



FOR IMMEDIATE RELEASE
Monday, September 14, 2009

*Office of the United States Attorney
District of Arizona*

Public Affairs
SANDY RAYNOR
Telephone: (602) 514-7625
Cell: (602) 525-2681

FIVE PLEAD GUILTY TODAY IN \$500,000 FINANCIAL AID FRAUD SCHEME

All 65 defendants have been located

PHOENIX - As of today, 64 of the 65 defendants charged in the 130-count indictment from June 2009 have appeared in federal court to face charges that they were part of a scheme to defraud the U.S. Government out of more than a half-million dollars in student loans. The final defendant is currently in custody in another jurisdiction and is expected to appear in federal court in the near future. Charges vary for each individual and include Conspiracy, Mail Fraud, Financial Aid Fraud and/or False Statements in Connection with Financial Aid. A chart with defendant information, along with their respective charges and status, is attached.

Eleven defendants are currently pending sentencing, including five who pleaded guilty today to the misdemeanor charge of False Statements in Connection With Financial Aid. In addition, one defendant has been sentenced and 11 additional defendants are scheduled to enter guilty pleas within the next few weeks. The lead defendant charged in all 130 counts, Trena Lynne Halton, 37, of Peoria, Ariz., was arrested on June 24, 2009, and was released pending trial. Trial for all remaining defendants is set for December 1, 2009, before U.S. District Judge Neil V. Wake.

The June 2009 indictment alleges that from July 4, 2006, through October 30, 2007, Halton recruited individuals to act as "straw students" in order to apply for federal financial aid, in the form of Stafford Loans and Pell Grants, with her assistance at Rio Salado Community College. The applicants were neither active students at Rio Salado nor did they intend to become active students. Halton worked with four of those charged to recruit additional individuals to fraudulently apply for, and receive, student financial aid through Rio Salado. A total of 60 additional straw students were also charged as a result of the scheme.

The indictment alleges that during the scheme Halton maintained a system of documents and handwritten records that contained personal information for approximately 136 straw students and potential straw students. The extensive database included items such as dates of birth, Social Security numbers, drivers license numbers, fictitious and valid wage tax statements, tax returns, tax transcripts, fictitious and valid high school diplomas and Rio Salado Financial Aid applications. Halton completed and submitted Rio Salado admission and financial aid applications containing forged and false statements for at least 64 financial aid applicants.

Halton charged a "fee" to straw students ranging from \$500 to \$1,500. She also accessed Rio Salado online classes, assuming the identity of the various straw students, in order to generate records of the straw students' "participation" in online classes and cause Rio Salado to authorize financial aid

-MORE-

payments to the straw students. During the period of the conspiracy and scheme, Halton and her 64 co-defendants unlawfully caused federally insured loans and grants to be disbursed to unqualified straw students totaling approximately \$538,932.

A conviction for each count of Conspiracy or Financial Aid Fraud carries a maximum penalty of five years in federal prison, a \$250,000 fine or both. Each conviction for False Statements in Connection With Financial Aid carries a maximum penalty of one year, \$100,000 fine or both. Each conviction for Mail Fraud carries a maximum penalty of 20 years, a \$250,000 fine or both. In determining an actual sentence, U.S. District Court Judge Neil V. Wake will consult the U.S. Sentencing Guidelines, which provide appropriate sentencing ranges. The judge, however, is not bound by those guidelines in determining a sentence.

An indictment is simply the method by which a person is charged with criminal activity and raises no inference of guilt. An individual is presumed innocent until competent evidence is presented to a jury that establishes guilt beyond a reasonable doubt.

The investigation preceding the indictment was conducted by the U.S. Postal Inspection Service and the U.S. Department of Education, Office of Inspector General with assistance from the Surprise Police Department. The prosecution is being handled by Frederick A. Battista and Charles W. Galbraith, Assistant U.S. Attorneys, District of Arizona, Phoenix.

CASE NUMBER: CR-09-737-PHX-NVW
RELEASE NUMBER: 2009-292(Halton et al)

#

For more information on the U.S. Attorney's Office, District of Arizona, visit <http://www.usdoj.gov/usao/az/>