

Approved: _____

SAGAR K. RAVI
Assistant United States Attorney

Before: THE HONORABLE ANDREW J. PECK
United States Magistrate Judge
Southern District of New York

15 MAG 2717

UNITED STATES OF AMERICA

: SEALED COMPLAINT

- v. -

: Violations 18 U.S.C.
§§ 371, 1001, 1343 and 2
and 20 U.S.C. § 1097(a)

DIANNA SALAZAR,
ALEKSANDRA CHOLEWICKA, and
SHAYNA POLITE,

: COUNTY OF OFFENSE:
NEW YORK

Defendants.

:

SOUTHERN DISTRICT OF NEW YORK, ss.:

BERNARDO STABILE, being duly sworn, deposes and says that he is a Special Agent with the United States Department of Education, Office of the Inspector General, and charges as follows:

COUNT ONE

(Conspiracy to Commit Federal Student Financial Aid Fraud
and Make False Statements)

1. From at least in or about 2010, up to and including at least in or about May 2013, in the Southern District of New York and elsewhere, DIANNA SALAZAR, ALEKSANDRA CHOLEWICKA, and SHAYNA POLITE, the defendants, and others known and unknown, knowingly and willfully did combine, conspire, confederate, and agree together and with each other to commit offenses against the United States, to wit, violations of Title 20, United States Code, Section 1097(a), and Title 18, United States Code, Section 1001(a)(3).

2. It was a part and object of the conspiracy that DIANNA SALAZAR, ALEKSANDRA CHOLEWICKA, and SHAYNA POLITE, the defendants, and others known and unknown, would and did embezzle, misapply, steal, obtain by fraud, false statement, and forgery, and fail to refund funds, assets, and property provided

and insured under Subchapter IV of Chapter 28 of Title 20, United States Code, and Part C of Subchapter I of Chapter 34 of Title 42, United States Code, in an amount exceeding \$200, in violation of Title 20, United States Code, Section 1097(a).

3. It was further a part and object of the conspiracy that DIANNA SALAZAR, ALEKSANDRA CHOLEWICKA, and SHAYNA POLITE, the defendants, and others known and unknown, in a matter within the jurisdiction of the executive, legislative, and judicial branch of the Government of the United States, would and did make and use false writings and documents knowing the same to contain materially false, fictitious, and fraudulent statements and entries, in violation of Title 18, United States Code, Section 1001(a)(3).

OVERT ACTS

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

a. On or about February 6, 2012, ALEKSANDRA CHOLEWICKA, the defendant, submitted by fax an application for forbearance of a student loan administered by the United States Department of Education that contained falsified dates.

b. On or about September 20, 2012, SHAYNA POLITE, the defendant, submitted by fax an application for deferment of a student loan administered by the United States Department of Education that contained falsified dates.

c. On or about May 9, 2013, DIANNA SALAZAR, the defendant, submitted by fax an application for forbearance of a student loan administered by the United States Department of Education that contained a forged signature.

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

COUNT TWO

(Attempted Federal Student Financial Aid Fraud)

5. From at least in or about 2010, up to and including at least in or about May 2013, in the Southern District of New York and elsewhere, DIANNA SALAZAR, ALEKSANDRA CHOLEWICKA, and SHAYNA POLITE, the defendants, knowingly and

willfully did attempt to embezzle, misapply, steal, obtain by fraud, false statement, and forgery, and fail to refund funds, assets, and property provided and insured under Subchapter IV of Chapter 28 of Title 20, United States Code, and Part C of Subchapter I of Chapter 34 of Title 42, United States Code, in an amount exceeding \$200, to wit, while employed in the Loan Management Department of a for-profit educational institution (the "School") located in New York, New York, SALAZAR, CHOLEWICKA, and POLITE prepared and submitted fraudulent applications for deferments and forbearances of student loans administered by the United States Department of Education in order to fraudulently lower the cohort default rate of the School so that that the School would continue to be eligible to receive Title IV Federal student aid.

