof, at least one of the conspirators committed and caused to be committed, in the Middle District of Florida and elsewhere, at least one of the following overt acts, among others:

- a. On or about August 25, 2009, BIDDIX registered ATMS as a Delaware limited liability company.
- b. On or about September 1, 2009, SOLT and another individual sold LifeConnex to BIDDIX.
- c. On or about September 5, 2009, BIDDIX purchased Bellerud.
- d. On or about September 30, 2009, BIDDIX purchased American Dial Tone.
- e. On or about October 9, 2009, BIDDIX purchased Triarch.
- f. On or about November 30, 2009, COX and other individuals sold BLC to BIDDIX.
- g. On or about August 31, 2010, BIDDIX submitted a false claim to USAC on behalf of Bellerud seeking approximately \$174,927 in connection with the Lifeline Program for service provided purportedly to qualifying customers for July 2010 in Arkansas.
- h. On or about November 30, 2010, BIDDIX submitted a false claim to USAC on behalf of American Dial Tone seeking approximately \$644,963 in connection with the Lifeline Program for service provided purportedly to qualifying customers for September 2010 in Florida.
- i. On or about November 30, 2010, BIDDIX submitted a false claim to USAC on behalf of Triarch seeking approximately \$171,253 in connection with the Lifeline Program for service

provided purportedly to qualifying customers for September 2010 in Louisiana.

j. On or about December 14, 2010, BIDDIX submitted a false claim to USAC on behalf of LifeConnex seeking approximately \$141,931 in connection with the Lifeline Program for service provided purportedly to qualifying customers for November 2010 in Alabama.

k. On or about February 15, 2011, BIDDIX submitted a false claim to USAC on behalf of BLC seeking approximately \$188,430 in connection with the Lifeline Program for service supposedly provided for January 2011 in North Carolina.

All in violation of Title 18, United States Code, Section 1349.

**COUNTS TWO THROUGH SIX**  
**(Wire Fraud – 18 U.S.C. §§ 1343 and 2)**

25. Paragraphs 1 through 20 and 22 through 24 of this Indictment are realleged and incorporated herein as though set forth in full.

26. On or about the respective dates below, each such date constituting a separate count of this Indictment, within the Middle District of Florida and elsewhere, defendants

**THOMAS E. BIDDIX,  
KEVIN BRIAN COX, a/k/a/ "Brian Cox," and  
LEONARD I. SOLT**

knowingly and with intent to defraud, devised and intended to devise the scheme and artifice to defraud described above, and obtained money and property by means of material false and fraudulent pretenses, representations, and promises, did transmit and cause to be transmitted by means of wire communication in interstate and foreign commerce, writings, signs, signals, pictures and sounds, for the purpose of executing such scheme and artifice:

<u>Count</u>	<u>Approximate Date</u>	<u>Description of Wire Communication</u>
2	September 30, 2010	Wire transfer of approximately \$279,990 from USAC to Bellerud
3	December 30, 2010	Wire transfer of approximately \$591,930 from USAC to American Dial Tone
4	January 10, 2011	Wire transfer of approximately \$176,937 from USAC to Triarch
5	January 31, 2011	Wire transfer of approximately \$314,348 from USAC to LifeConnex
6	March 31, 2011	Wire transfer of approximately \$743,874 from USAC to BLC

All in violation of Title 18, United States Code, Sections 1343 and 2.

**COUNTS SEVEN THROUGH ELEVEN**  
**(False Claims – 18 U.S.C. §§ 287 and 2)**

27. Paragraphs 1 through 20 and 22 through 24 of this Indictment are realleged and incorporated herein as though set forth in full.

28. On or about the respective dates below, each such date constituting a separate count of this Indictment, within the Middle District of Florida and elsewhere, defendants

**THOMAS E. BIDDIX,  
KEVIN BRIAN COX, a/k/a "Brian Cox," and  
LEONARD I. SOLT**

knowingly and intentionally made and presented, and caused to be made and presented, to the Universal Service Administrative Company, and the Federal Communications Commission, agencies of the United States, a claim upon and against the Universal Service Administrative Company and the Federal Communications Commission for payment, which they knew to be false, fictitious, and fraudulent, by preparing and causing to be prepared, and filing and causing to be filed a FCC Form 497, as described below, with knowledge that such claim was false, fictitious, and fraudulent:

<u>Count</u>	<u>Approximate Date</u>	<u>Claim</u>
7	August 31, 2010	FCC Form 497 submitted by Bellerud of approximately \$174,927
8	November 30, 2010	FCC Form 497 submitted by American Dial Tone in the amount of approximately \$644,963
9	November 30, 2010	FCC Form 497 submitted by Triarch in the amount of approximately \$171,253
10	December 14, 2010	FCC Form 497 submitted by LifeConnex in the amount of approximately \$141,931
11	February 15, 2011	FCC Form 497 submitted by BLC in the amount of approximately \$188,430

All in violation of Title 18, United States Code, Sections 287 and 2.

