

FILED

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

MAR 01 2018 *ph*

THOMAS G. BRUTON
CLERK, U.S. DISTRICT COURT

UNITED STATES OF AMERICA) No.

v.)

MARIE PICKETT,
JANIE BLAKENEY,
DEBORAH WILLIAMS,
JENNY MORALES,
HEATHER SMITH, and
TAMAURA BALARK)

) Violations: Title 18, United States
) Code, Sections 371 and 1343;
) Title 20, United States Code, Section
) 1097(a)

18CR 129

JUDGE DURKIN

COUNT ONE

MAGISTRATE JUDGE KIM

The SPECIAL FEBRUARY 2017 GRAND JURY charges:

1. At times material to this indictment:

a. The Center for Employment Training ("CET") was a California-based non-profit institution of post-secondary, non-degree, vocational and technical education with campuses throughout the United States. One CET campus was located in Chicago, Illinois ("CET Chicago").

b. Defendant MARIE PICKETT was the Director at CET Chicago.

c. Defendant JANIE BLAKENEY was the Admissions Advisor at CET Chicago.

d. Defendant DEBORAH WILLIAMS was a Financial Aid Officer at CET Chicago.

e. Defendant JENNY MORALES was a Financial Aid Assistant and later a Financial Aid Officer at CET Chicago.

f. Defendant HEATHER SMITH was an instructor in the Medical

Assistant Program at CET Chicago.

g. Defendant TAMAURA BALARK was an instructor in the Medical Assistant Program at CET Chicago.

h. The United States Department of Education (“DOE”) was a federal executive department charged with administering the laws of the United States relating to post-secondary education. One of the DOE’s responsibilities was to administer Title IV of the federal Higher Education Act of 1965, as amended (20 U.S.C. §§ 1070-1099c-2) (“Title IV”).

i. In administering Title IV programs, the DOE provided students enrolled in eligible post-secondary educational institutions—that is, institutions certified and approved by the DOE to participate in Title IV programs—with various forms of financial aid, including federal grants and loans. Title IV grants included Federal Pell Grants and Federal Supplemental Educational Opportunity Grants, and Title IV loans included the William D. Ford Federal Direct Loan Program.

j. Title IV grants assisted eligible low-income students in meeting costs of post-secondary education. Pell Grants were paid directly to participating educational institutions, which then credited the funds to the student’s tuition account or disbursed the funds to the student.

k. The William D. Ford Federal Direct Loan Program was the Title IV federal student loan program under which eligible students and parents borrowed directly from the DOE at participating schools. Direct Subsidized Loans, Direct

Unsubsidized Loans, Direct PLUS Loans, and Direct Consolidation Loans were types of Title IV Direct Loans.

l. All Title IV financial aid was funded, guaranteed or insured by the federal government in accordance with Title IV and federal regulations implementing Title IV.

m. To be certified by the DOE as eligible to participate in Title IV programs, a post-secondary educational institution was required to: (a) be licensed by a state; (b) be accredited by an agency recognized by the DOE; (c) be a college or a community college or offer programs to prepare students for gainful employment in a recognized occupation; (d) maintain standards of financial responsibility; and (e) enter into a written Program Participation Agreement with the DOE.

n. CET and CET Chicago were accredited by the Accrediting Commission for Schools, Western Association of Schools and Colleges, and later by the Council on Occupational Education, both of which were accreditation agencies recognized by the DOE.

o. As a condition of accreditation, CET and CET Chicago were required to meet certain benchmarks regarding placement of graduating students in relevant employment and also to submit accurate and verifiable employment program placement data each year.

p. Federal regulations required a participating educational institution to maintain documentation relating to its students' eligibility for Title IV

assistance and its Title IV financial aid administration for three years after the academic year in which the financial aid was disbursed and make such records readily available for review and examination by the DOE or its authorized representative.

q. Students who requested federal financial aid were required to complete a Free Application for Federal Student Aid ("FAFSA") that related to the particular school year. The information required on the FAFSA included the student's name, social security number, various financial data, and whether the applicant would have a high school diploma or high school equivalency certificate, such as a General Educational Development ("GED") certificate, before the applicant began the school year.

r. Participating institutions were subject to termination from Title IV guaranteed and insured loan programs if the default rate for their students was consistently above a percentage determined by the DOE.

s. To be eligible to receive Title IV aid, a student was required to, among other things, (a) be at least a half-time student at an eligible post-secondary educational institution; (b) have a high school diploma or its recognized equivalent (e.g., a GED certificate) or obtain a passing score on an independently administered Ability to Benefit ("ATB") test; and (c) maintain satisfactory academic progress.

t. CET was initially certified to participate in Title IV programs and entered into a participation agreement with the DOE on May 1, 1986.

