



# News

R E L E A S E

FOR IMMEDIATE RELEASE

May 5, 2025

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## COGENT COMMUNICATIONS FACES FEDERAL SCRUTINY OVER FRAUDULENT ACQUISITION AND 22- YEAR CORPORATE COVER-UP

“EXHIBIT 2.5 IS NO LONGER A FOOTNOTE — IT’S A  
FELONY WAITING TO LAND,” STATES FEDERAL  
WHISTLEBLOWER DAVID J. KOCH.

WASHINGTON, D.C. — May 5, 2025 — Just days before Cogent Communications Holdings, Inc. (NASDAQ: CCOI) hosts its Q1 2025 earnings call, federal whistleblower David J. Koch has released new documentation raising serious allegations of securities fraud, obstruction of justice, and long-running concealment tied to the company’s 2003 acquisition of Fiber Network Solutions, Inc. (FNSI).

The 160-page whistleblower report — now under review by the U.S. Attorney — identifies Cogent and FNSI officers, board members, and legal counsel, and outlines a 22-year

concealment involving multiple legal and ethical violations that includes nine documented predicate acts that have reset the statute of limitations to present day.

As Cogent Communications prepares to announce its Q1 2025 earnings on May 8th, one of its earliest — and most opaque — acquisitions is now under renewed federal scrutiny.

David J. Koch, former CEO and co-founder of Fiber Network Solutions, Inc. (FNSI), is calling on analysts, investors, and regulators to demand answers about Exhibit 2.5 — a buried document originally submitted with Cogent’s S-1 registration statement, where it appeared as an unindexed exhibit labeled only as “miscellaneous assets.”

“The acquisition of my company — twice recognized on the Inc. 500 list of America’s fastest growing companies — took place while I was medically incapacitated,” said Koch. “That was not a ‘miscellaneous asset.’”

“If they try to ignore this on the earnings call, that’s not caution — it’s concealment,” said Koch, whose company was acquired by Cogent in 2003 while he was under documented medical incapacity.

“Exhibit 2.5 isn’t just redacted — it’s missing. Entirely. Every payment schedule. Every liability assumption. Every equity release,” Koch said.

“I was the co-founder, president, CEO, board chairman, and majority shareholder — stripped of my voting rights while under medical incapacity. Removed by an attorney who had been terminated for cause, acting without authority. Now

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the truth is coming out — and it cuts to the foundation of Cogent’s early expansion.”

SEC Source Document: [Exhibit 2.5 – Original Filing \(SEC Archive\)](#)

“The proxy authored by William J. Kelly — an attorney terminated for cause three years earlier — was intended to bypass the rights of a medically incapacitated founder,” Koch stated. “Exhibit 2.5 enabled and concealed that act. That didn’t happen by coincidence — it required coordination between individuals inside my company and inside Cogent.”

“The proxy and Exhibit 2.5 are the bookends of a deal that laid the foundation for Cogent’s early business model,” Koch said. “Kyle Bacon, a central figure in the transaction, acknowledged this in a recorded conversation.”

#### WHY EXHIBIT 2.5 MATTERS NOW:

- Key schedules — including payment terms, assumed liabilities, and equity allocations — were marked “omitted” in Cogent’s S-1 filings.
- The proxy vote that authorized the deal was drafted by an attorney previously terminated for ethical violations — without board or shareholder approval.
- No shareholder notifications, fairness opinions, or press releases were issued at the time of the transaction.
- Multiple federal agencies — including the FBI, SEC, IRS-CI, and U.S. Attorney — are currently reviewing related whistleblower submissions.

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## KEY QUESTIONS FOR COGENT’S MAY 8 EARNINGS CALL:

### Exhibit 2.5 and FNSI Acquisition:

- Why were financial schedules related to the FNSI acquisition omitted from Cogent’s publicly filed SEC documents?
- Why was the acquisition of a company previously valued at over \$200 million not disclosed in the main body of Cogent’s S-1, but instead buried in an unindexed exhibit labeled as an Asset Purchase Agreement?
- Who financially benefited from the FNSI transaction — and were those proceeds ever disclosed to shareholders or regulators?
- Was the transaction independently valued, formally approved by the board, or subject to external legal or compliance review?

