

FILED

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
FORT MYERS DIVISION

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CLERK OF DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
FORT MYERS, FLORIDA

UNITED STATES OF AMERICA

CASE NO.

v.

18 U.S.C. § 1343; § 2
20 U.S.C. § 1097(a)

ELAINE M. LEVIDOW

INDICTMENT

2:20-CR-105-FHM-38MRM

The Grand Jury charges:

A. Introduction

At all times material to the charges herein:

1. The Department of Education ("the Department") was an agency of the United States government. One of the primary responsibilities of the Department was the oversight and administration of Title IV Federal Student Assistance ("FSA") programs as authorized by the Higher Education Act of 1965 ("the Act"). One of the functions of the Department was to administer FSA programs, including the Direct Loan Program and the Pell Grant Program.

2. The Direct Loan Program provided low-interest loans to eligible students to help cover the cost of higher education at participating schools. Students eligible for Direct Loans borrowed directly from the Department rather than a private lender. Under the Direct Loan Program, the Department, as the lender, borrowed funds from the U.S. Treasury and disbursed the loan to the school on behalf of the student. The Direct Loan Program included Direct Subsidized Stafford Loans, Direct Unsubsidized Stafford Loans, Direct PLUS Loans, and Direct

Consolidation Loans. The Direct Loan Borrowing Agreement required under all Direct Loans was to be signed and submitted under penalty of perjury that certified that the student applicant would only use the proceeds for authorized educational expenses. Direct loans were awarded on a yearly basis.

3. To receive financial aid from the Department in the form of a student loan, a qualified applicant was required to complete a Master Promissory Note, which included a promise to pay to the Department all loan amounts disbursed under the terms of the Master Promissory Note.

4. The Pell Grant Program provided the Department grant funds to assist eligible needy students in meeting the costs of postsecondary education. Department regulations required each school participating in the Pell Grant program to document student attendance, ensure that the student was enrolled in an eligible program, and ensure that the student maintained satisfactory academic progress in the course of study the student was pursuing. Pell Grants were awarded on a yearly basis.

5. The Department promulgated regulations that specified the eligibility requirements and application procedures for students. In order to participate in FSA programs, a beneficiary had to be enrolled at a Department-approved institution. To be eligible to receive FSA funds, each potential applicant had to possess a high school diploma or its equivalent, be a citizen or eligible non-citizen of the United States, and not be in default on any prior student loans or owe a refund on a federal student grant.

6. An approved educational institution was required to develop and follow procedures to evaluate the validity of a student's high school completion if the educational institution had reason to believe that the high school diploma was not valid or was not obtained from an entity that provided secondary school education.

7. FSA funds could only be used to pay the cost of attending an institution of higher education. Under the Act, the schools held the funds in trust for the intended student beneficiaries. An applicant was not eligible to receive a Pell Grant or a Direct Loan if the applicant was incarcerated in a federal or state penal institution.

8. Applicants for FSA funds were required to complete an application for federal student aid called the "Free Application for Federal Student Aid" ("FAFSA").

9. The FAFSA could be completed on a Department website and submitted electronically via the Internet. The FAFSA required the applicant to list certain identifying information, including the applicant's name, date of birth, and social security number. The FAFSA required the applicant to list the applicant's education level, income, and family status. The FAFSA also required the identification and signature of the preparer of the form and the preparer's social security number if it was prepared by someone other than the student applicant.

10. The FAFSA further required the student or preparer to certify that: (a) the information was true and complete; and (b) any FSA funds received would be

used only to pay the cost of attending an institution of higher education (i.e., tuition, fees, supplies, and housing).

11. To electronically sign a FAFSA that was completed on the Department website, each student applicant was assigned a unique personal identification number ("PIN") by the Department. The PIN could be used to go online to the Department's FAFSA website and access a FAFSA, correct a FAFSA, review financial aid history, access Direct Loan information and tools, and electronically sign Master Promissory Notes. By signing the FAFSA with a PIN, the applicant assumed responsibility for the accuracy of the information reported on the FAFSA and certified that he or she was the person identified by the PIN.

12. The completed FAFSAs were received and processed by the Department's Central Processing System ("CPS"). The CPS calculated the student's Expected Family Contribution ("EFC"), which was the amount the student applicant, or the student applicant's family, was expected to contribute toward a student's college costs. The CPS also performed data matching with various other federal agencies to confirm eligibility requirements, including a student's eligibility to receive Federal Pell Grants.