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

COUNT THREE
(False Statements)

6. From at least in or about 2010, up to and including at least in or about May 2013, in the Southern District of New York and elsewhere, DIANNA SALAZAR, ALEKSANDRA CHOLEWICKA, and SHAYNA POLITE, the defendants, in a matter within the jurisdiction of the executive, legislative, and judicial branch of the Government of the United States, knowingly and willfully did make and use false writings and documents knowing the same to contain materially false, fictitious, and fraudulent statements and entries, to wit, while employed in the Loan Management Department of the School located in New York, New York, SALAZAR, CHOLEWICKA, and POLITE falsified dates and forged signatures on applications that were submitted for deferments and forbearances of student loans administered by the United States Department of Education.

(Title 18, United States Code, Sections 1001(a)(3) and 2.)

COUNT FOUR
(Wire Fraud)

7. From at least in or about 2010, up to and including at least in or about May 2013, in the Southern District of New York and elsewhere, DIANNA SALAZAR, ALEKSANDRA CHOLEWICKA, and SHAYNA POLITE, the defendants, knowingly and willfully, having devised and intending to devise a scheme and

artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, did transmit and cause to be transmitted by means of wire, radio, and television communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, to wit, SALAZAR, CHOLEWICKA, and POLITE, having devised a scheme to fraudulently lower the cohort default rate of the School so that that the School would continue to be eligible to receive Title IV Federal student aid, transmitted and caused to be transmitted by wire to the United States Department of Education and other loan holders false and fraudulent deferment and forbearance documents for the purpose of executing that scheme.

(Title 18, United States Code, Sections 1343 and 2.)

The bases for my knowledge and for the foregoing charges are, in part, as follows:

8. I am a Special Agent in the United States Department of Education ("DOE"), Office of the Inspector General ("OIG"), and I have been personally involved in the investigation of this matter. This affidavit is based upon my personal participation in the investigation of this matter, my conversations with law enforcement agents, witnesses and others, as well as my examination of reports and records. Because this affidavit is being submitted for the limited purpose of establishing probable cause, it does not include all the facts that I have learned during the course of my investigation. Where the contents of documents and the actions, statements and conversations of others are reported herein, they are reported in substance and in part, except where otherwise indicated.

Overview of the DOE's Financial Student Assistance Programs

9. From my experience as a Special Agent with the DOE OIG, including my participation in prior investigations regarding fraud involving Federal student financial aid, and from my conversations with agents of the DOE, I know the following:

a. The DOE is a cabinet agency of the United States Government established to ensure equal access to education and to promote education throughout the United States.

b. One of the primary responsibilities of the DOE is oversight of the administration of Title IV Federal Student Assistance Programs ("FSA Programs") authorized by the Higher Education Act of 1965, as amended.

c. The DOE's FSA Programs provide money for college to eligible students and families, by partnering with postsecondary schools and financial institutions. The DOE administers the FSA programs and the disbursement of funds under those FSA programs. The following is a brief description of each program relevant here:

i. The William D. Ford Federal Direct Loan Programs ("Direct Loans") are low-interest loans for eligible students to help cover the cost of higher education at a four-year college or university, community college, trade, career, or technical school. Eligible students borrow directly from the DOE at participating schools.

ii. The Federal Family Educational Loan Programs ("FFEL Loans") were low-interest loans made to students attending postsecondary institutions. Loans were made by a lender, such as a bank or credit union, and the DOE would pay a special allowance to ensure a low interest rate, and, for subsidized loans, would pay 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 guaranty agency and reinsured by the DOE. If the student borrower defaulted, the lender would be paid for the loan by the guaranty agency. If the loan remained in default, the DOE would pay the guaranty agency for the loan. Loan proceeds were distributed by the lender, directly to the postsecondary institution by check co-payable to the student and postsecondary institution or by electronic funds transfer. Beginning on or about July 1, 2010, FFEL Loans were no longer available and any new loans were made under the Direct Loans Program.

d. Under the authority of Title 34, Code of Federal Regulations, Part 600, the DOE is responsible for determining the eligibility of schools to participate in the FSA Programs, as well as ensuring that those eligible institutions properly execute their fiduciary responsibilities in administering the programs. Once a school receives eligibility to participate in the FSA Programs, it is required to

continually comply with the eligibility requirements set forth in 34 C.F.R. § 600 *et seq.*

e. To participate in the FSA Programs, a school must be, among other things, licensed by the State, accredited by a DOE-recognized accrediting agency, and have entered into a Program Participation Agreement ("PPA") with the DOE. By entering into the PPA, the participating school agrees to comply with all the laws, regulations, and policies governing the FSA Programs. An institution's period of participation cannot be longer than six years at a time, and must be renewed every six years.

