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Jail unlikely for Crown College exec caught in student loan fraud

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The highest ranking Crown College employee alleged to have obtained thousands of dollars in student loans through fraud likely won't face any jail time.

Set to be sentenced Friday, Sheila Mullineaux, director of operations for the defunct college, previously admitted to participating in a scheme that saw [nearly \\$66,000 in fraudulent student loans issued in Crown College's final days](#).

Mullineaux personally received \$21,000 in federal loans meant for student aid. Federal prosecutors contend Mullineaux took out the loans knowing she wouldn't have to repay them after the Tacoma-based online college shut down.

First accredited in 1979, the private, for-profit college lost its accreditation in July 2007 and closed weeks later. The college offered associate's degrees in criminal justice and paralegal studies, as well as a bachelor's level business administration program.

By the time it shut down, according to the indictment, [Crown College](#) classes "were operated almost completely online."

"Crown's students participated in their online classes by logging on to 'classrooms' they had previously registered for through the school's website," according to the indictment. "While there were physical classrooms located within the buildings Crown operated, the vast majority of the teaching occurred on-line."

Mullineaux, 43, was indicted alongside three other Crown College employees in May on allegations that they bilked the federal student aid system in the college's waning days. Crown College employees weren't required to pay tuition, enabling the employees to pocket the money.

Misty Lee, financial director for Crown College, pleaded guilty to fraud charges in July and is expected to be sentenced in April. Registrar Jesica McMullin and bookkeeper Jennifer Byers remain under indictment and are currently scheduled to face a jury in March.

In documents filed with the U.S. District Court at Tacoma, federal prosecutors and Mullineaux's attorney agreed she should be sentenced to three years probation. Prosecutors have asked that she also be ordered to perform 120 hours of community service when she is sentenced Friday by U.S. District Court Judge Robert J. Bryan.

Writing the court, defense attorney Summer McKeiveir described Mullineaux as a single mother struggling to care for a sick child, and called her crimes as an "aberration."

Noting that Mullineaux was financially secure at the time of her offenses, McKeiveir told the court she committed the fraud out of concern that her 19-year-old daughter's condition would create expenses beyond

her means.

Mullineaux made a similar plea to the court in a letter filed in preparation for Friday's hearing.

"I believe that I am a good person with a good heart and good intentions, who made a grave mistake," Mullineaux told the court. "I have had several nervous breakdowns, or at least that's what I think they are, because I know I have disappointed myself, my family and my daughter."

McKeiveir also disputed the prosecution's description of Mullineaux as a "kingpin" of the financial aid theft or that her client had any special knowledge that Crown College would close.

Asking that Mullineaux at least serve community service, Assistant U.S. Attorney Nicholas Brown noted that each of Mullineaux's codefendants was under her supervision at the college. He also claimed she suggested the scheme to others.

In the fall of 2006, Mullineaux learned the college was losing its accreditation and would close in January 2007, Brown told the court. Mullineaux also knew that all financial aid loans she received would be discharged when the college shut down.

Noting that Mullineaux's actions hurt actual students looking for financial aid, Brown agreed that probation would be appropriate in her case.

"Given her lack of criminal history, contrition and family support, the government believes that the defendant is unlikely to reoffend," Brown told the court. "Moreover, a sentence of probation will allow the defendant to begin making restitution in this matter, an important priority."

Mullineaux previously pleaded guilty to two counts of mail fraud. Her remaining codefendants' trial is slated to start March 7.

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