

**DAILY REPORT  
FRAUD SECTION, CRIMINAL DIVISION**

**United States v. Wanda Gaither  
(Dkt No. 5:07-cr-00416-RDP-HGD)(Shared: N.D. Alabama)  
(ACTS No. 200801471)(D.J. No. 46-1-795)**

On August 13, 2008, in the Northern District of Alabama, Wanda Gaither, former owner and operator of Gaither and Company Beauty College (GCBC), was sentenced to 30 months' incarceration (concurrent), 3 years' supervised release, and ordered to pay \$107,527 in restitution and forfeit \$107,527 on her April 2008 guilty plea to one count of wire fraud (Count 6: 18 U.S.C. § 1343) and one count of fraudulent receipt of federal education funds (Counts 15: 20 U.S.C. § 1097(a)) charged in a superseding indictment, filed on April 1, 2008, stemming from a fraudulent scheme to obtain Pell Grant funds from the Department of Education (DOEd). Gaither also agreed to forfeiture (Count 33: 18 U.S.C. § 982(a)(2)(A)). The remaining wire fraud counts (1-5) and fraudulent receipt counts (7-14 and 16-32) were dismissed.

From December 2004 until August 2006, Gaither operated a scheme to fraudulently obtain Pell Grant funds to pay tuition for GCBC students who would not otherwise have been eligible for the funding. Gaither encouraged and directed GCBC employees to encourage prospective and current GCBC students to apply for financial aid for which they were not qualified. Gaither, and employees acting under her direction, falsified the Free Application for Federal Student Aid (FAFSA) forms, primarily with respect to the students' income and marital status, and submitted the FAFSAs through intermediaries to DOEd, which then used them to determine the applicant's eligibility and the amount of the award. The DOEd sent the funds via wire transfer to accounts of GCBC, which acted as a fiduciary, holding the money for the prospective students' benefit and disbursing it as necessary and appropriate to pay tuition. During the course of the scheme, DOEd disbursed at least \$107,527 in Pell Grant awards to GCBC students.

The case was prosecuted by Fraud Section Trial Attorney Nicola Mrazek and Assistant United States Attorneys Melissa Atwood and William Athanas.