

07-MJ-00383-APPL

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**FEDERAL DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON**

BY ADAM M. SHANEDLING AT SEATTLE
U.S. DISTRICT COURT
DEPUTY
WESTERN DISTRICT OF WASHINGTON

In the Matter of the Search of

(Name, address or brief description of person, property or premises to be searched.)

Crown College, located at 8739 S. Hosmer Street,
Tacoma, Washington. There are two connected buildings,
one two-story, the other single-story. Both are
light colored buildings with tan roofs.

**APPLICATION AND AFFIDAVIT
FOR SEARCH WARRANT**

CASE NUMBER: **MJ 07-383**

I, ADAM M. SHANEDLING, being duly sworn depose and say:

I am a(n) Special Agent with the United States Department of Education and have reason to believe that ___
on the person of or X on the property or premises known as (name, description and/or location)

See Attachment A, which is attached hereto and incorporated herein by reference,

in the Western District of Washington there is now concealed a certain person or property, namely (describe the
person or property to be seized)

See Attachment B, which is attached hereto and incorporated herein by reference,


which is (state one or more bases for search and seizure set forth under Rule 41(b) of the Federal Rules of Criminal Procedure)

Evidence fruits and instrumentalities of the crimes of Conspiracy to Defraud, Bank Fraud and Financial
Aid Fraud

concerning a violation of Title 18 United States Code, Section(s) 371 and 1344 and Title 20, United States Code,
Section 1097. The facts to support a finding of Probable Cause are as follows:

See Attached Affidavit of Special Agent ADAM M. SHANEDLING, attached hereto and incorporated
herein.

Continued on the attached sheet and made a part hereof: X Yes ___ No


ADAM M. SHANEDLING, Affiant

Sworn to before me and subscribed in my presence,

August 10, 2007
Date

at Seattle, Washington
City and State

MARY ALICE THEILER
United States Magistrate Judge


Signature of Judicial Officer

ATTACHMENT A

LOCATION TO BE SEARCHED:

Crown College is located at 8739 South Hosmer Street, Tacoma, Washington 98444. The college is made up of two connected buildings. The front building is two-stories and the back building is a single-story. Both buildings are lightly colored, sit on several rows of grey cinder blocks, and have tan roofs. The numbers "8739 is displayed on the west side of the front building, which is approximately 15 feet from Hosmer Street. There is also a Crown College sign in blue letters on a white background on the north side of the front building.

ATTACHMENT B

The following records, documents, and other items that constitute evidence, fruits, and/or instrumentalities of violations of Title 18, United States Code, Section 371 (Conspiracy to Defraud), Title 18, United States Code, Section 1344 (Bank Fraud), and Title 20, United States Code, Section 1097 (Financial Aid Fraud), are to be seized:

Any and all Crown College records, books, papers and documents relating to the period of 2004 to present as described below:

1. Student records, including attendance records, ledgers of student charges and payments, tests and grade records, financial aid records, Pell Grant records, loan records, enrollment verification reports, eligibility records, and graduation records for the following individuals:
 - a. Mullineaux, Sheila
 - b. Byers-Martinez, Jennifer
 - c. Martinez, Jennifer
 - d. Lee, Misty
 - e. McMullin, Scott
 - f. McMullin, Jesica
 - g. Hinton, Brandon
 - h. Dogeagle, Jeremy
2. Student records, including attendance records, ledgers of student charges and payments, tests and grade records, financial aid records, Pell Grant records, loan records, enrollment verification reports, eligibility records, and graduation records of any other students who were employed by Crown College.
3. Any and all documents sent to or received from the Department of Education, including eligibility records, student payment summary reports, audit reports, program review reports, all correspondence with ED, and supporting documentation.
4. Documents reflecting or relating to communications with the Northwest Education Loan Association concerning the aforementioned students.
5. Documents reflecting or relating to communications with Sallie Mae concerning the aforementioned students.
6. Documents reflecting or relating to communications with the aforementioned students.
7. Internal correspondence, including correspondence directives, policy statements, and reference manuals relating to the operation and management of all Title IV federal student aid programs.

