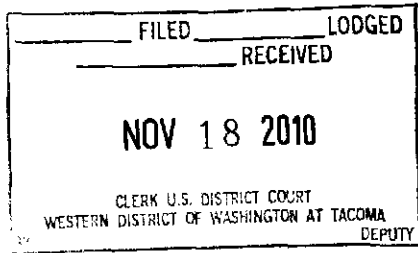


Judge Robert J. Bryan



7 UNITED STATES DISTRICT COURT
 8 WESTERN DISTRICT OF WASHINGTON
 9 AT TACOMA

9 UNITED STATES OF AMERICA,

10 Plaintiff,

11 v.

12 SHEILA MULLINEAUX,

13 Defendant.

NO. CR10-5314RJB

PLEA AGREEMENT

15 The United States of America, by and through Jenny A. Durkan, United States
 16 Attorney for the Western District of Washington, and Nicholas Brown, Assistant
 17 United States Attorney for said District, Defendant, SHEILA MULLINEAUX, and
 18 Defendant's attorneys, Summer McKeiver and Erin McAleer, enter into the following
 19 Agreement, pursuant to Federal Rule of Criminal Procedure 11(c)(1)(B):

20 1. The Charge. Defendant, having been advised of the right to have this matter
 21 tried before a jury, agrees to waive that right and enter a plea of guilty to the following
 22 charges contained in the Indictment: Mail Fraud, as charged in Counts 5 and 6, in violation
 23 of Title 18, United States Code, Sections 1341 and 2. By entering this plea of guilty,
 24 Defendant hereby waives all objections to the form of the charging document. Defendant
 25 further understands that before entering Defendant's plea of guilty, Defendant will be
 26 placed under oath. Any statement given by Defendant under oath may be used by the
 27 United States in a prosecution for perjury or false statement.

1 2. Elements of the Offense. The elements of the offense of Mail Fraud, as
2 charged in Counts 5 and 6, in violation of Title 18, United States Code, Sections 1341 and
3 2, are as follows:

4 a. the defendant made up, or knowingly participated in, a scheme or
5 plan for obtaining money or property by making false promises or statements;

6 b. the defendant knew that the promises or statements
7 were false;

8 c. the promises or statements were material in that they would
9 reasonably influence a person to part with money or property;

10 d. the defendant acted with intent to defraud; and

11 e. the defendant used, or caused to be used, the mails to carry out or
12 attempt to carry out an essential part of the scheme.

13 3. The Penalties. Defendant understands that the statutory penalties for the
14 offense of Mail Fraud, in violation of Title 18, United States Code, Sections 1341 and 2,
15 as charged in Counts 5 and 6, are as follows: imprisonment of up to 20 years, a fine of up
16 to \$250,000, a period of supervision following release from prison of up to three years,
17 and a \$100 penalty assessment.

18 If Defendant receives a sentence of probation, the probationary period could be up
19 to five (5) years. Defendant agrees that the special assessment shall be paid at or before
20 the time of sentencing.

21 Defendant understands that supervised release is a period of time following
22 imprisonment during which Defendant will be subject to certain restrictions and
23 requirements. Defendant further understands that if supervised release is imposed and
24 Defendant violates one or more of its conditions, Defendant could be returned to prison for
25 all or part of the term of supervised release that was originally imposed. This could result
26 in Defendant serving a total term of imprisonment greater than the statutory maximum
27 stated above.

1 Defendant understands that in addition to any term of imprisonment and/or fine that
2 is imposed, the Court may order Defendant to pay restitution to any victim of the offense,
3 as required by law. Defendant further understands that a consequence of pleading guilty
4 may include the forfeiture of certain property either as a part of the sentence imposed by
5 the Court, or as a result of civil judicial or administrative process.

6 Defendant agrees that any monetary penalty the Court imposes, including the
7 special assessment, fine, costs or restitution, is due and payable immediately, and further
8 agrees to submit a completed Financial Statement of Debtor form as requested by the
9 United States Attorney's Office.