Cohort Default Rate Calculations

f. The DOE has established a formula for determining a school's three-year cohort default rate ("CDR"), which is the percentage of a school's borrowers who enter repayment during a particular fiscal year¹ and default within the three-year cohort default period.

g. A "cohort default period" is the period during which a borrower's default affects the school's CDR. The three-year cohort default period refers to the three-year period that begins on October 1 of the fiscal year when the borrower entered repayment and ends on September 30 of the second fiscal year following the fiscal year in which the borrower entered repayment. For example, if a borrower entered repayment on September 1, 2011, which would be during the 2011 fiscal year, the three-year cohort default period would be from October 1, 2010 to September 30, 2013.

h. A loan is considered to be in repayment if the student borrower is current with the student's payments or if the student borrower requests and is granted a deferment or forbearance. If a student makes no repayments on the loan or is not granted a deferment or forbearance, the student's loan is considered to be in default on the 181st day of delinquency.

¹Federal fiscal years begin October 1 of a calendar year and end on September 30 of the following calendar year. Each federal fiscal year refers to the calendar year in which it ends (e.g., the 2011 fiscal year began on October 1, 2010 and ended on September 30, 2011).

i. In order to calculate the CDR for schools with 30 or more borrowers entering repayment during a cohort fiscal year, the DOE uses the "Non-Average Rate Formula":

i. The denominator is the number of borrowers who entered repayment on certain FFEL Loans² and/or Direct Loans³ in the cohort fiscal year.

ii. The numerator is the number of borrowers who entered repayment and who defaulted or met the other specified condition⁴ in the cohort default period.

iii. For example, if a school had 90 borrowers enter repayment in the cohort fiscal year (denominator) and 8 borrowers defaulted during the cohort default period (numerator), the CDR is calculated by dividing 8 by 90 and expressing the result (0.088) as a percentage to produce a CDR of 8.80 percent.

j. CDRs indicate the extent to which borrowers of a certain school are struggling to repay their loans and guide DOE policymakers in adopting repayment policies and assistance programs. A lower CDR indicates that students are finding an adequate means of income after leaving the school because they can afford to pay back their student loans.

Penalties for High Cohort Default Rates

k. A school with a high CDR may lose its eligibility to participate in the FSA Programs.

l. If a school's three most recent official CDRs are 30 percent or greater using a three-year cohort default

² FFEL Loans included in the CDR calculation are subsidized and unsubsidized Federal Stafford Loans.

³ Direct Loans included in the CDR calculation are Federal Direct Subsidized Stafford/Ford Loans and Federal Direct Unsubsidized Stafford/Direct Loans.

⁴ The "other specified condition" occurs when, before the end of the cohort default period, the school's owner, agent, contractor, employee, or any other affiliated entity or individual makes a payment to prevent a borrower's default on a loan that entered repayment during the cohort fiscal year.

period, such school loses Direct Loans and Federal Pell Grant program eligibility for the remainder of the fiscal year in which the school is notified of its sanction and for the following two fiscal years, except in the event of a successful adjustment or appeal to the DOE.

m. Falsification or misrepresentation of a school's CDR, i.e., causing a lower CDR to be calculated and reported to the DOE by means of false statements and/or forgery, has several consequences:

i. Such falsification or misrepresentation may enable a school to maintain its Federal student loan eligibility even though the school's actual CDRs are higher than 30 percent.

ii. The DOE annually publicizes a school's CDR which is used by state oversight officials, accrediting body officials, and prospective students as an indicator of a school's quality of education. Falsification of CDRs misleads the educational community about a school's quality of education and the ability of students of a certain school to pay back their loans after graduation.

iii. Falsification of CDRs impedes the DOE's risk analysis and assessment of post-secondary schools. These assessments help determine the fiduciary strength, eligibility, certification, and oversight of schools.