8. Records, rosters, or ledgers identifying the names of all employees and students at Crown College.
9. Financial records, including all payroll and financial statements, invoices, ledger books, disbursement journals, and all bank account information including checks, statements, cancelled checks, money orders, passbooks, certificates of deposit, and credit card receipts/statements.
10. Telephone and or address books, rolodexes, calendars, and any other documents listing telephone numbers and identifying information for Crown College employees.
11. Personnel records, including employment contracts, performance evaluations, attendance records, training records, resumes, salary and bonus information, termination, or severance agreements, and any additional information relating to employees.
12. Evidence of occupancy and/or ownership of the premises described in the search warrant, including bills, cancelled checks, and rental agreements.
13. All computer hardware consisting of all equipment that can collect, analyze, create, display, convert, store, conceal or transmit electronic, magnetic, optical, or similar computer data. Hardware includes, but is not limited to, any data processing devices, such as central processing units, memory typewriters, and self-contained laptop or notebook computers; internal and peripheral storage devices, such as fixed disks, external hard disks, floppy disk drives, tape drives, and tapes, compact discs, optical storage devices, and any other storage devices; peripheral input/output devices, such as keyboards, printers, scanners, plotters, video display monitors, and optical readers; and related communication devices, such as modems, cables, and connections, recording equipment, RAM or ROM units, acoustic couplers, automatic dialers, speed dialers; as well as any devices, mechanisms, or parts that can be used to restrict access to computer hardware, such as physical keys and locks.
14. All computer software consisting of digital information that can be interpreted by a computer and any of its related components to direct the way they work. Software that is stored in electronic, magnetic, optical, or other digital form and programs to run operating systems, and applications, such as word processing, graphics, and spreadsheet programs.
15. All computer generated documents consisting of written, recorded, printed, or electronically stored material that explains or illustrates how to configure or use computer hardware, software or other related items.
16. All computer passwords and other data security devices that are designed to restrict access or hide computer software, documentation, or data.
17. All computer information related to the administration of Federal Student Financial Aid

programs, student attendance, or other records specified previously in this warrant affidavit as evidence to be seized.

THE SEIZURE OF COMPUTER SYSTEMS AND/OR THEIR COMPONENTS AS SET FORTH HEREIN IS SPECIFICALLY AUTHORIZED BY THIS SEARCH WARRANT, NOT ONLY TO THE EXTENT THAT SUCH COMPUTER SYSTEMS CONSTITUTE INSTRUMENTALITIES OF THE CRIMINAL ACTIVITY DESCRIBED ABOVE, BUT ALSO FOR THE PURPOSE OF THE CONDUCTING OFF-SITE EXAMINATIONS OF THEIR CONTENTS FOR EVIDENCE, INSTRUMENTALITIES, OR FRUITS OF THE AFOREMENTIONED CRIMES.

AFFIDAVIT

STATE OF WASHINGTON)
COUNTY OF PIERCE) ss

I, ADAM M. SHANEDLING, being duly sworn, state as follows:

INTRODUCTION AND AGENT BACKGROUND

1. I am a Special Agent with the United States Department of Education (hereinafter ED), Office of Inspector General (hereinafter OIG). I have been a Special Agent of the ED-OIG since October 2, 2006, and am assigned to the Long Beach, California Field Office. Prior to working for ED-OIG, I was a Transportation Security Specialist for the United States Transportation Security Administration (TSA), based in Brussels, Belgium, for almost three years and Los Angeles, California, for one year. In this capacity I performed regulatory inspections and investigations throughout Europe, Africa, Middle East, and the Pacific. Prior to the TSA, I was a Special Agent for the Federal Aviation Administration (FAA) Security Division in Honolulu, Hawaii, for almost five years. In this capacity I performed regulatory inspections and investigations of regulated transportation entities, specializing in hazardous materials and cargo enforcement.

2. As part of my official duties, I am authorized to conduct investigations in connection with the enforcement and administration of all laws, regulations, orders, contracts, and programs to which ED is or may be a party of interest, and perform other duties on behalf of the Secretary of Education. Along with investigations referenced in this affidavit, I have been involved in the investigation of other cases involving student financial aid fraud and other illegal activities involving private, for-profit postsecondary schools. During my employment as a Federal Law Enforcement Agent, I have conducted multiple investigations. Throughout the course of these investigations, I have conducted interviews and secured other relevant information using a variety of investigative techniques.

1 3. I am familiar with information contained in this Affidavit, through
2 personal investigation and communication with witnesses and other law enforcement
3 and government personnel who have themselves obtained the information. I have also
4 reviewed available documents relevant to this investigation and am personally familiar
5 with their contents.