### GOVERNANCE AND DISCLOSURE FAILURES:

- Why was no syndicated press release published, shareholder communication, or public filing issued at the time of the FNSI acquisition?
- Why was an attorney previously removed for cause permitted to draft and submit voting documents for a medically incapacitated founder, without disclosure of his status?

### DIVIDEND SUSTAINABILITY AND FINANCIAL RISK:

- As of last week, Cogent reported earnings of \$0.69 per share (TTM) while paying a \$1.005 quarterly dividend — totaling \$4.02 annually.

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- This represents a dividend payout ratio of 582.61% — a figure that would raise concern among most institutional analysts.
- Is Cogent using outsized dividend payments to support its stock price while concealing unresolved legal, governance, or acquisition-related risks?

“You don’t pay out nearly six times your earnings unless you’re hiding something — or trying to buy silence,” Koch added.

REGULATORY RISK AND FEDERAL INVESTIGATION:

- Has Cogent received subpoenas, formal inquiries, or information requests from federal agencies regarding the FNSI acquisition?
- Has the company disclosed whistleblower-related risks, federal investigations, or contingent liabilities in its SEC filings?

EXECUTIVE CONDUCT AND CRIMINAL EXPOSURE:

- Was Cogent aware that the individual behind the undisclosed transfer of FNSI — later employed as its Chief Information Officer, Kyle Bacon — had privately discussed evading U.S. taxes, laundering assets via cryptocurrency, and concealing offshore income?
- Why did Cogent retain or elevate an executive who, in recorded phone calls now provided to IRS-CI, described hiding millions in Bitcoin, paying yacht staff in crypto, and renouncing U.S. tax obligations?

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- Has the company disclosed any reputational, legal, or regulatory risks stemming from Mr. Bacon’s conduct — which is now referenced in whistleblower filings with the IRS, SEC, FBI, and U.S. Attorney?

“They gave him the keys to the company’s IT infrastructure,” Koch said. “And now he’s on tape — discussing tax evasion, concealed assets, offshore movement — and specifically naming Dave Schaeffer as involved in deploying intellectual property and trade secrets from Fiber Network Solutions that helped form Cogent’s early operational framework.”

“Cogent’s board can’t plead ignorance. At this point, silence is complicity.”

RELATED EVIDENCE AND DOCUMENTATION:

- Whistleblower [recordings and transcripts](#) submitted to IRS-CI
- SEC and IRS submissions detailing omissions and concealment
- “The Fraud Explained” – [full timeline and supporting exhibits](#).

KOCH’S FINAL WARNING:

“If the board doesn’t acknowledge this, it’s not just a business risk — it’s a breach of fiduciary duty. Shareholders deserve answers. Regulators demand accountability. And federal prosecutors are watching.”

Cogent CEO Dave Schaeffer is also scheduled to speak at two investor conferences following the May 8 earnings call:

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the J.P. Morgan Global Technology, Media & Communications Conference on May 13, and the MoffettNathanson Media, Internet & Communications Conference on May 14. Koch has urged attendees to raise direct questions regarding Exhibit 2.5, dividend policy, and federal inquiries related to Cogent’s 2003 acquisition of [Fiber Network Solutions](#).

SUPPORTING DOCUMENTATION AVAILABLE UPON REQUEST:

- Audio recordings of Kyle Bacon discussing the FNSI transaction and concealment strategies
- Metadata audit of the proxy document authored by William J. Kelly
- Whistleblower filings submitted to the IRS, SEC, and FBI outlining material omissions
- Server logs confirming attempted cyber intrusions targeting disclosure platforms

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MEDIA CONTACT / SOURCE VERIFICATION:

Federal Whistleblower – FNSI Fraud Disclosure Case

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David J. Koch has confirmed that he will attend Cogent’s May 8, 2025 earnings call.

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FORWARD-LOOKING STATEMENT AND LEGAL DISCLAIMER

This release includes references to public records, regulatory filings, and whistleblower submissions provided to federal agencies. All individuals named are presumed innocent unless and until proven guilty in a court of law. Statements herein reflect the firsthand knowledge and good-faith belief of whistleblower David J. Koch as of May 5, 2025, and may be updated as new facts develop or investigations advance.

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