2. Beginning no later than in or about 2005 and continuing until in or about September 2013, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

MARIE PICKETT,
JANIE BLAKENEY,
DEBORAH WILLIAMS,
JENNY MORALES,
TAMAURA BALARK, and
HEATHER SMITH,

defendants herein, together with others known and unknown to the Grand Jury, did conspire to knowingly and willfully embezzle, misapply, steal, and obtain by fraud, false statements and forgery, funds, assets, and property provided and insured by the federal government, namely, federal grants and loans provided by the United States Department of Education, in violation of Title 20, United States Code, Section 1097(a).

OVERVIEW OF THE CONSPIRACY

3. It was part of the conspiracy that defendants PICKETT, BLAKENEY, WILLIAMS, MORALES, SMITH, and BALARK applied for and obtained millions of dollars in Title IV funds for CET Chicago and CET Chicago f students who were in fact ineligible to receive such funds by creating and causing to be created false and fraudulent FAFSA applications, high school diplomas, high school equivalency certificates, attendance records, examinations, and tests and causing the DOE to disburse financial aid, in the form of grants and loans, based on those false and fraudulent documents.

4. It was part of the conspiracy that defendants PICKETT, BLAKENEY, WILLIAMS, and MORALES enrolled students at CET Chicago by using the social security numbers and government issued identification of students who had never appeared at CET Chicago to enroll, complete financial aid documents, attend classes, or complete exams or competencies ("fake students").

5. It was further part of the conspiracy that defendants PICKETT, BLAKENEY, WILLIAMS, and MORALES created or caused to be created false high school diplomas and high school equivalency certificates for fake students and other students they well knew had not in fact graduated from high school, obtained a high school equivalency certificate, or passed the ATB test and were therefore ineligible for Title IV funds, and placed the fraudulent documents in the CET student files.

6. It was further part of the conspiracy that defendants PICKETT, BLAKENEY, WILLIAMS, and MORALES created, signed, and submitted, and caused to be created, signed and submitted, false FAFSA and other financial aid documents for fake students and other students they well knew were in fact ineligible to receive such funds.

7. It was further part of the conspiracy that defendants PICKETT, SMITH, and BALARK falsified and caused to be falsified student attendance records by marking as present fake students and other students they well knew had not in fact attended classes, including by falsifying and causing to be falsified student attendance records for a student who was in fact deceased at the time the student

purportedly attended classes at CET Chicago.

8. It was further part of the conspiracy that defendants PICKETT, BLAKENEY, WILLIAMS, MORALES, SMITH, and BALARK created and caused to be created fake and fictitious examinations and tests purportedly completed and passed by fake students and other CET Chicago students for the purpose of obtaining Title IV financial aid, well knowing that those students had not in fact passed the examinations and tests and were thus ineligible to receive such funds.

9. It was further part of the conspiracy that defendants PICKETT, BLAKENEY, and others falsified and caused to be falsified job placement verification forms by reporting the names and addresses of fake companies that purportedly employed fake students and other students, knowing that the companies did not exist and that the students were not employed by those fake companies, and further caused those falsified job placement verification forms to be submitted to the CET accreditation agencies to ensure CET maintained its eligibility for Title IV funds.

10. It was further part of the conspiracy that defendants PICKETT, BLAKENEY, WILLIAMS, MORALES, BALARK, and SMITH concealed, misrepresented, and hid and caused to be concealed, misrepresented, and hidden, the existence and purpose of the conspiracy and the acts done in furtherance of the conspiracy.