6 **SPECIFICS FOR SEARCHES AND SEIZURES OF COMPUTER SYSTEMS**

7 4. I have consulted with forensic computer experts within our office regarding
8 the search of computer systems. Based on my consultation with these experts and other
9 agents who have been involved in the search of computers and retrieval of data from
10 computer systems and related media, I know that searching and seizing information from
11 computers often requires agents to seize all electronic storage devices (along with related
12 peripherals) to be searched later by a qualified computer expert in a laboratory or other
13 controlled environment. This is true because of the following:

14 a. Volume of Evidence. Computer storage devices (like hard disks,
15 diskettes, tapes, laser disks, CD-ROMs, DVDs, and Bernoulli drives) can store the
16 equivalent of hundreds of thousands of pages of information. Additionally, a suspect may
17 try to conceal criminal evidence, and he might store criminal evidence in random order or
18 with deceptive file names or deceptive file extensions. This requires searching authorities
19 to examine all the stored data to determine which particular files are evidence or
20 instrumentalities of crime. This sorting process can take weeks or months, depending on
21 the volume of data stored, and it would be impractical to attempt this kind of data search
22 on site.

23 b. Technical Requirements. Searching computer systems for criminal
24 evidence is a highly technical process, requiring expert skill and a properly controlled
25 environment. The vast array of computer hardware and software available requires even
26 computer experts to specialize in some systems and applications, so it is difficult to know
27 before a search which expert is qualified to analyze the system and its data. In any event,
28 data search protocols are exacting scientific procedures designed to protect the integrity

1 of the evidence and to recover even "hidden," erased, compressed, password-protected, or
2 encrypted files. Since computer evidence is extremely vulnerable to inadvertent or
3 intentional modification or destruction (both from external sources and from destructive
4 codes imbedded in the system, such as "booby traps"), a controlled environment is
5 essential to its complete and accurate analysis.

6 c. Hidden Obfuscated Evidence. Computer users can conceal data
7 within computers and electronic storage media through a number of methods, including
8 the use of innocuous or misleading filenames and extensions. For example, files with the
9 extension ".jpg" often are image files; however, a user can easily change the extension to
10 ".txt" to conceal the image and make it appear as though the file contains text. Similarly,
11 computer users can encode communications to avoid using key words that would be
12 consistent with the criminal activity. Computer users can also attempt to conceal
13 electronic evidence by using encryption technologies. For example, some encryption
14 systems require that a password or device, such as a "dongle" or "keycard," be used to
15 obtain a readable form of the data. In addition, computer users can conceal electronic
16 evidence within another seemingly unrelated and innocuous file using a process known as
17 "steganography." For example, by using steganography, a computer user can conceal text
18 in an image file in such a way that it cannot be read when the image file is opened using
19 ordinary means. As a result, law enforcement personnel may have to search all the stored
20 data to determine which particular files contain items that may be seized pursuant to the
21 warrant. This sorting process can take a substantial amount of time, depending on the
22 volume of data stored and other factors.

23 d. Deleted or Downloaded Files. Computers and other electronic
24 storage media allow suspects to delete files to attempt to evade detection or to take other
25 steps designed to frustrate law enforcement searches for information. However,
26 searching authorities can recover computer files or remnants of such files months or even
27 years after they have been downloaded onto a hard drive, deleted, or viewed via the
28 Internet. When a person "deletes" a file on a home computer, the data contained in the

1 file do not actually disappear; rather, the data remain on the hard drive until they are
2 overwritten by new data. As a result, deleted files, or remnants of deleted files, may
3 reside in free or "slack" space (i.e., in space on the hard drive that is not allocated to an
4 active file or that is unused after a file has been allocated to a set block of storage space)
5 for long periods of time before they are overwritten. A computer's operating system may
6 also keep a record of deleted data in a "swap" or "recovery" file. Similarly, files that
7 have been viewed via the Internet are automatically downloaded into a temporary Internet
8 directory or "cache." The browser typically maintains a fixed amount of hard drive space
9 devoted to these files, and the files are only overwritten as they are replaced with more
10 recently viewed Internet pages. Thus, the ability to retrieve the residue of an electronic
11 file from a hard drive depends less on when the file was downloaded or viewed than on a
12 particular user's operating system, storage capacity, and computer habits.