**COUNTS TWELVE THROUGH SIXTEEN**  
**(Monetary Transactions Involving Unlawful Property –**  
**18 U.S.C. §§ 1957 and 2)**

29. Paragraphs 1 through 20 and 22 through 24 of this Indictment are realleged and incorporated herein as though set forth in full.

30. On or about the dates below, in the Middle District of Florida, defendants

**THOMAS E. BIDDIX,**  
**KEVIN BRIAN COX, a/k/a “Brian Cox,” and**  
**LEONARD I. SOLT**

knowingly engaged and attempted to engage in the following monetary transactions in criminally derived property of a value greater than \$10,000.00, which was derived from specified unlawful activities as provided in Title 18, United States Code, Section 1956(c)(7), incorporating Title 18 United States Code, Section 1961(1), namely, wire fraud, in violation of Title 18, United States Code, Section 1343.

<u>Count</u>	<u>Approximate Date</u>	<u>Approximate Amount</u>	<u>From</u>	<u>To</u>
12	January 8, 2010	\$146,346	ATMS (Regions # XXXX-1314)	Cirrus Aircraft  (purchase of Cirrus SR22 aircraft)
13	February 8, 2010	\$260,000	ATMS (Regions # XXXX-1314)	Chariots of Palm Beach  (purchase of Lamborghini)
14	March 5, 2010	\$60,589	ATMS (Regions # XXXX-1128)	Strategix Toys  (purchase of Bluewater vessel)
15	June 28, 2010	\$50,000	ATMS (Regions # XXXX-1128)	Strategix Capital Group  (purchase of Beechjet 400A aircraft)
16	July 30, 2010	\$130,000	ATMS (Regions # XXXX-1314)	Leonard Solt (Regions # XXXX-4063)

All in violation of Title 18, United States Code, Sections 1957 and 2.

**COUNT SEVENTEEN**  
**(Mail Fraud – 18 U.S.C. §§ 1341 and 2)**

31. Paragraphs 1 through 20 and 22 through 24 of this Indictment are realleged and incorporated herein as though set forth in full.

**THE TELECOM SERVICE CENTER SCHEME**

**Background**

32. From in or about December 2009 through in or about October 2010, Telecom Service Center, LLC was a telecommunications support company for ATMS that provided customer service, including a customer call center. Telecom Service Center's principal places of business were in Melbourne and Rockledge, Florida. **BIDDIX** was the owner of Telecom Service Center.

33. The American Recovery and Reinvestment Act of 2009 (the "Recovery Act") was an economic stimulus package enacted into law by the United States Congress in 2009. One section of the Recovery Act provided grants for local job transition programs.

34. The Brevard Workforce Development Board ("Brevard Workforce") is a non-profit job placement organization located in Brevard County, Florida. Brevard Workforce received a grant from the Recovery Act to support job transition and placement in Brevard County.

**Object of the Scheme to Defraud**

35. It was the object of the scheme and artifice that from in or about December 2009 until in or about October 2010, **BIDDIX** would and did use Telecom Service Center to fraudulently obtain money from Brevard Workforce in order to obtain substantial economic benefits for himself and others through the payments of fees, wages, bonuses, and other monies, and unauthorized diversions and misappropriation of funds.

**The Scheme to Defraud**

36. On or about December 29, 2009, **BIDDIX** incorporated Telecom Service Center as a for-profit corporation in Florida.

37. On or about January 13, 2010, **BIDDIX** executed an agreement between Brevard Workforce and Telecom Service Center by which Brevard Workforce would provide employees to Telecom Service Center and subsidize a portion of those employees' wages and benefits using funds provided through the Recovery Act.

38. In addition to the subsidy received from Brevard Workforce, Telecom Service Center was required to contribute to the cost of supervising and training the employees it received from Brevard Workforce. Telecom Service Center was not eligible to receive funds from Brevard Workforce if Telecom Service Center was using federal funds for its required contributions.