OVERT ACTS

11. To effect the object of the conspiracy, defendants PICKETT,

BLAKENEY, WILLIAMS, MORALES, SMITH, and BALARK committed and caused to be committed the following overt acts, among others, at Chicago, in the Northern District of Illinois, and elsewhere:

a. On or about July 1, 2013, defendants PICKETT, BLAKENEY, WILLIAMS, and MORALES created or caused to be created a fraudulent and fictitious diploma purportedly issued to Student A on June 21, 2013 by a Chicago Public High School, indicating that Student A had graduated from high school on June 21, 2013, and placed the fictitious diploma in Student A's CET File.

b. On or about July 1, 2013, defendants PICKETT, BLAKENEY, WILLIAMS, and MORALES created or caused to be created a fraudulent and fictitious high school transcript verification form purportedly issued for Student B on June 28, 2013 by a Chicago Public High School, indicating that Student B had graduated from high school on June 15, 2012, and placed the fictitious transcript verification in Student B's CET File.

c. On or about July 24, 2013, defendants PICKETT, BLAKENEY, WILLIAMS, and MORALES created or caused to be created a fraudulent and fictitious diploma purportedly issued to Student C on June 12, 1998 by a Chicago Public High School, indicating that Student C had graduated from high school on June 12, 1998, and placed the fictitious diploma in Student C's CET File.

d. On or about July 1, 2013, defendants PICKETT, BLAKENEY, WILLIAMS, and MORALES caused to be filed with the DOE a false FAFSA

requesting Title IV financial aid on behalf of Student A, knowing that Student A was ineligible for such financial aid because Student A had not graduated from high school, received a high school equivalency certificate, or passed the ATB test.

e. On or about July 1, 2013, defendants PICKETT, BLAKENEY, WILLIAMS, and MORALES caused to be filed with the DOE a false FAFSA requesting Title IV financial aid on behalf of Student B, knowing that Student B was ineligible for such financial aid because Student B had not graduated from high school, received a high school equivalency certificate, or passed the ATB test.

f. On or about July 26, 2013, defendants PICKETT, BLAKENEY, WILLIAMS, and MORALES caused to be filed with the DOE a false FAFSA requesting Title IV financial aid on behalf of Student C, knowing that Student C was ineligible for such financial aid because Student C had not graduated from high school or received a high school equivalency certificate, and had failed the ATB test.

g. On or about August 19, 2013, defendants PICKETT, BLAKENEY, WILLIAMS, MORALES, SMITH, and BALARK caused the creation of false and fictitious examinations and tests purportedly completed and passed by Student C and other students who had not in fact completed or passed the examinations or tests.

h. On or about August 24, 2013, defendants PICKETT, BLAKENEY, SMITH, and BALARK certified or caused to be certified false student attendance records for Student C and other ineligible students who had not in fact attended classes at CET Chicago.

All in violation of Title 18, United States Code, Section 371.

COUNT TWO

The SPECIAL FEBRUARY 2017 GRAND JURY further charges:

1. The allegations contained in paragraphs 1 and 3 through 10 of Count One are incorporated here.
2. On or about August 14, 2013, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

MARIE PICKETT,
JANIE BLAKENEY,
DEBORAH WILLIAMS,
JENNY MORALES,
TAMAURA BALARK, and
HEATHER SMITH,

defendants herein, did knowingly and willfully obtain by fraud and false statements funds of the United States Department of Education, namely, \$2,823 in Pell Grant funds for ineligible CET Chicago Student C;

In violation of Title 20, United States Code, Section 1097(a), and Title 18, United States Code, Section 2.

COUNTS THREE THROUGH FIVE

The SPECIAL FEBRUARY 2017 GRAND JURY further charges:

1. The allegations in paragraph 1 of Count One are incorporated here.
2. Beginning no later than in or about 2005 and continuing until in or about September 2013, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

MARIE PICKETT,
JANIE BLAKENEY,
DEBORAH WILLIAMS,
JENNYMORALES,
TAMAURA BALARK, and
HEATHER SMITH,

defendants herein, along with others known and unknown to the Grand Jury, knowingly devised, intended to devise, and participated in a scheme to defraud and to obtain money and property from the United States Department of Education by means of materially false and fraudulent pretenses, representations, and promises, which scheme is further described below.

3. It was part of the scheme that defendants PICKETT, BLAKENEY, WILLIAMS, MORALES, SMITH, and BALARK applied for and obtained millions of dollars in Title IV funds for CET Chicago and CET Chicago f students who were in fact ineligible to receive such funds by creating and causing to be created false and fraudulent FAFSA applications, high school diplomas, high school equivalency certificates, attendance records, examinations, and tests and causing the DOE to disburse financial aid, in the form of grants and loans, based on those false and

fraudulent documents.