13 e. Search Techniques. Because of the above-described technical
14 requirements, volume of evidence, and the ability of suspects to delete, download, hide
15 and/or obfuscate evidence, the analysis of electronically stored data may necessitate any
16 or all of several different computer forensics techniques. Such techniques may include,
17 but are not limited to, surveying various file "directories" and the individual files they
18 contain (analogous to looking at the outside of a file cabinet for the pertinent files in order
19 to locate the evidence and instrumentalities authorized for seizure by the warrant);
20 "opening" or reading the first few "pages" of such files in order to determine their precise
21 contents; "scanning" storage areas to discover and possibly recover recently deleted data;
22 scanning storage areas for deliberately hidden files; and performing electronic "keyword"
23 searches through all electronic storage areas to determine whether occurrences of
24 language contained in such storage areas exist that are related to the subject matter of the
25 investigation.

26 5. Based upon my consultation with experts in computer searches, data
27 retrieval from computers and related media, and consultations with other agents who have
28 been involved in the search of computers and retrieval of data from computer systems, I

1 know that searching computerized information for evidence or instrumentalities of crime
2 commonly requires agents to seize all of a computer system's input/output peripheral
3 devices, related software, documentation, and data security devices (including passwords)
4 so that a qualified computer expert can accurately retrieve the system's data in a
5 laboratory or other controlled environment. This is true because of the following:

6 a. The peripheral devices which allow users to enter or retrieve data
7 from the storage devices vary widely in their compatibility with other hardware and
8 software. Many system storage devices require particular input/output (or "I/O") devices
9 in order to read the data on the system. It is important that the analyst be able to properly
10 re-configure the system as it now operates in order to accurately retrieve the evidence
11 contained therein. In addition, the analyst needs the relevant system software (operating
12 systems, interfaces, and hardware drivers) and any applications software, which may have
13 been used to create the data (whether stored on hard drives or on external media), as well
14 as all related instruction manuals or other documentation and data security devices. If the
15 analyst determines that the I/O devices, software, documentation, and data security
16 devices are not necessary to retrieve and preserve the data after inspection, the
17 government will return them within a reasonable time.

18 b. In order to fully retrieve data from a computer system, the analyst
19 also needs all magnetic storage devices as well as the central processing unit (CPU).
20 Further, the analyst again needs all the system software (operating systems or interfaces,
21 and hardware drivers) and any applications software that may have been used to create the
22 data (whether stored on hard drives or on external media) for proper data retrieval.

23 I have been advised by an examiner who has conducted computer searches and data
24 retrieval from computers in a laboratory setting, that such searches can be complex and
25 time consuming. Additionally, I have learned the following information:

26 a. Over the last several years, the size of electronic storage media
27 has doubled approximately every 12 months. Inexpensive software capable of "cloning"
28 a computer drive onto a larger hard drive is readily available. As a result, the need for

1 users to routinely delete items from their hard drives due to a lack of space has all but
2 disappeared. As a consequence, fewer deleted files are being identified relative to the
3 total number of files stored on the computer.

4 b. Between the increasing complexity of operating systems today
5 and the rich content available on the Internet, the interplay between software applications
6 and the computer operating systems often results in material being stored multiple times
7 and even in different locations in a given piece of computer media without the user's
8 knowledge. Even if the computer user is sophisticated and understands this automatic
9 storage of information on his computer's hard drive, attempts at deleting the material
10 often fail because the material may be automatically stored multiple times and sometimes
11 in multiple locations within the computer media. As a result, digital data that may have
12 evidentiary value to this investigation could exist in the user's computer media despite,
13 and long after, attempts at deleting it.

14 **THE TARGET PREMISES & SUSPECTED OFFENSES**

15 6. The information contained in the Affidavit is made for the purpose of
16 establishing probable cause in support of a search warrant to search and seize the fruits,
17 instrumentalities and evidence of violations of Title 18, United States Code,
18 Section 371 (Conspiracy to Defraud), Title 18, United States Code, Section 1344 (Bank
19 Fraud), and Title 20, United States Code, Section 1097 (Financial Aid Fraud) located
20 on the premises of Crown College, 8739 South Hosmer, Tacoma, Washington 98444,
21 as further described in Attachment B hereto, incorporated herein by reference. The
22 location is more fully described in Attachment A. Based on the information included in
23 this affidavit, there is probable cause to believe that the items described in Attachment
24 B will be found at the location described in Attachment A. Because this Affidavit is
25 submitted for the limited purpose of securing a search warrant, each and every fact
26 known to me concerning this investigation has not been included.

