

FILED
2013 APR -2 PM 4:24
U.S. DISTRICT COURT
CLEVELAND, OHIO

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

UNITED STATES OF AMERICA,)

Plaintiff,)

v.)

LORI A. MARTIN,)

RAHEEM J. MARTIN,)

TERESA K. SCOTT,)

TINA M. MILECA,)

Defendants.)

INDICTMENT

CASE NO.

5:13CR174

JUDGE

JUDGE GWIN

Title 18, United States Code § 1349

The Grand Jury charges:

Count 1
General Allegations

At all times material and relevant to this Indictment:

1. Under the authority of Title 34 of the Code of Federal Regulations ("CFR"), Part 600, the United States Department of Education (the "Department of Education") administered federal programs that provided money for college to eligible students who attended participating post-secondary schools, collectively referred to herein as Student Financial Assistance ("SFA") programs. The Department of Education did so by partnering with post-secondary schools and financial institutions that have agreed to participate in the SFA programs and abide by Department of Education regulations. SFA Programs included the Pell Grant Program, the Federal Family

Educational Loan Programs (“FFELP”), which were formerly known as the Guaranteed Student Loan Programs, and the William D. Ford Direct Loan Programs (“FDSLPL”), which were the successor to the FFELP. The Department of Education administered both SFA program eligibility and the disbursement of related program funds.

2. Under the Pell Grant Program, the Department of Education provided grants to assist eligible needy students in meeting the costs of a post-secondary education. Department of Education program regulations specified eligibility requirements and application procedures for students. Pell Grants were considered “gift” aid, and the student recipients did not have to repay them.

3. The FFELP were low interest loans made to students attending post-secondary institutions. Loans were made by a lender, such as a bank or credit union. The Department of Education paid a special allowance to ensure a low interest rate, and, for subsidized loans, paid all interest on the loans during the time that the student borrower was in school or in a grace period. The loans were guaranteed by a guarantee agency and reinsured by the Department of Education. If the student borrower defaulted, the lender was paid for the loan by the guarantee agency. If the loan remained in default, the Department of Education paid the guarantee agency for the loan. Loan proceeds were distributed by the lender, directly to the post-secondary institution, by check co-payable to the student and post-secondary institution or by electronic funds transfer.

4. The FDSLPL were the successor to the FFELP, which ended in July 2010. Under the FDSLPL, all loans made after July 1, 2010, were made directly from the United States Treasury. The two programs were similar in nature, with the primary difference being that, under the FDSLPL, the Federal government provided the loan principal, eliminating the need for a lender or a guaranty agency.

5. Students apply for SFA by submitting a Free Application for Federal Student Aid (“FAFSA”), which contains information that relates to the factors used to determine a student’s need for SFA, such as income, dependency status, marital status, etc. The student may mail the FAFSA to a Department of Education processing center or transmit it electronically via the Internet. Alternatively, the school may electronically transmit the FAFSA to a Department of Education processing center.

6. To be eligible for SFA funds, students must possess a valid high school diploma, General Educational Development certificate (also sometimes referred to as a General Equivalency Diploma certificate) (“G.E.D.”), or pass an Ability to Benefit (“ATB”) test administered by an independent test administrator. High school diplomas and G.E.D. certificates are both regulated by the States. Students must also accurately state their income levels, not be in default on any guaranteed student loans, and correctly report their own identifiers.

7. The Department of Education processing center, which is located in Plano, Texas, processes the FAFSA. If the FAFSA was transmitted electronically, upon receipt of the FAFSA, the processing center electronically transmits a Student Aid Report (“SAR”) to the school and the student. The SAR is used to make an SFA award to the student.

8. The amount of financial aid that a student can receive is based on the total Cost of Attendance (“COA”) at a participating school. The COA includes tuition and fees, on campus room and board (or a housing and food allowance for off-campus students), and allowances for books, supplies, transportation, and loan fees. Many times, there are funds remaining after the expenses are paid to an institution. The student is entitled to receive the remaining funds from the institution. The refund is most commonly made in the form of a refund check, which is sent to the student by U.S. mail.

9. LORI A. MARTIN was a resident of Akron, Ohio, which is located in the Northern District of Ohio, Eastern Division.

10. RAHEEM J. MARTIN was a resident of Akron, Ohio. RAHEEM J. MARTIN was not a high school graduate, and he did not have either a diploma or a valid G.E.D. certificate, nor had he passed an ATB test.

11. TERESA K. SCOTT was a resident of Akron, Ohio. SCOTT was not a high school graduate, and she did not have either a diploma or a valid G.E.D. certificate, nor had she passed an ATB test.

12. TINA M. MILECA was a resident of Akron, Ohio. MILECA was not a high school graduate, and she did not have either a diploma or a valid G.E.D. certificate, nor had she passed an ATB test.