4. It was part of the conspiracy that defendants PICKETT, BLAKENEY, WILLIAMS, and MORALES enrolled students at CET Chicago by using the social security numbers and government issued identification of students who had never appeared at CET Chicago to enroll, complete financial aid documents, attend classes, or complete exams or competencies ("fake students").

5. It was further part of the scheme that defendants PICKETT, BLAKENEY, WILLIAMS, and MORALES created or caused to be created false high school diplomas and high school equivalency certificates for fake students and other students the defendants well knew had not in fact graduated from high school, obtained a high school equivalency certificate, or passed the ATB test and were therefore ineligible for Title IV funds, and placed the fake documents in the CET student files.

6. It was further part of the scheme that defendants PICKETT, BLAKENEY, WILLIAMS, and MORALES created, signed, and submitted, and caused to be created, signed and submitted, false FAFSA and other financial aid documents for fake students and other students they well knew were in fact ineligible to receive such funds.

7. It was further part of the scheme that defendants PICKETT, SMITH, and BALARK falsified and caused to be falsified student attendance records by marking as present fake students and other students they well knew had not in fact

attended class, including by falsifying and causing to be falsified student attendance records for a student who was in fact deceased at the time the student purportedly attended classes at CET Chicago.

8. It was further part of the scheme that defendants PICKETT, BLAKENEY, WILLIAMS, MORALES, SMITH, and BALARK created and caused to be created fake and fictitious examinations and tests purportedly completed and passed by fake students and other CET Chicago students for the purpose of obtaining Title IV financial aid, well knowing that those students had not in fact passed the examinations and tests and were thus ineligible to receive such funds.

9. It was further part of the scheme that defendants PICKETT, BLAKENEY, and others falsified and caused to be falsified job placement verification forms by reporting the names and addresses of fake companies that purportedly employed fake students and other CET Chicago students, knowing that the companies did not exist and that the students were not employed by those fake companies, and further caused those falsified job placement verification forms to be submitted to the CET accreditation agencies to ensure CET maintained its eligibility for Title IV funds.

10. It was further part of the scheme that defendants PICKETT, BLAKENEY, WILLIAMS, MORALES, BALARK, and SMITH concealed, misrepresented, and hid and caused to be concealed, misrepresented, and hidden, the existence and purpose of the conspiracy and the acts done in furtherance of the

conspiracy.

11. On or about the dates set forth below as to each defendant, in the Northern District of Illinois, Eastern Division, and elsewhere,

MARIE PICKETT,
JANIE BLAKENEY,
DEBORAH WILLIAMS,
JENNY MORALES,
TAMAURA BALARK, and
HEATHER SMITH,

defendants herein, for the purpose of executing the above-described scheme, knowingly transmitted and caused to be transmitted by means of wire communication in interstate commerce, certain writings, signs, and signals, namely, interstate wire transfers of Title IV funds processed from the United States Department of Treasury in Philadelphia, Pennsylvania to the Federal Reserve Bank in Minneapolis, Minnesota, and finally to an account in the name of CET at Wells Fargo Bank N.A., more specifically described below, each wire transfer representing a single Count of this Indictment:

Count:	Defendants	Date of Wire Transfer:	Amount of Transfer from the U.S. Department of Education:
3	MARIE PICKETT, JANIE BLAKENEY, DEBORAH WILLIAMS, JENNY MORALES, TAMAURA BALARK, and HEATHER SMITH	July 12, 2013	\$205,411, which transfer included \$2,823 in Pell Grant funds for ineligible CET Chicago Student B

4	MARIE PICKETT, JANIE BLAKENEY, DEBORAH WILLIAMS, JENNY MORALES, TAMAURA BALARK, and HEATHER SMITH	July 30, 2013	\$68,660, which transfer included \$2,823 in Pell Grant funds for ineligible CET Chicago Student A
5	MARIE PICKETT, JANIE BLAKENEY, DEBORAH WILLIAMS, JENNY MORALES, TAMAURA BALARK, and HEATHER SMITH	Aug. 29, 2013	\$251,156, which transfer included \$1,531 in Federal Direct Subsidized Loan funds for ineligible CET Chicago Student C.

In violation of Title 18, United States Code, Section 1343.

A TRUE BILL:

FOREPERSON

UNITED STATES ATTORNEY