Deferments and Forbearances

n. Deferments and forbearances are temporary postponements or cessations of the student borrower's loan repayment obligation. A deferment is a period during which the student borrower is entitled to postpone repayment of the principal balance of his or her loan. A forbearance is a period during which the borrower is permitted to temporarily postpone making payments, allowed an extension of time for making payments, or temporarily allowed to make smaller payments than scheduled.

o. Student borrowers are eligible for deferments or forbearances based upon certain conditions, including unemployment, economic hardship, or in-school status.

p. In order to receive a deferment or forbearance, an application requesting the forbearance or deferment must be filled out, signed by the borrower, and submitted to the loan holder, which may be the DOE, a lender such as a bank, a guaranty agency, or a secondary market entity (the "Loan Holder")⁵.

q. Each deferment or forbearance application generally contains the following sections:

i. "Section 1: Borrower Identification" which requests personal and identifying information for the borrower, *i.e.*, the student, including social security number, name, address, and phone number;

ii. "Section 2: Deferment Request" or "Section 2: Forbearance Request" as the case may be, which requests the grounds for the deferment or forbearance request and in the case of a forbearance request, the period during which the student is requesting forbearance; and

iii. "Section 3: Borrower Understandings, Certifications, and Authorization" which must be signed and dated by the borrower. By signing this section, the borrower (1) confirms that the borrower understands certain information regarding the deferment or forbearance, (2) certifies, among other things, that the information provided on the form is true and correct and the borrower will notify the Loan Holder immediately when the condition that qualifies the borrower for the deferment or forbearance ends, and (3) authorizes the entity to which the form is submitted to contact the borrower regarding the deferment or forbearance or the borrower's loans.⁶

⁵ Where the DOE is the Loan Holder, the deferment and forbearance forms are typically submitted to the DOE's loan servicers, which are agents of the DOE.

⁶ Certain types of deferment and forbearance application forms also contain additional sections. For example, a deferment application based on in-school status contains a "Section 4: Authorized Official's Certification" in which a school official is to certify that the student borrower is enrolled and the time frame in which the student is reasonably expected to complete the program requirements.

r. The header of each deferment or forbearance application also generally contains the following language: "WARNING: Any person who knowingly makes a false statement or misrepresentation on this form or on any accompanying document is subject to penalties that may include fines, imprisonment, or both, under the U.S. Criminal Code and 20 U.S.C. 1097."

s. If a student borrower receives a deferment or forbearance, the student is relieved of making loan payments for a specified time period. The student borrower is permitted to renew the student's request for a deferment or forbearance if the personal circumstances giving rise to the initial deferment or forbearance continue.

Overview of the School

10. Based on my investigation in this case and information publicly available on the Internet, I have learned the following about the School:

a. From at least in or about 2010, up to and including in or about October 2012, the School was located in New York, New York. From in or about October 2012, up to and including the present, the School has been located in Long Island City, New York.

b. The School is a for-profit educational institution that, according to its website, provides hands-on training and marketable skills for employment in a technical career after graduation. Specifically, the School offers a number of courses, including but not limited to, Automotive Service and Repair, Electrical and Advanced Electrical, and Plumbing and Pipefitting.

c. The majority of students attending the School receive financial aid funding from the FSA Programs.

11. Based on my review of DOE records and my conversations with agents of the DOE, I have learned the following about the School:

a. From at least in or about 2010, up to and including at least in or about May 2013, the School was licensed by the New York State Education Department, accredited by a DOE-recognized accrediting agency, and participated in the FSA Programs offered by the DOE.

b. The School originally entered into a PPA with the DOE in or about 1974 and last entered into a PPA in or about 2013. Pursuant to the PPA entered into by the School, the School agreed to comply with all the laws, regulations, and policies of the DOE governing the FSA Programs. As a result of the PPA, the School has been eligible to participate in the FFEL Loans and Direct Loans programs and has had more than 1,000 student borrowers each year between in or about 2009 and in or about 2013.

c. The School received a total of approximately \$93 million in FSA Program disbursements for fiscal years 2010 to 2014:

- i. 2010 fiscal year: \$21.7 million
- ii. 2011 fiscal year: \$21.9 million
- iii. 2012 fiscal year: \$19.0 million
- iv. 2013 fiscal year: \$15.2 million
- v. 2014 fiscal year: \$14.8 million

