



# Department of Justice

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NORTHERN DISTRICT OF ALABAMA

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## **SCOTTSBORO BEAUTY SCHOOL OPERATOR CHARGED WITH SCHEME TO FRAUDULENTLY OBTAIN FEDERAL EDUCATION FUNDS**

**BIRMINGHAM, AL** -Wanda Gaither, 57, of Guntersville, Alabama, was indicted in U.S. District Court with 15 counts of wire fraud and 21 counts of fraudulent receipt of federal education funds. This indictment is announced today by U.S. Attorney Alice H. Martin, and John P. Higgins, Jr., Inspector General, U. S. Department of Education.

“Providing false information to obtain Pell Grants is a federal crime which robs eligible students of potential aid. Ms. Gaither’s scheme to defraud resulted in the misuse of thousands of dollars in government education funds,” stated U.S. Attorney Alice H. Martin.

As charged in the Indictment, Gaither operated Gaither and Company Beauty College (“GCBC”) located in Scottsboro, Alabama. From 2001 to October 2007, Gaither devised a scheme to fraudulently obtain federal education funds, specifically Pell Grants, to enable prospective GCBC students to fund their tuition payments. Tuition and fees to attend GCBC were approximately \$6850. Gaither carried out the scheme by causing financial aid applications submitted to the Department of Education to contain false and fraudulent information about the students’ financial condition, marital status, and number of dependents. These false and fraudulent representations resulted in the Department of Education awarding Pell Grants to students who were either not qualified to receive the funds, or were qualified to receive a lower amount. Gaither benefitted from the scheme when the fraudulently obtained funds were paid to GCBC for payment of tuition and costs by the U.S. Department of Education.

The indictment also seeks forfeiture of the proceeds derived from this crime. Losses are estimated to be in excess of \$70,000.

“Office of Inspector General Special Agents aggressively pursue those who seek to enrich themselves at the expense of our nation’s students,” said John P. Higgins, Inspector General of the U.S. Department of Education. “We will continue to work with others in law enforcement to safeguard federal education dollars.”

The maximum sentence for wire fraud is 20 years imprisonment and a fine of up to \$250,000. The maximum sentence for fraudulent receipt of federal education funds is 5 years imprisonment and a fine of up to \$20,000.

The investigation of this matter was conducted by Special Agents from the Department of Education, Office of

Inspector General. Assistant United States Attorney William C. Athanas is prosecuting the matter on behalf of the U.S. Government.

Members of the public are reminded that an indictment contains only charges. A defendant is presumed innocent of the charges and it will be the government's burden to prove a defendant's guilt beyond a reasonable doubt at trial.

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