13. The EFC, and other information calculated by the CPS, was included in a report sent to the student (called a Student Aid Report ("SAR")) and each school listed by the student on the FAFSA (called an Institutional Student Information Record ("ISIR")). Schools that received the ISIR determined the student's eligibility

for federal—and, possibly, nonfederal—financial aid. The school then certified the student's eligibility, enrollment status, recommended loan amounts, and other information.

14. To ensure Department funds were used for educational purposes, the FSA funds were sent from the Department directly to the school(s) where the students were enrolled. Schools had the authority to apply the federal loan and grant funds received from the Department to a student's tuition account and to disburse any excess funds to the student. Funds in excess of the required school expenses were forwarded or refunded to the student to be used for other authorized educational expenses, including books, supplies, housing, and subsistence. The refund amount was either mailed directly to the student's address of record in the form of a check, picked up in-person, direct deposited into an account specified by the student, or electronically disbursed to a designated, prepaid debit card.

15. No educational institution could participate in the Department financial aid programs unless it entered into a Federal Student Aid Program Participation Agreement with the Department. The Program Participation Agreement conditioned the initial and continued participation of the educational institution in the financial aid programs upon compliance with all applicable laws, regulations, and provisions.

16. Once the amount of the student's financial aid was determined, the educational institution applied electronically by computer transmission for the

authorization of the disbursement of funds from the Department. The institution was entitled to draw down the funds in stages within an academic year. The institution disbursed Title IV funds by crediting a student's account and using the funds to pay tuition, fees, room and board, and other authorized charges the school assessed the student.

17. Payment requests were manually transmitted from the educational institution to the U.S. Department of Treasury located in New York City. Funds were then transferred by interstate wire from the Federal Reserve Bank in New York to the educational institution's bank account.

18. Defendant ELAINE M. LEVIDOW was a resident of Fort Myers, Florida.

19. Defendant ELAINE M. LEVIDOW was the owner and Chief Executive Officer of The Training Domain, Inc. ("Training Domain").

20. Through the website www.thetrainingdomain.com, defendant ELAINE M. LEVIDOW held out Training Domain as offering business software application courses to improve the employability skills of individuals.

21. Training Domain occupied a suite at 12761 World Plaza Lane, Fort Myers, Florida 33907.

22. As owner and Chief Executive Officer of Training Domain, defendant ELAINE M. LEVIDOW entered into a Federal Student Aid Program Participation Agreement on or about June 16, 2015. In the Agreement, defendant ELAINE M.

LEVIDOW agreed to comply with all applicable laws, regulations, and provisions. Defendant ELAINE M. LEVIDOW renewed the Program Participation Agreement with the Department until January 24, 2020, when she voluntarily withdrew Training Domain from all Title IV, Higher Education Act programs.

B. The Wire Fraud Scheme

23. Beginning in or about July 2017, and continuing until in or about April 2019, in the Middle District of Florida, and elsewhere, the defendant,

ELAINE M. LEVIDOW,

did knowingly and willfully devise and intend to devise a scheme and artifice to defraud and to obtain money by means of materially false and fraudulent pretenses, representations, and promises, namely, to obtain approximately \$109,323 in Department of Education FSA funds and to convert said money to the personal use, enjoyment and benefit of defendant ELAINE M. LEVIDOW and others, and to conceal said conversion, utilizing transmissions by means of wire communication in interstate commerce of any writings, signs, signals, and sounds.

C. Manner and Means of the Scheme

24. It was a part of the scheme to defraud and to obtain money and property that the defendant would and did solicit students to enroll in courses at the Training Domain.

25. It was further part of the scheme to defraud and to obtain money that the defendant would and did assist students in applying for FSA funds.

26. It was further part of the scheme to defraud and to obtain money that the defendant would and did knowingly enroll students at Training Domain and assist them in obtaining FSA funds knowing they were not eligible to receive such funds.

27. It was a part of the scheme to defraud and to obtain money that the defendant would and did know that some students she enrolled at the Training Domain did not have a High School diploma or GED certificate which made them ineligible to receive FSA funds.