10 4. Rights Waived by Pleading Guilty. Defendant understands that by pleading
11 guilty, Defendant knowingly and voluntarily waives the following rights:

12 a. The right to plead not guilty and to persist in a plea of not guilty;

13 b. The right to a speedy and public trial before a jury of Defendant's
14 peers;

15 c. The right to the effective assistance of counsel at trial, including, if
16 Defendant could not afford an attorney, the right to have the Court appoint one for
17 Defendant;

18 d. The right to be presumed innocent until guilt has been established
19 beyond a reasonable doubt at trial;

20 e. The right to confront and cross-examine witnesses against Defendant
21 at trial;

22 f. The right to compel or subpoena witnesses to appear on Defendant's
23 behalf at trial;

24 g. The right to testify or to remain silent at trial, at which trial such
25 silence could not be used against Defendant; and

26 h. The right to appeal a finding of guilt or any pretrial rulings.

27 5. United States Sentencing Guidelines. Defendant understands and
28 acknowledges that, at sentencing, the Court must consider the sentencing range calculated

1 under the United States Sentencing Guidelines, together with the other factors set forth in
2 Title 18, United States Code, Section 3553(a), including: (1) the nature and circumstances
3 of the offense(s); (2) the history and characteristics of the defendant; (3) the need for the
4 sentence to reflect the seriousness of the offense, to promote respect for the law, and to
5 provide just punishment for the offense; (4) the need for the sentence to afford adequate
6 deterrence to criminal conduct; (5) the need for the sentence to protect the public from
7 further crimes of the defendant; (6) the need to provide the defendant with educational and
8 vocational training, medical care, or other correctional treatment in the most effective
9 manner; (7) the kinds of sentences available; (8) the need to provide restitution to victims;
10 and (9) the need to avoid unwarranted sentence disparity among defendants involved in
11 similar conduct who have similar records. Accordingly, Defendant understands and
12 acknowledges that:

13 a. The Court will determine Defendant's applicable Sentencing
14 Guidelines range at the time of sentencing;

15 b. After consideration of the Sentencing Guidelines and the factors in
16 18 U.S.C. 3553(a), the Court may impose any sentence authorized by law, up to the
17 maximum term authorized by law;

18 c. The Court is not bound by any recommendation regarding the
19 sentence to be imposed, or by any calculation or estimation of the Sentencing Guidelines
20 range offered by the parties or the United States Probation Department, or by any
21 stipulations or agreements between the parties in this Plea Agreement; and

22 d. Defendant may not withdraw a guilty plea solely because of the
23 sentence imposed by the Court.

24 6. Ultimate Sentence. Defendant acknowledges that no one has promised or
25 guaranteed what sentence the Court will impose.

26 7. Restitution. Defendant shall make restitution to any financial institution
27 harmed by Defendant's participation in the charged scheme to defraud, in an amount to be
28 determined at the time of sentencing. Defendant's restitution obligation shall be joint and

1 several with any co-defendants currently charged for their role in the conspiracy. Said
2 amount shall be due and payable immediately, and shall be paid in accordance with a
3 schedule of payments as set by the United States Probation Office and ordered by the
4 Court.

5 8. Statement of Facts. The parties agree on the following facts. Defendant
6 SHEILA MULLINEAUX admits she is guilty of the charged offense.

7 a. During the charged time period, Crown College (Crown) was a privately
8 owned and operated proprietary school located in Tacoma, Washington. Crown classes
9 were operated almost completely online via computer. Crown's students participated in
10 their online classes by logging on to "classrooms" they had previously registered for
11 through the school's website.

12 b. During the charged time period, the Defendant was the Director of
13 Operations at Crown. In her position, the Defendant was responsible for the day to day
14 operations of the school. During all times that the school was in operation, employees of
15 the college could attend the school as students, in addition to their employment. However,
16 all employees, including the Defendant, received a full waiver for the costs of their tuition
17 as students. Thus, employees of Crown that were enrolled as students had no educational
18 expenses related to tuition.

19 c. In the Fall of 2006, the Defendant learned that Crown was losing its
20 accreditation and would be ceasing operations in January 2007. The Defendant knew that
21 should Crown close, any student financial aid loans she had received would be discharged.
22 Defendant admits that she then entered into a scheme to defraud with her co-defendants,
23 and others known and unknown, to cause herself and others to fraudulently obtain
24 federally insured financial aid loans and grants using materially false information.

25 d. The essence of the scheme and artifice to defraud was to fraudulently obtain
26 money and funds from the United States, by falsely representing themselves and others as
27 enrolled students at Crown College, and by falsely representing themselves as students
28

1 further advanced in their studies than they actually were, and thereafter applying for
2 federal student loans and Pell Grants.