The Conspiracy

13. From in or about August 2006, and continuing through in or about September 2011, in the Northern District of Ohio, Eastern Division, and elsewhere, LORI A. MARTIN, RAHEEM J. MARTIN, TERESA K. SCOTT, TINA M. MILECA, and others known and unknown to the Grand Jury, did knowingly and voluntarily combine, conspire, confederate, and agree together and with each other to commit offenses against the United States of America, that is, to devise and intend to devise a scheme and artifice to defraud the Department of Education and to obtain money and property from it by means of false and fraudulent pretenses, representations, and promises, and for the purpose of executing and attempting to execute the scheme and artifice to defraud:

- a. knowingly place or cause to be placed in any post office or authorized depository for mail matter, any matter or thing, to be sent or delivered by the Postal Service and any

any private or commercial interstate mail carrier according to the direction thereon, in violation of Title 18, United States Code, Section 1341; and

- b. cause to be transmitted by means of wire communication in interstate commerce, writings, signs, signals, pictures or sounds, for the purpose of executing such scheme or artifice, in violation of Title 18, United States Code, Section 1343.

Object of the Conspiracy

14. The object of the conspiracy was to obtain money from the Department of Education to which the recipients were neither eligible nor entitled in order to pay for their living expenses, other personal expenditures, and costs associated with attending the University of Akron.

Manner and Means

15. It was part of the conspiracy that LORI A. MARTIN created fake Official Transcripts reporting test results and the awarding of G.E.D. certificates for persons who had not earned and did not have a valid G.E.D. certificate.

16. It was further part of the conspiracy that LORI A. MARTIN assisted RAHEEM J. MARTIN, TERESA K. SCOTT, and TINA M. MILECA in completing on-line applications to the University of Akron for admission and on-line applications for FSA, indicating on both applications that RAHEEM J. MARTIN, TERESA K. SCOTT, and TINA M. MILECA each had successfully earned a valid G.E.D. certificate when, in fact, they had not.

17. It was further part of the conspiracy that LORI A. MARTIN, RAHEEM J. MARTIN, TERESA K. SCOTT, and TINA M. MILECA provided the fake G.E.D. Official Transcripts that LORI A. MARTIN had created for them to the University of Akron to gain admission to the University and access to FSA.

18. It was further part of the conspiracy that RAHEEM J. MARTIN, TERESA K. SCOTT, and TINA M. MILECA submitted FAFSAs to the Department of Education, with the assistance of LORI A. MARTIN, which falsely stated that they had valid G.E.D. certificates and were thus eligible for FSA when, in truth and in fact, they did not have such certificates and were not eligible for such funds.

Acts In Furtherance of the Conspiracy

19. During 2006, LORI A. MARTIN created a fake G.E.D. Official Transcript, purporting to be from the Ohio Department of Education, for RAHEEM J. MARTIN.

20. During 2006, RAHEEM J. MARTIN and LORI A. MARTIN submitted the fake G.E.D. Official Transcript to the University of Akron.

21. On or about February 9, 2010, LORI A. MARTIN created a fake G.E.D. Official Transcript, purporting to be from the Ohio Department of Education, for TERESA K. SCOTT.

22. On or about February 9, 2010, LORI A. MARTIN and TERESA K. SCOTT submitted the fake G.E.D. Official Transcript to the University of Akron.

23. In or about May 2010, TERESA K. SCOTT used her FSA funds to pay \$200 to LORI A. MARTIN for the fake G.E.D. Official Transcript.

24. In or about February 2011, LORI A. MARTIN created a fake G.E.D. Official Transcript, purporting to be from the Ohio Department of Education, for TINA M. MILECA.

25. In or about February 2011, TINA M. MILECA paid \$200 to LORI A. MARTIN for the fake G.E.D. Official Transcript.

26. In or about February 2011, LORI A. MARTIN and TINA M. MILECA submitted the fake G.E.D. Official Transcript to the University of Akron.

27. Between August 2006 and September 2011, LORI A. MARTIN and RAHEEM J. MARTIN obtained at least \$76,107 in Pell Grants and FFELP/FDSLPL loans using the fake G.E.D. Official Transcript submitted for RAHEEM J. MARTIN.

28. Between July 2011 and September 2011, TERESA K. SCOTT obtained at least \$23,821 in Pell Grants and FFELP/FDSLPL loans using the fake G.E.D. Official Transcript submitted under her name.

29. Between July 2011 and September 2011, TINA M. MILECA obtained at least \$4,683 in Pell Grants and FFELP/FDSLPL loans using the fake G.E.D. Official Transcript submitted under her name.