28. It was a part of the scheme to defraud and to obtain money that the defendant would and did enroll a student and assist him in obtaining FSA funds who had been convicted of a felony and sentenced to a term of life imprisonment in the state of Florida in 2016, and was not eligible for FSA funding.

29. It was further part of the scheme to defraud and to obtain money that the defendant would and did apply for FSA loans for some students without their knowledge.

30. It was further part of the scheme to defraud and to obtain money that the defendant would and did forge the signature of students in documents relating to applying for and obtaining FSA funds.

31. It was further part of the scheme to defraud and to obtain money that the defendant would and did create fraudulent High School diplomas and GED certificates so the recruited students appeared to be eligible for FSA funds.

32. It was further part of the scheme to defraud and to obtain money that the defendant would and did cancel scheduled classes in courses at the Training Domain and did not hold classes for the number of hours required for FSA funding.

33. It was further part of the scheme to defraud and to obtain money that the defendant would and did use proceeds of the FSA funds to pay her own personal expenses and split them with students.

34. It was further part of the scheme to defraud and to obtain money that the defendant would and did create for a Council on Occupational Education (COE) audit of Training Domain false and fraudulent high school diplomas for students that she provided to the auditor even though the students had not attended the underlying high school or had not graduated from high school.

35. It was further part of the scheme to defraud and to obtain money that the defendant would and did instruct and pay former students to pose as current students of Training Domain in preparation for the COE audit.

36. It was further part of the scheme to defraud and to obtain money that the defendant would and did instruct an employee of the Training Domain to falsify the hours in the student attendance records for all Training Domain students and to ensure the records included at least 600 hours of instruction which was necessary to meet Federal Pell Grant requirements.

37. It was further part of the scheme to defraud and to obtain money that the defendant would and did cause wire transfers of FSA funds to be sent across state

lines from New York to the Training Domain bank account in Florida.

38. It was further part of the scheme to defraud and to obtain money that the defendant would and did fraudulently obtain approximately at least \$109,323 in FSA funds to which Training Domain was not entitled.

39. It was further part of the scheme to defraud and to obtain money that the defendant would and did urge a student to recruit other students so they could receive FSA funds without attending classes.

40. It was further part of the scheme to defraud and to obtain money that the defendant would and did pay students off to prevent them from complaining to COE.

41. It was further part of the scheme and artifice to defraud that the defendant would and did perform acts and make statements to hide and conceal, and cause to be hidden and concealed, the purpose of the scheme and the acts committed in furtherance thereof.

D. The Wires

42. On or about the dates set forth below, in the Middle District of Florida, and elsewhere, the defendant,

ELAINE M. LEVIDOW,

defendant herein, for the purpose of executing the aforesaid scheme and artifice to defraud and to obtain money by means of materially false and fraudulent pretenses, representations and promises, knowingly transmitted and caused to be transmitted by

means of wire communication in interstate commerce from New York to Florida,
certain writings, signs, signals, and sounds, as set forth below.

<u>COUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>TRANSACTION</u>
<u>ONE</u>	7/23/17	\$1,938.00	Pell Grant online electronic transfer in the name of P.C. from Federal Reserve Bank in New York to Training Domain bank account at Wells Fargo Bank in Fort Myers, Florida
<u>TWO</u>	10/31/17	\$1,973.00	Pell Grant online electronic transfer in the name of P.C. from Federal Reserve Bank in New York to Training Domain bank account at Wells Fargo Bank in Fort Myers, Florida
<u>THREE</u>	2/5/18	\$1,974.00	Pell Grant online electronic transfer in the name of J.G. from Federal Reserve Bank in New York to Training Domain bank account at Wells Fargo Bank in Fort Myers, Florida
<u>FOUR</u>	3/2/18	\$1,973.00	Pell Grant online electronic transfer in the name of J.G. from Federal Reserve Bank in New York to Training Domain bank account at Wells Fargo Bank in Fort Myers, Florida
<u>FIVE</u>	5/23/18	\$2,032.00	Pell Grant online electronic transfer in the name of D.A. from Federal Reserve Bank in New York to Training Domain bank account at Wells Fargo Bank in Fort Myers, Florida
<u>SIX</u>	7/26/18	\$2,031.00	Pell Grant online electronic transfer in the name of D.A. from Federal Reserve Bank in New York to Training Domain bank account at Wells Fargo Bank in Fort Myers, Florida
<u>SEVEN</u>	12/27/18	\$2,032.00	Pell Grant online electronic transfer in the name of K.J. from Federal Reserve Bank in New York to Training Domain bank account at Wells Fargo Bank in Fort Myers, Florida
<u>EIGHT</u>	1/2/19	\$2,032.00	Pell Grant online electronic transfer in the name of S.O. from Federal Reserve Bank in New York to Training Domain bank account at Wells Fargo Bank in Fort Myers, Florida
<u>NINE</u>	2/25/19	\$2,031.00	Pell Grant online electronic transfer in the name of K.J. from Federal Reserve Bank in New York to Training Domain bank account at Wells Fargo Bank in Fort Myers, Florida
<u>TEN</u>	2/27/19	\$2,031.00	Pell Grant online electronic transfer in the name of S.O. from Federal Reserve Bank in New York to Training Domain bank account at Wells Fargo Bank in Fort Myers, Florida