27 7. Crown College is a proprietary school that offers Associate of Science
28 degrees in Criminal Justice, Paralegal Studies, and Business Administration and

1 Bachelor of Science degrees in Business Administration. Crown's President is John
2 Wabel.

3 8. Crown College was accredited on July 1, 1979 by the Accrediting
4 Commission of Career Schools and Colleges of Technology (hereinafter ACCSCT), an
5 independent accrediting agency, as required by ED for participation in its Federal
6 funding programs. Crown College lost its ACCSCT accreditation on July 27, 2007.

7 9. Crown classes are operated almost completely on-line via computer.
8 Crown student's participate in their on-line classes by logging on to "classrooms"
9 they've previously registered for through the school's website. While there are physical
10 classrooms located within the buildings Crown operates, the vast majority of the
11 teaching occurs on-line.

12 10. I know based on my interviews with former employees and students of
13 Crown College and from the investigative efforts of other agents involved, that Crown
14 maintains student records, financial aid data, and school administrative information in
15 computers located in the administrative buildings located at 8739 South Hosmer Street,
16 Tacoma, Washington 98444. I have probable cause to believe that the information
17 sought in Attachment B is located at the location described in Attachment A.

18 **FEDERAL STUDENT ASSISTANCE PROGRAM BACKGROUND**

19 11. The Department of Education is a department of the United States
20 Government established to ensure equal access to education and to promote educational
21 excellence throughout the United States. One of the primary responsibilities of ED is
22 oversight of the administration of Title IV Federal Student Assistance (FSA) Programs
23 authorized by the Higher Education Act of 1965. Under the authority of Title 34 of the
24 Code of Federal Regulations (CFR) Parts 600 and 668, ED is responsible for
25 determining the eligibility of institutions to participate in FSA Programs, as well as
26 ensuring that those eligible institutions properly execute their fiduciary responsibilities
27 in administering the programs.

28 12. Pursuant to 34 CFR 600, to participate in FSA programs, a school must,

1 among other requirements, be accredited by a federally recognized accrediting
2 organization also recognized by the Secretary of Education, and must enter into a
3 Program Participation Agreement (PPA) with ED. The school is also required to have
4 been in existence for at least two years. 34 CFR Part 600 further requires that once a
5 school is deemed eligible to participate in FSA programs, it must continually comply
6 with eligibility requirements. If a participating school fails to meet the requirements, it
7 must notify ED within 30 days.

8 13. ED offers a number of financial aid programs to qualified students. To
9 receive Federal Student Aid, a student must be a U.S. citizen or national, or permanent
10 resident of the United States, or a citizen of certain Pacific Islands. Certain other
11 non-citizens are eligible, such as refugees, persons granted asylum, and Cuban-Haitian
12 entrants. Such individuals must provide the school with INS documentation indicating
13 that their intention is to become a U.S. Citizen or permanent resident.

14 14. A student must meet the following criteria to be eligible to receive federal
15 financial aid:

- 16 a. Have financial need, except for some loan programs.
- 17 b. Have a high school diploma or a General Education Development
18 (GED).
- 19 c. Be enrolled or accepted for enrollment as a regular student working
20 toward a degree or certificate in an eligible program.
- 21 d. Be a U.S. citizen or an eligible non-citizen.
- 22 e. Have a valid Social Security Number.
- 23 f. Make satisfactory academic progress.
- 24 g. Sign a statement on the Free Application for Federal Student Aid
25 (hereinafter FAFSA) certifying that federal student aid will only be used for educational
26 purposes.
- 27 h. Sign a statement on the FAFSA certifying that no federal student
28 loans are in default status and that no money was owed back on a federal student grant.

1 i. Register with the Selective Service, if required.

2 15. The Federal Pell Grant Program provides gift aid to eligible students in
3 order to assist them with their education. This gift aid is in the form of a grant and is
4 not required to be repaid. Pell Grants are awarded to students who have not yet earned
5 a bachelor or professional degree. Pell Grants are awarded to students who have
6 financial need. The ED program regulations specify eligibility requirements and
7 application procedures for students. The institution and its officers, acting as fiduciary
8 agents, disburse grant payments received for ED to the eligible student beneficiaries.

9 16. Subsidized Stafford Loans are awarded to students who demonstrate
10 financial need. Because the U.S. Department of Education subsidizes the interest,
11 borrowers are not charged interest while they are enrolled in school at least halftime
12 and during grace and deferment periods.

13 17. Unsubsidized Stafford Loans are awarded to students regardless of
14 financial need. Borrowers are responsible for paying the interest that accrues during
15 any period.