The Use of Interstate Wires

30. On or about the dates listed below, LORI A. MARTIN, RAHEEM J. MARTIN, TERESA K. SCOTT, and TINA M. MILECA, for the purpose of executing and attempting to execute the scheme and artifice to defraud described above, caused to be transmitted by means of wire communication in interstate commerce, writings, signs, signals, pictures or sounds, as described in the following chart:

Date	Description of Document	Application Type/Applicant Location	Recipient / Location
2/1/2011	FAFSA filed for TERESA K. SCOTT	Online application Akron, Ohio	Department of Education Plano, Texas
2/11/2011	FAFSA filed for TINA M. MILECA	Online application Akron, Ohio	Department of Education Plano, Texas
4/22/2011	FAFSA filed for RAHEEM J. MARTIN	Online application Akron, Ohio	Department of Education Plano, Texas

The Use of the U.S. Mail

31. On or about the dates listed below, LORI A. MARTIN, RAHEEM J. MARTIN, TERESA K. SCOTT, and TINA M. MILECA, for the purpose of executing and attempting to execute the scheme and artifice to defraud described above, caused the following documents to be delivered and sent through the United States mail, as described in the following chart:

Date	Description of Document	Sender	Recipient/Addressee
8/30/2006	SFA check in the amount of \$2,877.52, dated August 30, 2006, made payable to RAHEEM J. MARTIN	University of Akron	RAHEEM J. MARTIN LORI A. MARTIN
1/7/2007	SFA check in the amount of \$3,228.71, January 7, 2007, made payable to RAHEEM J. MARTIN	University of Akron	RAHEEM J. MARTIN LORI A. MARTIN
5/11/2007	SFA check in the amount of \$3,879.84, dated May 11, 2007, made payable to RAHEEM J. MARTIN	University of Akron	RAHEEM J. MARTIN LORI A. MARTIN
7/3/2007	SFA check in the amount of \$1,077.50, dated July 3, 2007, made payable to RAHEEM J. MARTIN	University of Akron	RAHEEM J. MARTIN LORI A. MARTIN
1/5/2008	SFA check in the amount of \$698.60, dated January 5, 2008, made payable to RAHEEM J. MARTIN	University of Akron	RAHEEM J. MARTIN LORI A. MARTIN
8/16/2008	SFA check in the amount of \$3,004.63, dated August 16, 2008, made payable to RAHEEM J. MARTIN	University of Akron	RAHEEM J. MARTIN LORI A. MARTIN
1/5/2009	SFA check in the amount of \$1,640.59, dated January 5, 2009, made payable to RAHEEM J. MARTIN	University of Akron	RAHEEM J. MARTIN LORI A. MARTIN
8/18/2009	SFA check in the amount of \$1,913.63, dated August 18, 2009, made payable to RAHEEM J. MARTIN	University of Akron	RAHEEM J. MARTIN LORI A. MARTIN
1/6/2010	SFA check in the amount of \$4,084.97, dated January 6, 2010, made payable to RAHEEM J. MARTIN	University of Akron	RAHEEM J. MARTIN LORI A. MARTIN
5/10/2010	SFA check in the amount of \$4,004.20, dated May 10, 2010, made payable to TERESA K. SCOTT	University of Akron	TERESA K. SCOTT

5/10/2010	SFA check in the amount of \$3,571.50, dated May 10, 2010, made payable to RAHEEM J. MARTIN	University of Akron	RAHEEM J. MARTIN LORI A. MARTIN
7/1/2010	SFA check in the amount of \$1,388.00, dated July 1, 2010, made payable to TERESA K. SCOTT	University of Akron	TERESA K. SCOTT
8/16/2010	SFA check in the amount of \$1,287.15, dated August 16, 2010, made payable to TERESA K. SCOTT	University of Akron	TERESA K. SCOTT
1/5/2011	SFA check in the amount of \$1,222.40, dated January 5, 2011, made payable to TERESA K. SCOTT	University of Akron	TERESA K. SCOTT
1/12/2011	SFA check in the amount of \$1,543.80, dated January 12, 2011, made payable to RAHEEM J. MARTIN	University of Akron	RAHEEM J. MARTIN LORI A. MARTIN
5/9/2011	SFA check in the amount of \$3,664.90, dated May 9, 2011, made payable to TINA M. MILECA	University of Akron	TINA M. MILECA
5/9/2011	SFA check in the amount of \$3,843.55, dated May 9, 2011, made payable to TERESA K. SCOTT	University of Akron	TERESA K. SCOTT
5/19/2011	SFA check in the amount of \$4,008.30, dated May 19, 2011, made payable to RAHEEM J. MARTIN	University of Akron	RAHEEM J. MARTIN LORI A. MARTIN
7/1/2011	SFA check in the amount of \$1,388.00, dated July 1, 2011, made payable to TERESA K. SCOTT	University of Akron	TERESA K. SCOTT

32. As a result of the foregoing conspiracy and fraudulent conduct, the Department of Education was defrauded and sustained a total loss of at least \$104,611.

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

A TRUE BILL.

Original document -- Signatures on file with the Clerk of Courts, pursuant to the E-Government Act of 2002.