


UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF LOUISIANA

U.S. DISTRICT COURT
EASTERN DISTRICT OF LOUISIANA
FILED 3-27-2019
WILLIAM W. BLEVINS
CLERK 

UNITED STATES OF AMERICA * CRIMINAL NO. 19-11

v. * SECTION: "I"

KENDRA GRAVES * VIOLATIONS: 18 U.S.C. § 641
* 18 U.S.C. §1028(a)(7)
*
* * *

FACTUAL BASIS

The defendant, **KENDRA GRAVES**, has hereby agreed to plead guilty as charged in the Bill of Information charging her with theft of government funds, in violation of Title 18, United States Code, Section 641 and identity theft, in violation of Title 18, United States Code, Section 1028(a)(7). Should this matter proceed to trial, both the government and the defendant, **KENDRA GRAVES**, do hereby stipulate and agree that the following facts set forth a sufficient factual basis for the crimes to which the defendant is pleading guilty. The government and the defendant further stipulate that the government would have proven, through the introduction of competent testimony and admissible evidence, the following facts, beyond a reasonable doubt, to support the allegations in the Bill of Information.¹

BACKGROUND

The United States Department of Education (Department) is a cabinet agency of the United States Government established to ensure equal access to education and to promote education

¹ This proffer of evidence is not intended to constitute a complete statement of facts known to the United States. The limited purpose of this factual basis is to demonstrate a sufficient legal basis for the defendant's plea of guilty to the charged offenses.

throughout the United States. One of the primary responsibilities of the Department is oversight and administration of the Federal Student Aid (FSA) Program authorized by the Higher Education Act of 1965 to assist qualified students in obtaining post-secondary education. The Department operates, administers, and regulates various FSA programs, including the federal Pell Grant Program.

Since June 2010, the Federal Direct Loan Program has become the primary source of student loans. Education loans obtained through the Federal Direct Loan Program are made directly from the Department to students and are administered by the Department. Students eligible for such federal student loans must complete a Master Promissory Note (MPN).

Under the FSA programs, students must meet certain criteria to be eligible to receive federal financial aid, to include, signing a statement on the Free Application for Federal Student Aid (FAFSA) form stating that the federal student aid will only be used for educational purposes.

Information provided by an applicant on the FAFSA form is used to calculate an applicant's Expected Family Contribution (EFC) towards the cost of the college. Financial Aid Administrators at the applicant's school of choice determine the applicant's need for federal student aid from the Department and other sources of assistance by subtracting the EFC from the student applicant's cost of attendance.

The FAFSA can be completed online after the student obtains a Personal Identification Number (PIN) to complete the FAFSA form. The student applicant certifies that they are the person using the PIN, and that the funds received will be used for educational purposes only.

All schools that receive FSA program funds obtain the funds through the Department's G5 payment system (G5). The school requests financial aid funds from the Department and G5

deposits the funds in the school's designated Title IV bank account(s). The school then credits the funds to the student's financial aid account.

If the amount of federal financial aid received by the school exceeds the cost of attendance for a particular student, thereby creating an FSA credit balance, the school must pay the credit balance directly to the student. Payment of a credit balance to the student is often called a Title IV refund or credit refund. Credit refunds are often paid in the form of an electronic funds transfer to a financial institution account (or debit card) designated by the student applicant.

Funds received by a student under the FSA Programs must be used for an educational purpose and can be used to satisfy tuition and fees charged by the institution and for other expenses incurred by a student pursuing an education program, such as books, supplies, transportation, and living expenses.

COUNT 1: THEFT OF GOVERNMENT FUNDS

From early 2014 through 2016, **KENDRA GRAVES (GRAVES)** assisted 15 individuals, C.B.; L.B.; S.B.; M.B.; K.D.; W.D.; C.G.; T.L.; J.M.; A.M.; C.R.; Z.S.; R.T.; T.T. and W.W. with their applications for admission to Delgado Community College in New Orleans, Louisiana. Thereafter, **GRAVES** obtained and used federal financial aid funds under the names of the 15 individuals without the individual's knowledge or consent by submitting falsified electronic FAFSA forms to the Department.

GRAVES accepted the grants and student loans that were awarded for the 15 individuals, executed promissory notes and opened a Bank Mobile account (with a debit card) in each individual's name so that the student loan proceeds could be disbursed. After access to the Bank Mobile accounts were terminated by Bank Mobile, student loan refunds from Delgado Community

College were deposited into nominee bank accounts designated by **GRAVES**. The nominee bank accounts utilized by **GRAVES** belonged to her family members.

During an interview with federal law enforcement, **GRAVES** admitted that she was solely responsible for the financial aid fraud scheme at Delgado Community College. She further stated that she had access and control of the bank accounts and debit cards determined to be used to perpetrate the relevant financial transactions.

By engaging in the behavior outlined above, the defendant did, knowingly and willfully, steal, purloin, and convert to her own use, funds belonging to the United States Department of Education to which she knew she was not entitled to receive. During the course of the offense, the total financial aid disbursed to Delgado Community College for the 15 individuals was \$276,000. The defendant, however, directly received \$195,435.00 in fraudulently obtained student aid refund monies from the Department of Education.

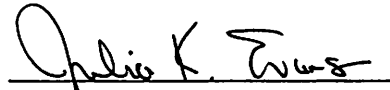
COUNT 2: IDENTITY THEFT

On or about July 23, 2015, **GRAVES** submitted a Master Promissory Note on behalf of R.T. by utilizing R.T.'s name, social security number and date of birth for the purpose of receiving fraudulent Federal Direct Stafford loan proceeds and Federal Direct Unsubsidized Stafford loan proceeds. As a result of the scheme devised by **GRAVES**, Delgado Community College refunded excess financial aid in the amount of \$10,651.86 in R.T.'s name to **GRAVES**.

On April 17, 2017, R.T. was interviewed by federal law enforcement. R.T. stated that she stopped attending Delgado Community College (DCC) in October 2015. She also stated that she knew nothing about the financial aid refunds in her name which were deposited into accounts accessed by **GRAVES**. R.T. did not know how **GRAVES** was using her identity to obtain a student loan in her name.

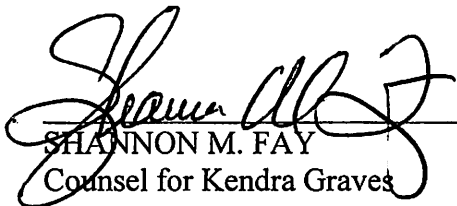
Both the government and the defendant, **KENDRA GRAVES**, do hereby stipulate and agree that the above facts set forth a sufficient factual basis for the crimes to which the defendant is pleading guilty and that the government would have proven these facts beyond a reasonable doubt at trial.

READ AND APPROVED:



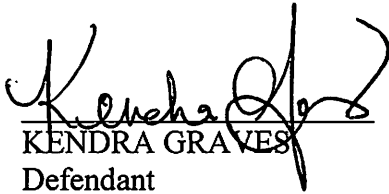
JULIA K. EVANS
Assistant United States Attorney

3-27-19
Date



SHANNON M. FAY
Counsel for Kendra Graves

3/27/19
Date



KENDRA GRAVES
Defendant

3/27/19
Date