

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA : INFORMATION

-v.- : 13 Cr. _____

ZORAYMA AZOCAR, :

Defendant. :

- - - - -x

COUNT ONE

(Conspiracy to Defraud a Federal Program)

The United States Attorney charges:

The Supplemental Educational Services Program

1. At all times relevant to this Information, the U.S. Department of Education ("US DOE") distributed federal funds to States, including New York State, to improve the academic achievement of disadvantaged students (commonly known as "Title I funds"). In New York State, Title I funds were distributed by the US DOE to the New York State Education Department, which in turn allocated the funds to local educational agencies, including the New York City Department of Education ("NYC DOE").

2. At all times relevant to this Information, local educational agencies, including the NYC DOE, were permitted to use the Title I funds allocated to them to pay for, among other things, Supplemental Educational Services ("SES"). SES

included, among other things, after-school tutoring and other remedial and supplemental academic enrichment services.

3. At all times relevant to this Information, the NYC DOE entered into contracts with private entities and organizations to provide SES tutoring to students in New York City public schools. Students in New York City public schools were eligible to receive SES tutoring if they met certain criteria, such as attending a school that was in its second year of being identified as needing improvement or restructuring. SES providers provided tutoring to eligible students either in group classes or through individual tutoring sessions.

4. At all times relevant to this Information, the NYC DOE paid SES providers for each student they tutored with Title I funds. SES providers were required to submit monthly bills to NYC DOE for payment and to maintain certain records, such as daily student attendance sheets, of students who received tutoring.

Relevant Persons and Entities

5. At all times relevant to this Information, the Princeton Review was a Delaware corporation headquartered in Massachusetts that provided a variety of educational services, including SES tutoring. From in or about 2002 through in or about 2010, the Princeton Review provided SES tutoring at New

York City public schools pursuant to contracts with the NYC DOE and maintained an office in New York, New York, to manage its SES business in the New York City area.

6. From in or about 2006 through in or about 2010, Princeton Review's New York City SES division received in total approximately \$38 million in Title I funds. During that period, Princeton Review's New York City SES division received approximately \$7.6 million for the 2006/2007 academic year, approximately \$13.5 million for the 2007/2008 academic year, approximately \$12.7 million for the 2008/2009 academic year, and approximately \$4.8 million for the 2009/2010 academic year.

7. At all times relevant to this Information, Princeton Review maintained a hierarchy of positions within its New York City SES division:

a. Employees with the title "Site Manager" were assigned to oversee Princeton Review's SES program in one or more schools, supervising other employees, known as "Site Aides," who were also assigned to those schools. Among other things, Site Managers were responsible for completing and certifying the accuracy of the daily student attendance sheets for Princeton Review's SES classes at each school. The daily student attendance sheets were used to calculate the amount of

Title I funds that the Princeton Review would be paid for providing SES tutoring.

b. Employees with the title "Director" supervised the Site Managers. The Directors reported to an Executive Director, who was the head of Princeton Review's New York City SES program.

8. At all times relevant to this information, ZORAYMA AZOCAR, the defendant, resided in New York, New York and was employed by the Princeton Review's New York City SES division.

The Scheme to Defraud

9. From in or about 2006 through in or about 2010, ZORAYMA AZOCAR, the defendant, participated in a conspiracy that fraudulently obtained Title I funds by falsely reporting that the Princeton Review had provided SES tutoring to students when, in fact, no SES tutoring had been provided.

10. In furtherance of the scheme to defraud, others at the Princeton Review's New York City SES division pressured Site Managers to falsify entries on the daily student attendance sheets to make it appear that more students had attended the Princeton Review's SES classes than had, in fact, attended. At other times, the Site Managers would, in response to pressure from others, falsify entire daily student attendance sheets for

SES classes that did not, in fact, take place. If a Site Manager failed to report a sufficiently high rate of student attendance at Princeton Review's SES classes, others would threaten to terminate and/or lower the hours and pay of the Site Manager.

11. The falsified attendance records were used by the Princeton Review to bill the NYC DOE for SES tutoring, resulting in the NYC DOE paying in excess of \$1.3 million in Title I funds to Princeton Review for SES tutoring that it had not provided.

12. In or about the 2006/2007 academic year, ZORAYMA AZOCAR, the defendant, was a Site Manager and was responsible for supervising Princeton Review's SES tutoring at two New York City public schools. In response to pressure from others, AZOCAR routinely falsified the attendance records for Princeton Review's SES classes at a public school in New York, New York, reporting more students as having attended the SES classes than had actually been present.