16 18. A Parental Loan for Undergraduate Studies (PLUS) allows parents to
17 borrow on behalf of their dependent undergraduate children who are enrolled at least
18 halftime. As with unsubsidized Stafford loans, borrowers are responsible for the
19 interest that accrues on PLUS Loans throughout the life of the loan. Independent
20 students and students whose parents cannot get a PLUS have higher unsubsidized loan
21 limits.

22 19. Consolidation Loans allow any borrower to combine one or more federal
23 education loans into a new Direct Loan or Federal Family Educational Loan (FFEL) to
24 facilitate repayment. The process of consolidating loans usually does not directly
25 involve the school - the consolidating lender purchases qualifying student loans from
26 other lenders and combines them into a single loan.

27 20. The Northwest Education Loan Association (NELA) is a non-profit
28 guaranty agency that works in partnerships with schools, banks, and other lending

1 institutions to help students continue their education. NELA administers the FFEL
2 Program and guarantees the loans against default.

3 21. Per 34 CFR 685, should a school that was previously approved by ED to
4 participate in Title IV Federal Student Loan programs cease operations, all students
5 currently attending the school who have received Title IV Federal Student Loans will
6 have their loans discharged - the loans will be forgiven - based on the following
7 conditions:

- 8 a. The student was enrolled at least 90 days prior to the closure;
- 9 b. The student had not transferred to another school with transferable
10 credits;
- 11 c. The student did not participate in teach-out, a program that allows
12 students attending a school that is in the process of closing to find another educational
13 institution to finish their degrees.

14 INVESTIGATIVE FINDINGS

15 22. This investigation was initiated based on information provided by Dr.
16 Randi Jones, the former Dean of Academic Affairs at Crown College. Dr. Jones
17 contacted the Washington State Higher Education Coordinating Board (HECB) to pass
18 along her concerns regarding Crown College on March 1, 2007. The HECB referred
19 this matter to The Department of Education Federal Student Assistance Program, who
20 in turn referred it to my office. Dr. Jones began her employment at Crown College in
21 August 2001. In January 2005, she became the Dean of Academic Affairs at Crown
22 College. Dr. Jones terminated her employment at Crown College on February 28,
23 2007. On April 23, 2007, I interviewed Dr. Jones.

24 23. In late January 2007, Dr. Jones discovered that Crown College staff
25 members, their friends, and significant others were receiving Title IV federal student
26 aid, but were not enrolled at Crown College. Dr. Jones alleged that these individuals
27 took out Stafford loans (Subsidized and Unsubsidized) and Pell Grants without enrolling
28 in school, because the staff members learned that Crown College was on the brink of

1 financial insolvency and as such, closure was imminent. Should Crown College go out
2 of business, these individuals believed that their loans would be discharged and they
3 would not have to pay the loans back to the lender. Thus, each of the individuals who
4 had taken out federal loans, but had never enrolled in the school, would get to keep
5 significant amounts of money without any further financial obligations to the
6 government. Ultimately, however, this scheme began to unravel, because the
7 individuals learned that Crown College was not going go out of business, and the
8 individual's loans would not be discharged. These individuals would now have an
9 obligation to pay back their loans, plus any interest accrued.

10 24. In late January 2007, John Wabel (WABEL), the owner of Crown
11 College, and Dr. Jones were staffing the telephones at Crown College. Dr. Jones
12 asked WABEL to show her how to work the computers in the financial aid office and
13 how to handle questions based on the information in the computer. WABEL showed
14 her the Crown College checking account. Dr. Jones stated that, consistent with the
15 scheme described above, the checking account indicated that several Crown College
16 employees and their friends and family received checks from Crown College, but were
17 not enrolled as students. Dr. Jones stated that she immediately knew there was a
18 problem based on the names in the computer. She alleged that when Crown College
19 did not cease operations, these individuals created school documents and files to
20 support their financial aid applications, to make it appear that they had enrolled in
21 classes, to ensure their financial aid disbursements were commensurate with their
22 enrollment and attendance records.

23 25. On or about January 30, 2007, Dr. Jones had a conversation with the
24 Crown College Financial Aid Director, Misty Lee (LEE). According to Dr. Jones,
25 LEE admitted to the existence of the scheme. Dr. Jones instructed LEE to correct the
26 problem and go to the authorities.

