



# Department of Justice

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## **FORMER MORRIS BROWN COLLEGE PRESIDENT, FINANCIAL AID DIRECTOR SENTENCED IN FEDERAL COURT ON FRAUD CHARGES**

Atlanta, GA -DOLORES EVELYN CROSS, 70, of Chicago, Illinois, and PARVESH SINGH, 64, of Valparaiso, Indiana, were sentenced on charges relating to a financial aid fraud scheme at Morris Brown College, a private, non-profit historically black college in Atlanta. Both pleaded guilty before United States District Judge Julie Carnes on May 1, 2006.

CROSS received a sentence of 5 years probation with a special condition of 12 months home confinement with six months of electronic monitoring, and 500 hours of community service. In addition, CROSS was ordered to pay restitution in the amount of \$13,942, and a fine of \$3,000.

SINGH also received a sentence of 5 years probation with a special condition of 18 months home confinement with 6 months electronic monitoring. In addition, SINGH was ordered to pay restitution in the amount of \$5,939 and a fine of \$3,000.

“The facts of the case and the personal circumstances of the defendants support the sentences imposed upon these defendants today,” said United States Attorney Nahmias. “The defendants have admitted their guilt, will be convicted felons, will serve sentences involving confinement, and will pay restitution. Unquestionably, this was a difficult case on many levels. When the defendants arrived at Morris Brown, the college was already in serious financial condition. Thereafter, these defendants misappropriated and misapplied federal Department of Education money in fairly complicated ways in what appears to have been a misguided and ultimately criminal attempt to keep Morris Brown afloat. The unfortunate results of this course of conduct are still evident.”

“I am proud of the teamwork of OIG Special Agents, FBI Special Agents, and the U.S. Attorney’s Office in holding former President Cross and Mr. Singh accountable for their fraudulent activity,” said John Higgins, Jr., Inspector General of the U.S. Department of Education Office of Inspector General. “The misappropriation of federal education dollars by these individuals has damaged this historic college, the students and individuals whose personal information they used in their scam, and the American taxpayer. We will continue

to work with our colleagues in law enforcement to aggressively pursue those who seek to enrich themselves at the expense of our nation's students and taxpayers, especially those in a position of trust like Dr. Cross and Mr. Singh.”

According to U.S. Attorney Nahmias and the information presented in court: Defendant Cross served as president of Morris Brown College from November 1998 through February 2002. Before she became president of Morris Brown, Dr. Cross had a lengthy career in higher education, including experience in the administration of federal financial aid programs. Dr. Cross had served for 8 years as the head of a New York state guaranty agency that processed federal student loans, and she had served as president of Chicago State University before joining Morris Brown.

Dr. Cross and Parvesh Singh first met and developed a professional relationship in New York in the late 1980s. In 1995, when Dr. Cross was president of Chicago State University, she hired Singh for the position of Financial Aid Director. In 1998, when Dr. Cross became president of Morris Brown, she immediately hired Singh as a consultant for financial aid. In August 1999, Cross hired Singh as the permanent Director of Financial Aid and also Dean of Enrollment Management at Morris Brown College. By placing Singh in these dual roles, Dr. Cross gave him authority over student enrollment and student accounts, as well as financial aid.

When she was hired, Dr. Cross promised the Board of Trustees, the students, staff and faculty of the school that she would increase enrollment, improve the school's academic standing, and make the school a leader among historically black colleges and universities.

With respect to financial aid, in 1999 Dr. Cross decided to have Morris Brown participate in the Federal Family Education Loan Program, known as the FFEL program. Under this program, private lenders make federally insured loans to college students. The United States Department of Education administers the program and insures the loans so that any loans that go into default ultimately are repaid by the federal government.

In February 1999, Dr. Cross signed a program participation agreement under which she promised to abide by the federal laws governing student financial aid, specifically including an assurance that she would make timely refunds of student loan funds which the College was not entitled to retain. Morris Brown College was heavily dependent on financial aid. Ninety percent of its students received financial aid, primarily in the form of federal student loans under the FFEL program. During Dr. Cross's tenure, Morris Brown received financial aid funds each academic year ranging from approximately \$15 million to \$25 million.

The FFEL program worked as follows: Students would apply for loans, and Morris Brown would certify that they were eligible to receive them. Among other requirements, federal regulations state that a student must be enrolled at least half time in a degree or

certificate program in order to receive a loan. Lenders would transfer loan funds for student borrowers to Morris Brown on the disbursement dates specified by the College. Upon receiving the funds, Morris Brown was required to deliver them to the intended student recipients, by either posting them to the students' accounts as a credit towards tuition and other costs or by paying it to them directly, or, if the student failed to enroll, to return the funds to the lender within 30 days of receipt.

The evidence would have shown that Dr. Cross closely monitored enrollment levels and the amount of student loan money coming in to Morris Brown because those funds were critical to meeting operating expenses. Dr. Cross set specific enrollment goals each academic year, and she budgeted what she could spend based on those goals.

When, after the normal registration and enrollment process was complete, the school had not met Dr. Cross's enrollment goals, she directed Mr. Singh to enroll enough students to ensure she would achieve her enrollment goal and have the revenue for her budget. She began this practice in the fall of 1999 and continued it throughout her tenure.

