



FOR IMMEDIATE RELEASE
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65 INDIVIDUALS CHARGED IN FEDERAL FINANCIAL AID FRAUD RESULTING IN THE LOSS OF OVER \$530,000

PHOENIX - A federal grand jury in Phoenix returned a 130-count indictment on Tuesday against Trena Lynne Halton, 37, of Peoria, Ariz, and 64 co-defendants for various offenses related to a conspiracy to defraud the U.S. Government out of more than a half-million dollars in student loans. The charges include Conspiracy; Mail Fraud; Financial Aid Fraud; and False Statements in Connection With Financial Aid. Each of the 65 defendants and their respective charges are identified in the attached table.

Diane J. Humetewa, U.S. Attorney for the District of Arizona, stated, "Federal funds for higher education are a limited resource. The theft of these funds for personal gain may deny truly deserving students the opportunity to obtain a valuable education. The hardworking investigators of the U.S. Postal Inspection Service and U.S. Department of Education, Office of Inspector General, along with the Rio Salado Community College Office of Financial Aid, were all instrumental in assuring that so many people would not get away with such an extensive scheme."

Mary Mitchelson, Acting Inspector General of U.S. Department of Education, stated, "Today's indictment alleges that the defendants defrauded the students and taxpayers of Arizona in a deliberate, methodical, and significant way. I am proud of the work of the Office of Inspector General's Special Agents, our colleagues in the U.S. Postal Inspection Service and the U.S. Attorney's Office for their dogged pursuit of these individuals."

Natalie Forbort, Special Agent in Charge of the U.S. Department of Education OIG's Western Regional Office, added that the OIG "will continue to aggressively pursue those who seek to defraud Federal education programs and protect these vital funds from this type of calculated plunder -- not only for our nation's students, but for America's taxpayers as well."

The indictment alleges that from July 4, 2006 through October 30, 2007, Halton recruited individuals to act as "straw students" and 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 Crystal Marie Diaz, Claude Willis Fletcher, Latisha Lavern Johnson and Evelyn Castaneda Tripp to recruit additional individuals to fraudulently apply for, and receive, student financial aid through Rio Salado. Diaz, Fletcher, Johnson and Tripp each recruited at least three additional straw students as well as acting as straw students themselves. A total of 60 additional straw students were also charged as a result of the scheme.

In furtherance of the conspiracy and scheme to defraud, Halton maintained a system of records, containing various handwritten and printed documents, concerning the personal information for

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approximately 136 straw students and potential straw students including, but not limited to, dates of birth, social security numbers, driver's license numbers, wage tax statements - both fictitious and valid, tax returns, tax transcripts, high school diplomas - both fictitious and valid, and Rio Salado Financial Aid applications. While extensive, the records for multiple straw students and potential straw students were not complete. 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 multiple straw students in amounts ranging from \$500 to \$1,500. Halton 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 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.

In an affidavit for a search warrant for Halton's residence, a Postal Inspector noted the fraud was initially reported to the U.S. Department of Education by Rio Salado's Financial Aid Office. In particular, the Office advised that documentation submitted in support of certain loan applications appeared to have been doctored or forged because the applicants were all enrolled in the same online courses; the applicants all lived in the same general area; and the writing on the financial aid applications and supporting documents appeared similar.

"It is a common misconception that the Internet provides anonymity to those who commit fraud," said Phoenix Division Acting Inspector in Charge Christopher White of the U.S. Postal Inspection Service. "Often, they use the U.S. Mail to send correspondence or receive financial aid checks, in furtherance of the scheme. The Postal Inspection Service will aggressively investigate those who use the mail to commit such criminal acts."

Each conviction for Conspiracy or Financial Aid Fraud carries a maximum penalty of five years, 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 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.

RELEASE NUMBER: 2009-211(Halton, et al.)

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