In violation of 18 U.S.C. § 1343 and § 2.

COUNT ELEVEN

1. Paragraphs 1 through 22 and 24 through 41 are re-alleged and incorporated as though fully set forth herein.

2. Beginning in or about July 2017, and continuing until in or about April 2019, in the Middle District of Florida, and elsewhere, the defendant,

ELAINE M. LEVIDOW,

did knowingly and willfully misapply, steal, obtain by fraud and materially false statement, and fail to refund, and attempt to misapply, steal, obtain by fraud and materially false statement, and fail to refund funds with a value in excess of \$200 provided and insured under Subchapter IV, Chapter 28 of Title 20, United States Code.

All in violation of 20 U.S.C. § 1097(a) and 18 U.S.C. § 2.

FORFEITURE

1. The allegations contained in Counts One through Ten are incorporated by reference for the purpose of alleging forfeiture pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c).

2. Upon conviction of a violation of 18 U.S.C. § 1343, the defendant shall forfeit to the United States, pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c), any property, real or personal, which constitutes or is derived from proceeds traceable to the violation.

3. The assets to be forfeited include, but are not limited to, an order of

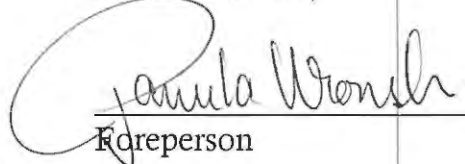
forfeiture in the amount of proceeds obtained from the offenses.

4. If any of the property described above, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- 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 divided without difficulty;

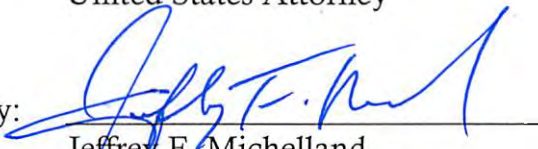
the United States shall be entitled to forfeiture of substitute property under the provisions of 21 U.S.C. § 853(p), as incorporated by 28 U.S.C. § 2461(c).

A TRUE BILL,

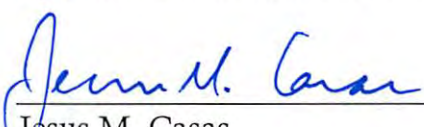

Foreperson

MARIA CHAPA LOPEZ
United States Attorney

By:


Jeffrey F. Michelland
Assistant United States Attorney

By:


Jesus M. Casas
Assistant United States Attorney
Chief, Fort Myers Division

No. 2:20-cr-

UNITED STATES DISTRICT COURT
Middle District of Florida
Fort Myers Division

THE UNITED STATES OF AMERICA

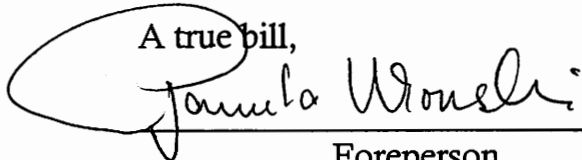
vs.

ELAINE M. LEVIDOW

INDICTMENT

Violations: 18 U.S.C. § 1343; § 2
20 U.S.C. § 1097(a)

A true bill,


Foreperson

Filed in open court this 9th day
of September, 2020.

Clerk

Bail \$ _____