In the Fall of 1999, Singh began a practice of enrolling large numbers of students who had registered for classes (or merely pre-registered the preceding semester) but had not completed the enrollment process by physically going to Student Accounts and satisfying their bill. Singh requested that employees of the Registrar's Office and/or Student Accounts prepare spreadsheets listing all students who, according to the college's records, were registered but had not enrolled. He then directed these employees and others to change these students' enrollment status on the school's computer system to indicate that they were "enrolled." The effect of this practice, as Singh knew and intended, was to enable Morris Brown to transfer the students' loan funds from the restricted federal loan account to the operating account and then to spend the funds. Witnesses would testify that Singh referred to this practice as "blanket enrollment."

During the guilty plea, the Government stated that the evidence would have shown that Singh knew, based on his long career in higher education, that students who pre-registered for classes for the next semester often did not actually attend the next semester. Furthermore, the evidence would have shown that Singh came to learn that students at Morris Brown frequently registered for classes but failed to enroll for financial and other reasons and as a result stopped attending classes or never began attending classes in the first place. Based on this knowledge, and the timing of when he directed blanket enrollments to occur, which was after the normal registration period and often late in the semester, Singh knew that at least some portion of the students he was causing to be enrolled were not actually at Morris Brown attending classes and that Morris Brown was therefore not entitled to keep the funds. The evidence would further show that Singh knew that Morris Brown would spend all of the loan funds, once they were transferred into the operating account, and that due to the College's financial condition it would not be able to later return the loan funds received for ineligible students.

During the guilty plea, the Government also stated that evidence would have shown that Singh's actions were in response to pressure from defendant Cross who pressed him continuously to make sure he brought in enough financial aid money to cover Morris Brown's payroll and other expenses. Additionally, the evidence would have shown that Cross herself also personally directed other employees at the College to "blanket enroll" students so that, in her words, they would not have to return the students' loan money.

Dr. Cross did increase enrollment at Morris Brown, as she had promised; however, the additional students brought additional costs. By 2001, the College's expenses far exceeded its revenues. Dr. Cross was faced with a situation in which the school had trouble meeting payroll, and was forced to choose which vendors to pay because they could not pay all of the debts as they came due. The evidence at trial would have shown that Dr. Cross was desperate to maintain the appearance of success even in spite of these failures.

By September 2001, Dr. Cross knew that the college owed close to \$6 million to vendors, and more than half of the debt was over 4 months old. The school was practically insolvent.

In October 2001, Dr. Cross was told that approximately 600 students had registered for classes but had not enrolled. Dr. Cross was told that diligent efforts had been made to contact the students with no success. As Dr. Cross well knew, the school had received student loan funds for the majority of the students but was not authorized to retain and use the funds unless the students were actually enrolled at Morris Brown. In fact, the school had already spent the funds. Dr. Cross directed an employee of the college to enroll the 600 students. That is, she instructed the employee to bypass the normal enrollment process which required a face-to-face meeting to ensure the student in fact was attending classes and wanted to be enrolled. Dr. Cross directed the employee instead to simply enroll the long list of students; otherwise, she said, she would have to return \$3 million in student loan money.

This particular employee refused to do a blanket enrollment because she knew many of the 600 students on the list were not in fact at Morris Brown, and she knew it would be wrong to enroll them just to keep their student loan money. Dr. Cross therefore approached another, more junior employee, and directed him to do a blanket enrollment. He complied with her orders.

In the 2001 Fall semester, the school received and retained a substantial amount of loan funds from students who were not enrolled. With respect to Count 27 in particular, to which Dr. Cross pleaded guilty, the Government's evidence was that on or about December 27, 2001, Morris Brown College received student loan funds from several lenders. Of those funds, approximately \$14,000 were for students who were not enrolled in the fall semester of 2001. The Government was prepared to have a number of the intended student recipients testify at trial and confirm that they took no classes that semester and were not enrolled when loans were disbursed to the College in their names.

By December 2002, Morris Brown lost its accreditation as a result of financial mismanagement, including the failure to comply with financial aid requirements. The College also was disqualified from participation in federal financial aid programs, and student enrollment dropped from over 2,000 full-time students to approximately 80 students. Ultimately, the names and financial information of hundreds of the college's students, and potential students (some of whom never attended the college), as well as their parents, were used to obtain loans they did not authorize and for which they received no benefit.

This case was investigated by Special Agents of the Department of Education, Office of Inspector General, and the FBI.

Assistant United States Attorneys Randy Chartash and Charysse L. Alexander represented the United States Attorney at sentencing. Former Assistant U.S. Attorneys Lynn Adam and R. Joseph Burby IV prosecuted the case through the guilty plea.

For further information please contact David E. Nahmias, United States Attorney, or Charysse L. Alexander, through Patrick Crosby, Public Affairs Officer, U.S. Attorney's Office, at (404) 581-6016. The Internet address for the HomePage for the U.S. Attorney's Office for the Northern District of Georgia is [www.usdoj.gov/usao/gan](http://www.usdoj.gov/usao/gan).