The School's Loan Management Department

12. Based on my review of files of an internal investigation conducted by the School and documents provided by the School to the DOE OIG, I have learned the following:

a. From at least in or about 2010, up to and including at least in or about May 2013, the School had a Loan Management Department, which had the following responsibilities:

i. To answer student questions and counsel students with regard to student loan repayment and other financial issues;

ii. To assist students and former students on issues related to student loans, including student rights and responsibilities, deferment and forbearance options, the consequences of delinquency and default, and methods for obtaining assistance;

iii. To encourage communication from former students with loan repayment questions or concerns and to assist students to secure appropriate deferments and forbearances;

iv. To monitor student loan delinquency reports; and

v. To contact students who were delinquent on their Federal student loans and encourage them to either make payments on their loans or apply for deferments or forbearances.

b. From in or about 2009 up to and including in or about 2014, a total of approximately 16 employees worked in the Loan Management Department in either a full-time or part-time capacity, including the following:

i. From on or about May 31, 2006, up to and including on or about May 21, 2013, DIANNA SALAZAR, the defendant, was the manager of the Loan Management Department.

ii. From on or about March 22, 2010, up to and including on or about March 14, 2013, and from in or about April 2014, up to and including at least September 2014, ALEKSANDRA CHOLEWICKA, the defendant, was a full-time loan advisor in the Loan Management Department.

iii. From on or about May 28, 2010, up to and including at least September 2014, SHAYNA POLITE, the defendant, was employed by the School and began working in the Loan Management Department in or about 2011.

c. SALAZAR, CHOLEWICKA, and POLITE each signed copies of the School's Code of Conduct when they started working at the School, which indicated that each had "read and accepted the terms of the Code of Conduct and ha[d] received a copy." The Code of Conduct stated, among other things, the following:

i. "As an employee of [the School], you represent [the School] and your actions reflect upon the school. You should be competent and diligent in completing your assigned tasks. You should at all times act ethically, honestly and in full compliance with all laws, regulations and school policies."

ii. "You agree that your experience and training, which you have received for your position at the

school, are sufficient for you to properly perform your duties. You also agree that you will request guidance respecting any applicable legal requirements of which you are unsure before acting on the Company's behalf."

iii. "Supervisors are accountable for the actions of employees under their supervision and must lead by example. No one has the authority to request or order you to do anything, which may be considered unethical or illegal. Nor do you have the authority to engage in unethical or illegal behavior on behalf of [the School]."

iv. "As part of the [School's] family, you should take a pro-active role in ensuring and maintaining the integrity of the school by reporting any reliable evidence of employee misconduct. An employee at any level in [the School] who engages in, causes, or by inaction or inattention tolerates or condones any form of illegal or unethical conduct shall have violated this Code of Conduct."

v. "Failure to report a known violation of the Code of Conduct shall result in disciplinary action, up to and including termination of your employment, as well as [the School] taking any other remedies available to it."

vi. "Officers and employees who work in the financial aid office of [the School] or who have any duties or responsibilities with respect to student loans made to [the School's] students or the selection of preferred lenders, whether such loans are made under Title IV of the Higher Education Act or made through private education loan programs, also must comply with the Code of Conduct for Student Loans."

d. On or about May 13, 2013, SALAZAR gave a Loan Management Department employee ("Employee-1") a list of students who were in repayment on their student loans. SALAZAR instructed Employee-1 to (1) locate old deferment and forbearance applications that had been previously submitted on behalf of the students on the list; (2) "white-out" the old dates appearing on the forms using liquid paper; (3) write in current dates; and (4) fax the altered deferment and forbearance forms to the Loan Holder. Because Employee-1 did not know which dates to use when changing the dates on the forms, SALAZAR made the date changes to the forms and Employee-1 faxed the forms to the Loan Holder.

e. On or about May 15, 2013, a student ("Student-1") called the Loan Management Department and spoke with another employee ("Employee-2") because a bank had advised Student-1 of a deferment of Student-1's loans even though Student-1 had not submitted a deferment application. Employee-1 learned about the conversation between Student-1 and Employee-2 and believed that Student-1 may have been on the list of students on whose behalf SALAZAR resubmitted deferment and forbearance applications with altered dates two days earlier. Employee-1 further believed that something was wrong with the process by which the Loan Management Department submitted deferment and forbearance applications.

f. On or about May 15, 2013, Employee-1 informed the School's management of the alterations that were made to the dates on the forms at SALAZAR's direction.

g. Beginning on or about May 15, 2013, as a result of the above incident, the School conducted an internal investigation into fraudulent deferment and forbearance applications processed by the School's Loan Management Department from 2008 to 2013.

h. On or about May 21, 2013, SALAZAR's employment with the School was terminated for hindering the School's internal investigation and violating the School's Code of Conduct.

i. In or about December 2013, the School disclosed the results of its internal investigation to the DOE OIG and has cooperated with the DOE OIG in connection with its investigation.