27 26. Dr. Jones alleged the following Crown College employees, friends,
28 significant others, and family members were involved in the fraudulent application,

1 calculation, disbursement, and receipt of federal student aid during the approximate
2 time period between December 25, 2006 and January 1, 2007:

- 3 a. Sheila Kay Mullineaux (MULLINEAUX), Vice President at
4 Crown College;
- 5 b. Brandon M Hinton (HINTON), Sheila's boyfriend;
- 6 c. Jennifer Byers-Martinez (BYERS), a.k.a. Jennifer Byers, Fiscal
7 Manager and Bookkeeper at Crown College;
- 8 d. Misty L. Lee (LEE), Financial Aid Director at Crown College;
- 9 e. Jeremy J. Dogeagle (DOGEAGLE), Misty's boyfriend;
- 10 f. Jesica McMullin (J. MCMULLIN), Admissions and Registrar at
11 Crown College; and
- 12 g. Scott Eugene McMullin (S. MCMULLIN), Jesica's husband

13 27. Based on the information I received from Dr. Jones, I reviewed the
14 National Student Loan Data System (NSLDS). NSLDS is the Department of
15 Education's central database for the federal student aid programs authorized under Title
16 IV of the HEA. NSLDS indicated the following:

- 17 a. MULLINEAUX had a FFEL Stafford Unsubsidized loan in the
18 amount of \$10,500, dated December 15, 2006, cancelled prior to disbursement. She
19 had a FFEL Stafford Unsubsidized loan in the amount of \$10,500, dated March 2,
20 2007, disbursed in two equal amounts of \$5,250 on March 2, 2007 and May 21, 2007.
- 21 b. HINTON had a FFEL Stafford Unsubsidized loan in the amount of
22 \$5,000, dated December 15, 2006, fully disbursed on December 26, 2006. He also
23 had a FFEL Stafford Subsidized loan in the amount of \$5,500, dated December 15,
24 2006, fully disbursed on December 26, 2006. When a loan is fully disbursed, the
25 student receives the total amount of the loan they were awarded, rather than only a
26 partial amount. HINTON had a Pell Grant in the amount of \$4,050 fully disbursed as
27 of December 20, 2006.
- 28 c. BYERS had a FFEL Stafford Unsubsidized loan in the amount of

1 \$5,000, and a FFEL Stafford Subsidized loan in the amount of \$5,500, both dated
2 December 15, 2006, cancelled prior to disbursement. She had a FFEL Stafford
3 Unsubsidized loan in the amount of \$5,000, and a FFEL Stafford Subsidized loan in the
4 amount of \$5,500, both dated December 26, 2006, and both fully disbursed on January
5 4, 2007.

6 d. LEE had a FFEL Stafford Unsubsidized loan in the amount of
7 \$5,000, and a FFEL Stafford Subsidized loan in the amount of \$5,500, both dated
8 December 13, 2006, and both fully disbursed on December 26, 2006. She had a Pell
9 Grant in the amount of \$3,200, with only \$1,600 disbursed as of August 24, 2006.

10 e. DOGEAGLE had a FFEL Stafford Unsubsidized loan in the
11 amount of \$4,000, and a FFEL Stafford Subsidized loan in the amount of \$2,625, both
12 dated December 13, 2006, and cancelled as of March 5, 2007.

13 f. S. MCMULLIN had a FFEL Stafford Unsubsidized loan in the
14 amount of \$6,625, dated December 13, 2006, cancelled as of March 3, 2007.

15 g. J. MCMULLIN had a FFEL Stafford Unsubsidized loan in the
16 amount of \$10,500, dated December 13, 2006, and fully disbursed on December 26,
17 2006.

18 28. Dr. Jones indicated that S. MCMULLEN and DOGEAGLE were given
19 the opportunity by WABEL and MULLINEAUX to return the federal student aid that
20 was fraudulently obtained by them. On June 4, 2007, I requested Barbara Wilhelm,
21 Senior Director Claim Review at Sallie Mae to provide a written summary of loan and
22 enrollment information maintained by Sallie Mae for DOGEAGLE. This summary
23 indicated that he had his loans cancelled as of March 5, 2007. On June 26, 2007,
24 Barbara Wilhelm provided a written summary of loan and enrollment information
25 maintained by Sallie Mae for S. MCMULLIN. This summary indicates that S.
26 MCMULLIN had his loans cancelled as of March 5, 2007, and that, according to her
27 records, the loan was either disbursed and the money was later returned or the loan was
28 never disbursed.

1 29. Dr. Jones further stated that LEE'S boyfriend "Jeremy" was never a
2 student at or an employee of Crown College. Likewise, Dr. Jones stated that S.
3 MCMULLIN, J. MCMULLIN's husband, was never a student at or an employee of
4 Crown College.