3 e. It was further part of the scheme and artifice to defraud that the Defendant
4 completed, or caused to be completed a FAFSA, signing a statement certifying that the
5 federal student aid will only be used only to pay the cost of attending an institution of
6 higher education.

7 f. It was part of the scheme and artifice to defraud that the Defendant applied
8 for federally insured financial aid, and aided and abetted others in applying for federally
9 insured financial aid, believing that Crown would be ceasing operations in the near future,
10 thereby relieving the Defendant of her obligation to repay the loans. Thus, the
11 Defendant's own application for federally insured financial aid was fraudulent in that the
12 Defendant did not intend to use the student aid only for educational purposes, as certified
13 in her Federal Application for Free Student Aid (FAFSA), but rather believed and intended
14 that the student aid proceeds would be available for her own non-educational benefit and
15 purposes after cessation of operations at Crown.

16 g. It was further part of the scheme and artifice to defraud that the Defendant
17 caused and attempted to cause others, including B.H., to apply for loans and grants for
18 attendance at Crown knowing full well that B.H. was not an enrolled student at Crown and
19 did not intend on using the financial aid loans for attendance at Crown.

20 h. It was further part of the scheme and artifice to defraud that the Defendants
21 fraudulently and unlawfully caused, and attempted to cause, federally insured financial aid,
22 in the form of Subsidized and Unsubsidized Stafford Loans and Pell Grant funds, to be
23 disbursed to themselves and others, totaling approximately \$65,750.

24 i. Each of the fraudulently obtained loans was obtained using interstate
25 mailings. For example, on or about December 15, 2006, for the purpose of executing and
26 attempting to execute the above described scheme and artifice to obtain money, and
27 attempting to do so, the Defendant, did knowingly cause to be delivered by mail and
28

1 private and commercial carrier the Master Promissary Notes for B.H.'s Stafford
2 Subsidized and Unsubsidized loans.

3 j. The Defendant agrees that the foregoing factual statement is a summary,
4 made for the sole purpose of providing the Court with a factual basis for her guilty plea to
5 Counts ^{5 and 6} ~~5 and 6~~ of the Indictment. This summary is not a complete account of all of the facts
6 known to Defendant concerning criminal activity in which Defendant and other members
7 of the scheme and artifice engaged; nor is it intended to be an exhaustive statement of all
8 relevant conduct pertaining to Defendant for sentencing purposes.

9 9. Sentencing Factors. The parties agree and stipulate that the following
10 United States Sentencing Guidelines (USSG) provisions apply to this case:

- 11 a. A base offense level of 7, pursuant to USSG § 2B1.1(a)(1);
12 b. The base offense level should be increased by 4 because the total loss
13 amount associated with the Defendant's conduct is greater than \$10,000, but less than
14 \$30,000, pursuant to Section 2B1.1(b)(1)(C);

15 The parties agree they are free to argue the application of any other provisions of
16 the United States Sentencing Guidelines. Defendant understands, however, that at the
17 time of sentencing, the Court is free to reject these stipulated adjustments, and is further
18 free to apply additional downward or upward adjustments in determining Defendant's
19 Sentencing Guidelines range.

20 10. Non-Prosecution of Additional Offenses. As part of this Plea Agreement,
21 the United States Attorney's Office for the Western District of Washington agrees to move
22 to dismiss the remaining counts in the Indictment at the time of sentencing and not to
23 prosecute Defendant for any additional offenses known to it as of the time of this
24 Agreement that are based upon evidence in its possession at this time, or that arise out of
25 the conduct giving rise to this investigation. In this regard, Defendant recognizes the
26 United States has agreed not to prosecute all of the criminal charges the evidence
27 establishes were committed by Defendant solely because of the promises made by
28 Defendant in this Agreement. Defendant agrees, however, that for purposes of preparing

1 | the Presentence Report, the United States Attorney's Office will provide the United States
2 | Probation Office with evidence of all conduct committed by Defendant.

3 | Defendant agrees that any charges to be dismissed before or at the time of
4 | sentencing were substantially justified in light of the evidence available to the United
5 | States, were not vexatious, frivolous or taken in bad faith, and do not provide Defendant
6 | with a basis for any future claims under the "Hyde Amendment," Pub.L. No. 105-119
7 | (1997).