13. From in or about the 2007/2008 academic year through in or about the 2009/2010 academic year, ZORAYMA AZOCAR, the defendant, was a Director of the Princeton Review's New York City SES division and was responsible for supervising several Site Managers at schools throughout New York City, including in New York, New York and the Bronx, New York. As a Director,

AZOCAR regularly pressured and encouraged the Site Managers she supervised to falsely report that more students had attended Princeton Review's SES classes than had, in fact, been present. These Site Managers, in turn, falsified entries on the daily student attendance sheets. Because the Site Managers supervised by AZOCAR regularly reported high attendance rates for Princeton Review's SES classes, AZOCAR earned bonus payments from the Princeton Review. In or about the 2007/2008 academic year, AZOCAR was paid a bonus of \$9,000 and for in or about the 2008/2009 academic year, AZOCAR was paid a bonus of \$10,500.

Statutory Allegations

14. From in or about 2006, up to and including in or about 2010, in the Southern District of New York and elsewhere, ZORAYMA AZOCAR, the defendant, together with others known and unknown, willfully and knowingly did combine, conspire, confederate, and agree together and with each other to violate Title 18, United States Code, Section 666(a)(1)(A).

15. It was a part and an object of the conspiracy that ZORAYMA AZOCAR, the defendant, and others known and unknown, willfully and knowingly, would and did embezzle, steal, obtain by fraud, and otherwise without authority convert to the use of a person other than the rightful owner, and intentionally misapplied, property that was valued at \$5,000 and more, and was

owned by and is under the care, custody, and control of such organization, government, and agency that receives, in a one year period, benefits in excess of \$10,000 under a Federal program involving a grant, contract, subsidy, loan, guarantee, insurance, and other form of federal assistance, in violation of Title 18, United States Code, Section 666(a)(1)(A).

Overt Acts

16. In furtherance of this conspiracy, and to effect the illegal object thereof, the following overt acts, among others, were committed in the Southern District of New York and elsewhere:

a. During the 2006/2007 academic year, ZORAYMA AZOCAR, the defendant, falsified student attendance records for Princeton Review's SES classes at a public school in New York, New York.

b. After AZOCAR became a Director of the Princeton Review's SES program in or about the 2007/2008 academic year, AZOCAR pressured and encouraged a Site Manager under her supervision ("Site Manager-1"), to forge student signatures in attendance records for Princeton Review's SES program in New York City.

c. Starting in or about the 2007/2008 academic year, Site Manager-1 repeatedly falsified attendance records for

Princeton Review's SES program at two public schools in New York, New York, by forging students' signatures to make it falsely appear that the students had attended SES class on days when, in fact, the students had not.

(Title 18, United States Code, Section 371.)

COUNT TWO
(Federal Program Fraud)

The United States Attorney further charges:

17. The allegations contained in paragraphs 1 through 13 and 16 are repeated and realleged as if fully stated herein.

18. From in or about 2006, up to and including in or about 2010, in the Southern District of New York and elsewhere, ZORAYMA AZOCAR, the defendant, willfully and knowingly, embezzled, stole, obtained by fraud, and otherwise without authority converted to the use of a person other than the rightful owner, and intentionally misapplied, property that was valued at \$5,000 and more, and was owned by and was under the care, custody, and control of such organization, government, and agency that receives, in a one year period, benefits in excess of \$10,000 under a Federal program involving a grant, contract, subsidy, loan, guarantee, insurance, and other form of federal assistance, to wit, ZORAYMA created false attendance records, and caused others to create false attendance records, that

overstated the number of students who participated in the Princeton Review's SES program in New York, New York and throughout New York City, thereby causing the Princeton Review to receive millions of dollars in federal Title I funds to which it was not entitled.

(Title 18, United States Code, Sections 666(a)(1)(A) and 2.)

FORFEITURE ALLEGATION
(Count One and Count Two)

19. As the result of committing the offenses alleged in Counts One and Two of this Information, ZORAYMA AZOCAR, the defendant, shall forfeit to the United States, pursuant to 18 U.S.C. § 982(a)(7), all property, real and personal, that constitutes or is derived, directly and indirectly, from gross proceeds traceable to the commission of the offense(s), including but not limited to a sum of \$19,500 in United States currency, representing the amount of proceeds obtained as a result of the offenses.

Substitute Assets Provision

20. If any of the above-described forfeitable property, as a result of any act or omission of ZORAYMA AZOCAR, the defendant:

a. cannot be located upon the exercise of due diligence;

b. has been transferred or sold to, or deposited with, a third person;

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 subdivided without difficulty;

it is the intent of the United States, pursuant to 18 U.S.C. § 982(b), to seek forfeiture of any other property of said defendants up to the value of the above forfeitable property.

(Title 18, United States Code, Section 982.)


PREET BHARARA
United States Attorney