5 30. On May 7, 2007, I interviewed Angela Rivera-Denny, who was employed
6 at Crown College from 2002 until she was laid off around Christmas 2006. She held
7 various positions at Crown College, to include admissions and academic services as
8 well as the Registrar. Angela Rivera-Denny stated that S. MCMULLIN was not
9 enrolled at Crown College, nor did he work at Crown College. Angela Rivera-Denny
10 further stated that DOGEAGLE, LEE's boyfriend, worked at Crown College for one to
11 two months sometime in early 2003 or 2004. She stated DOGEAGLE was not enrolled
12 at Crown College as a student.

13 31. On June 14, 2007, I interviewed Arthur Rocco, a former Crown College
14 employee who had the responsibility of ordering books and maintaining student files.
15 Arthur Rocco stated that MULLINEAUX's boyfriend, HINTON, was the computer
16 person at Crown College. Arthur Rocco was unsure if HINTON was a student at the
17 school. Arthur Rocco further added that S. MCMULLIN was never a student at
18 Crown College and may currently be a plumber.

19 32. On April 25, 2007, Martina Fernandez-Rosario, a compliance and
20 oversight team leader with the Department of Education Federal Student Assistance
21 Program, provided me with copies of ED FSA's internal program review documents of
22 an ongoing Crown College Title IV program review. A review of these documents in
23 conjunction with a telephone conversation with Martina Fernandez-Rosario indicated
24 that in early December 2006, Crown College, through its owner WABEL, had notified
25 the ACCSCT that Crown College would be preparing for closure because it could not
26 meet its financial obligations. The ACCSCT sent Crown College a letter on December
27 19, 2006 indicating the impending closure based on conversations with WABEL. On
28 December 20, 2006, ED FSA received a letter from ACCSCT placing Crown College

1 on probation as of December 15, 2006.

2 33. A review of HINTON'S financial aid file provided by Sallie Mae
3 indicates that on October 19, 2006, HINTON electronically signed a request for
4 foreberance on one of his loans, based on his financial hardship. HINTON requested a
5 foreberance of amounts due for 12 months. A review of HINTON's loan history
6 (exclusive of loans and grants taken out in December 2006) in NSLDS indicates that he
7 has two FFEL Consolidation loans with balances due of \$6,603 and \$8,938. In this
8 same file provided by Sallie Mae, Crown College sent a letter, dated June 17, 2004, to
9 US Bank that indicates Brandon Hinton was a graduate of Crown College and his last
10 day of attendance was June 10, 2004.

11 34. A review of J. MCMULLIN's financial aid file provided by Sallie Mae
12 identified a letter from Crown College, dated June 29, 2005, to Sallie Mae indicating
13 she was no longer a student at Crown College as of May 19, 2005.

14 35. A review of DOGEAGLE's financial aid file provided by Sallie Mae
15 indicates that DOGEAGLE used HINTON as a personal reference on a Stafford Loan
16 Master Promissory Note.

17 36. A review of LEE's financial aid file provided by Sallie Mae indicates that
18 LEE used DOGEAGLE as a cosignor on a Sallie Mae Signature Student Loan (private
19 non-Title IV loan).

20 37. A review of BYER'S financial aid file provided by Sallie Mae indicates
21 that BYER's used LEE as a personal reference on a Stafford Loan Master Promissory
22 Note.

23 38. A review of MULLINEAUX's financial aid file provided by Sallie Mae
24 indicates that MULLINEAUX used HINTON as a personal reference on a Stafford
25 Loan Master Promissory Note and a Sallie Mae Signature Student Loan (private
26 non-Title IV loan).

27 39. Based on the above facts, I believe there is probable cause for the
28 issuance of a search warrant to seize and view the fruits, instrumentalities and evidence

1 of violations of Title 18, United States Code, Section 371 (Conspiracy to Defraud),
2 Title 18, United States Code, Section 1344 (Bank Fraud), and Title 20, United States
3 Code, Section 1097 (Financial Aid Fraud) located in the target premises of Crown
4 College, 8739 South Hosmer, Tacoma, WA 98444.

5 

6
7 ADAM M. SHANEDLING, Affiant
Special Agent
8 United States Dept. of Education

9 SUBSCRIBED AND SWORN to before me this 10 day of July, 2007.

10 

11 MARY ALICE THEILER
12 United States Magistrate Judge