8 | 11. Acceptance of Responsibility. The United States acknowledges that if
9 | Defendant qualifies for an acceptance of responsibility adjustment pursuant to USSG
10 | § 3E1.1(a), Defendant's total offense level should be decreased by three (3) levels
11 | pursuant to USSG §§ 3E1.1(a) and (b), because Defendant has assisted the United States
12 | by timely notifying the authorities of Defendant's intention to plead guilty, thereby
13 | permitting the United States to avoid preparing for trial and permitting the Court to
14 | allocate its resources efficiently.

15 | 12. Sentencing Recommendation. The United States agrees that it will advocate
16 | for a sentence of probation. The government is free to make any argument it deems
17 | appropriate regarding other portions of defendant's sentence, including fines, and
18 | restitution. Defendant is free to recommend any sentence. Defendant understands that
19 | neither the Court nor the probation office are bound to follow the parties'
20 | recommendations regarding sentencing, and that the Court is free to impose any sentence
21 | up to and including the statutory maximum.

22 | 13. Breach, Waiver, and Post-Plea Conduct. Defendant agrees that if Defendant
23 | breaches this Plea Agreement, the United States may withdraw from this Plea Agreement
24 | and Defendant may be prosecuted for all offenses for which the United States has
25 | evidence. Defendant agrees not to oppose any steps taken by the United States to nullify
26 | this Plea Agreement, including the filing of a motion to withdraw from the Plea
27 | Agreement. Defendant also agrees that if Defendant is in breach of this Plea Agreement,
28 |

1 Defendant has waived any objection to the reinstatement of any charges in the Indictment
2 that were previously dismissed or any additional charges that had not been prosecuted.

3 Defendant further understands that if, after the date of this Agreement, Defendant
4 should engage in illegal conduct, or conduct that is in violation of Defendant's conditions
5 of release (examples of which include, but are not limited to: obstruction of justice, failure
6 to appear for a court proceeding, criminal conduct while pending sentencing, and false
7 statements to law enforcement agents, the Pretrial Services Officer, Probation Officer or
8 Court), the United States is free under this Agreement to file additional charges against
9 Defendant or to seek a sentence that takes such conduct into consideration. Such a
10 sentence could include a sentencing enhancement under the United States Sentencing
11 Guidelines or an upward departure from the applicable sentencing guidelines range.

12 14. Waiver of Appeal As part of this Plea Agreement and on the condition that
13 the Court imposes a custodial sentence that is within or below the Sentencing Guidelines
14 range (or the statutory mandatory minimum, if greater than the Guidelines range) that is
15 determined by the Court at the time of sentencing, Defendant waives to the full extent of
16 the law:

- 17 a. any right conferred by Title 18, United States Code, Section 3742 to appeal
18 the sentence, including any restitution order imposed; and
19 b. any right to bring a collateral attack against the conviction and sentence,
20 including any restitution order imposed, except as it may relate to the
21 effectiveness of legal representation.

22 Furthermore, this waiver does not preclude Defendant from bringing an appropriate
23 motion pursuant to 28 U.S.C. 2241, to address the conditions of Defendant's confinement
24 or the decisions of the Bureau of Prisons regarding the execution of Defendant's sentence.

25 If Defendant breaches this Plea Agreement at any time by appealing or collaterally
26 attacking (except as to effectiveness of legal representation) the conviction or sentence in
27 any way, the United States may prosecute Defendant for any counts, including those with
28 mandatory minimum sentences, that were dismissed or not charged pursuant to this Plea

1 Agreement.

2 15. Voluntariness of Plea. Defendant agrees that Defendant has entered into this
3 Plea Agreement freely and voluntarily, and that no threats or promises, other than the
4 promises contained in this Plea Agreement, were made to induce Defendant to enter this
5 plea of guilty.

6 16. Statute of Limitations. In the event this Agreement is not accepted by the
7 Court for any reason, or Defendant has breached any of the terms of this Plea Agreement,
8 the statute of limitations shall be deemed to have been tolled from the date of the Plea
9 Agreement to: (1) 30 days following the date of non-acceptance of the Plea Agreement by
10 the Court; or (2) 30 days following the date on which a breach of the Plea Agreement by
11 Defendant is discovered by the United States Attorney's Office.

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