13. According to interviews that I conducted of DIANA SALAZAR, the defendant, I have learned the following, in substance and in part:

a. SALAZAR's responsibilities as the manager of the Loan Management Department included making calls to students in order to place their loans on hold through the deferment or forbearance process.

b. SALAZAR believed that she was to maintain a CDR of less than 30 percent and that no more than 20-25 students were to default on their student loans per month.

c. Some students submitted deferment applications earlier than when the forms needed to be submitted, which SALAZAR referred to as "early deferments." SALAZAR manually re-dated the "early deferments" to be consistent with the applicable deferment period and noted that students were okay with this practice because the students intended to keep their loans in a deferment status.

d. According to SALAZAR, the changing of the dates on "early deferments" eventually spiraled into two other types of falsifications involving deferment and forbearance forms: (1) the changing of dates on previously submitted deferment and forbearance applications to current dates and the resubmission of those forms to the Loan Holder in order to place the student on deferment or forbearance status ("Fraudulent Date Changes") and (2) the copying of authentic student signatures from old documents and the cutting and pasting of those signatures on new deferment and forbearance applications with current dates that were submitted to the Loan Holder in order to place the student on deferment or forbearance status ("Fraudulent Copy/Paste Signatures").

e. With respect to the Fraudulent Date Changes, SALAZAR stated the following, in substance and in part:

i. SALAZAR began making Fraudulent Date Changes in or around 2010 or 2011.

ii. The practice of making Fraudulent Date Changes was very easy. Specifically, SALAZAR would take an original or photocopy of an old deferment or forbearance application, use liquid paper to "white-out" the old dates for the forbearance period and the signature, write-in current dates, and then fax the application to the Loan Holder.

f. With respect to the Fraudulent Copy/Paste Signatures, SALAZAR stated the following, in substance and in part:

i. SALAZAR submitted Fraudulent Copy/Paste Signatures on deferment and forbearance applications.

ii. The practice of making the Fraudulent Copy/Paste Signatures was very easy. Specifically, SALAZAR would photocopy an old document that contained a student's signature, use scissors to cut out the student's signature from

the photocopy, tape or paste the student's signature on a new deferment or forbearance application with current dates, and then copy and fax the application to the Loan Holder.

iii. SALAZAR used the term "surgery" to jokingly describe the "cut and paste" method of falsifying deferment and forbearance applications using Fraudulent Copy/Paste Signatures.

g. During the course of the fraud, SALAZAR purposely withheld records relating to fraudulent deferment and forbearance documents from the School's internal auditors and investigators in order to avoid detection of the fraud.

h. SALAZAR believed that the downward trend in the CDRs for the School from 2009 to 2011 (discussed *infra*) was most likely due to the falsification of deferment and forbearance applications.

i. SALAZAR was aware that prior to her employment at the School, the School had an incident related to the falsification of documents for the purpose of causing the CDRs reported to the DOE to be lower.

14. According to interviews that I conducted of ALEKSANDRA CHOLEWICKA, the defendant, I have learned the following, in substance and in part:

a. In or about March 2010, CHOLEWICKA was hired as a loan advisor in the Loan Management Department.

b. CHOLEWICKA's responsibilities as a loan advisor included calling students who were close to defaulting on their student loans and attempting to have them complete deferment or forbearance applications.

c. CHOLEWICKA had a difficult time contacting certain students because they had moved away or their telephone numbers were no longer in service. For certain of such students, CHOLEWICKA made Fraudulent Date Changes on deferment and forbearance applications and submitted them to the Loan Holders.

d. CHOLEWICKA believed that the School's CDR would have exceeded 30 percent had the fraudulent deferment and forbearance applications not been submitted.