39. **BIDDIX** concealed from Brevard Workforce that Telecom Service Center made its required contributions using federal funds in the form of money received from USAC from the Lifeline Program.

40. From in or about March 2010, until in or about October 2010, Telecom Service Center and ATMS received approximately \$5.12 million from Brevard Workforce.

41. On or about March 8, 2010, in the Middle District of Florida, defendant

**THOMAS E. BIDDIX,**

for purposes of executing or attempting to execute the above-described scheme, knowingly and intentionally deposited and caused to be deposited two invoices on behalf of Telecom Service Center, LLC to Brevard Workforce in the cumulative total amount of approximately \$261,546.86, to be sent and delivered, and caused the matters and things to be sent and delivered, from Melbourne, Florida to Rockledge, Florida, by private and commercial interstate carrier and by the United States Postal Service.

All in violation of Title 18, United States Code, Sections 1341 and 2.

**FORFEITURE**

42. The allegations contained in Counts One through Seventeen of this Indictment are realleged and incorporated by reference for the purpose of alleging forfeitures, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), as well as Title 18, United States Code, Section 982(a)(1).

43. Upon conviction of a conspiracy to violate, or a violation of, Title 18, United States Code, Sections 1343, as charged in Counts One and Two through Six of this Indictment, defendants, **THOMAS E. BIDDIX, KEVIN BRIAN COX, a/k/a BRIAN COX, AND LEONARD I. SOLT**, shall forfeit to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461, any property, real or personal, which constitutes or is derived from proceeds traceable to the violation.

44. Upon conviction of an offense in violation of Title 18, United States Code, Section 1957, as charged in Counts Twelve through Sixteen of this Indictment, defendants, **THOMAS E. BIDDIX, KEVIN BRIAN COX, a/k/a BRIAN COX, and LEONARD I. SOLT**, shall forfeit to the United States pursuant to Title 18, United States Code, Section 982(a)(1), any property, real or personal, involved in such offense, and any property traceable to such property.

45. The specific property to be forfeited based on the allegations above, includes, but is not limited to, the following:

- a. A forfeiture money judgment of at least \$32,393,000.00;
- b. A fixed wing multi-engine 1997 Beechjet model 400A aircraft, Serial Number RK-145, FAA tag number N144JS, registered to Stratbill, LLC;
- c. An orange 2008 Lamborghini Murcielago Convertible, Vehicle Identification Number ZHWBU47S88LA02899, last known tag Florida 161MVJ;
- d. A red-bronze 2009 Chevrolet Corvette Z06, Vehicle Identification Number 1G1YZ26E495111781, registered to Strategix Toys, LLC, bearing Florida tag D63XV;
- e. A 28.4 foot 2007 vessel and named "Knight Crew," manufactured by Bluewater, Hull Identification Number DZV28108G708, vessel identification number 1203964, registered to Strategix Toys, LLC., and accompanying trailer upon which it is located;
- f. A black 2010 Cadillac Escalade, Vehicle Identification Number 1GYUCJEF6AR106617, registered to Thomas Edward Biddix, bearing Florida tag 591KFZ;
- g. A 2007 Chevrolet Suburban Executive Icon Accolade limousine, Vehicle Identification Number 3GNC26K97G2888642, originally registered to Strategix Toys, LLC, current registration unknown;
- h. A black 2009 Mercedes-Benz S63, Vehicle Identification Number WDDNG77X59A262493, registered to Strategix Toys, LLC, bearing Florida tag 723YJC; and
- i. A blue 2010 Audi R8, Vehicle Identification Number WUAAUAFGXAN001229, registered to EWP Communications LLC, bearing Tennessee tag C2944U.

46. Upon conviction of a violation of Title 18, United States Code, Section 1341, as charged in Count Seventeen, defendant, **THOMAS E. BIDDIX**, shall forfeit to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461, any property, real

or personal, which constitutes or is derived from proceeds traceable to the violation, including, but not limited to a money judgment of at least \$5,030,000.00.

47. If any of the property described above , as a result of any act or omission of the defendants,

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with a third party;
- c. has been placed beyond the jurisdiction of the Court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty;

the United States shall be entitled to forfeit substitute property pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1), and Title 28, United States Code, Section 2461(c).

A TRUE BILL

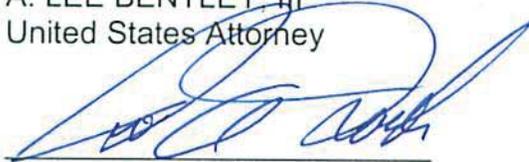
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