15. According to an interview that I conducted of SHAYNA POLITE, the defendant, I have learned the following, in substance and in part:

a. In or about May 2010, POLITE began working at the School in the library, and then moved to the Loan Management Department in or about 2011.

b. POLITE's responsibilities as a loan advisor included calling students who were delinquent on their loans and working with the students to make a payment plan or place the loan in deferment or forbearance status.

c. POLITE was unable to contact certain students who were delinquent in making payments. For certain of such students, POLITE made Fraudulent Date Changes to deferment and forbearance applications using liquid paper and submitted them to the Loan Holders.

16. Based on my review of (i) fax transmittal sheets accompanying deferment and forbearance applications submitted by the Loan Management Department, which list the employee that submitted each application; (ii) printouts of the Loan Management Department's internal computer tracking system, which list the dates deferment and forbearance applications were faxed to Loan Holders and the initials of the responsible employee; and (iii) the original deferment and forbearance applications that were faxed to Loan Holders, many of which were visibly falsified, I was able to determine which employee in the Loan Management Department submitted each deferment and forbearance application and which applications contained Fraudulent Date Changes and/or Fraudulent Copy/Paste Signatures. For example, I was able to determine that many of the original deferment and forbearance applications contained Fraudulent Date Changes because the applications contained liquid paper covering older dates that could be viewed upon holding the document up to a light. In addition, I was able to determine that many of the original deferment and forbearance applications contained Fraudulent Copy/Paste Signatures because the signatures contained extra lines that had been copied and appeared identical to signatures on previously submitted applications with authentic signatures. Based on this review, I have determined the following:

a. DIANNA SALAZAR, ALEKSANDRA CHOLEWICKA, and SHAYNA POLITE, the defendants, were responsible for a total of 437 deferment and forbearance applications with Fraudulent Date Changes that were submitted to Loan Holders, as detailed in the following chart:

Number of Deferment/Forbearance Applications with
Fraudulent Date Changes

	FY 2010	FY 2011	FY 2012	FY 2013	Total
SALAZAR	15	44	58	21	138
CHOLEWICKA	61	10	7	4	82
POLITE	22	161	31	3	217
Total	98	215	96	28	437

b. SALAZAR, CHOLEWICKA, and POLITE were responsible for a total of 28 deferment and forbearance applications with Fraudulent Copy/Paste Signatures that were submitted to Loan Holders, as detailed in the following chart:

Number of Deferment/Forbearance Applications with
Fraudulent Copy/Paste Signatures

	FY 2010	FY 2011	FY 2012	FY 2013	Total
SALAZAR	1	2	8	5	16
CHOLEWICKA	1	3	0	1	5
POLITE	1	3	1	2	7
Total	3	8	9	8	28

17. Because of the fraudulent deferment and forbearance applications submitted by the School's Loan Management Department during the relevant period, the School's three-year CDR as reported to the DOE was significantly understated for cohort years 2010, 2011, and 2012, as detailed in the following chart:

Reported and Actual Three-Year Cohort Default Rates
for the School

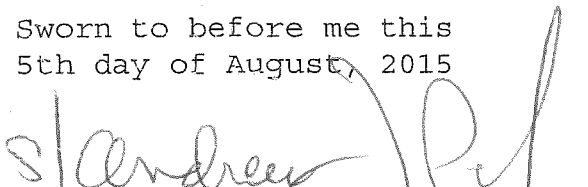
Cohort Year	Cohort Population	CDR Reported to DOE	Actual CDR (with falsifications)
2009	1,192	31%	31%
2010	1,453	20.5%	29%
2011	1,567	15.8%	31.7%
2012 ⁷	1,604	20.3%	32%

WHEREFORE, deponent respectfully requests that a warrant be issued for the arrest of DIANNA SALAZAR, ALEXA CHOLEWICKA, and SHAYNA POLITE, the defendants, and that they be arrested and imprisoned or bailed, as the case may be.



Special Agent Bernardo Stabile
United States Department of Education
Office of the Inspector General

Sworn to before me this
5th day of August, 2015



THE HONORABLE ANDREW J. PECK
UNITED STATES MAGISTRATE JUDGE
SOUTHERN DISTRICT OF NEW YORK

⁷ The CDR figures for 2012 are draft figures used to anticipate the official CDR for 2012 and are based on currently available data.