



THE UNITED STATES
DEPARTMENT *of* JUSTICE

United States Attorney Ronald C. Gathe, Jr.
Middle District of Louisiana

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**BATON ROUGE MAN SENTENCED TO 132 MONTHS IN FEDERAL
PRISON FOR FRAUD SCHEME AND MONEY LAUNDERING
RELATING TO FINANCIAL AID AND COVID FRAUD**

BATON ROUGE, LA – United States Attorney Ronald C. Gathe, Jr. announced that U.S. District Judge Brian A. Jackson sentenced Elliott Sterling, age 34, of Baton Rouge, Louisiana, to 132 months in federal prison following his convictions for wire fraud, financial aid fraud, and engaging in monetary transactions involving property derived from specified unlawful activity. The Court further sentenced Sterling to serve three years of supervised release following his term of imprisonment and ordered him to pay restitution in the amounts of \$2,760,422 to the U.S. Department of Education and \$90,000 to the Small Business Administration.

After an eight-day trial, the jury unanimously convicted Sterling of five counts of wire fraud involving a scheme to defraud the Department of Education federal student aid program, two counts of financial aid fraud, and two counts of wire fraud involving the Small Business Administration Economic Injury Disaster Loan program, which was designed to aid businesses during the Covid-19 pandemic. Sterling was also convicted of six counts of money laundering involving the proceeds of his two wire fraud schemes. The jury further ordered the forfeiture of \$422,632.38 in fraud proceeds that the FBI had seized in the case.

As the evidence at trial demonstrated, with respect to the Department of Education wire fraud and financial aid fraud counts, Sterling received \$1,468,239 in federal student aid loans and grants that were associated with 180 Baton Rouge Community College (BRCC) students into his personal bank account and the business bank account of his company, Sterling Educational Consulting, LLC. The evidence presented at trial showed that Sterling used the personal identifying information of his purported students to electronically fill out and submit their Free Applications for Federal Student Aid (FAFSAs), sign master promissory notes on their behalf, enroll them into classes at BRCC, and create and manage the student BankMobile accounts that received federal student loans. Through Sterling's control of the students' accounts, he directed Department of Education monies to be paid directly into his own bank accounts.

In order to circumvent Department of Education controls designed to inform students about the financial obligations of student loans, Sterling concealed his role as the preparer of the FAFSAs and pretended to be the students when he logged on with their credentials, clicked through the loan counseling in less than three minutes, and signed promissory notes in their names. Typically, the students did not have access to the email addresses or login information that Sterling created on their behalf and did not have access to their own FAFSA, BRCC, or BankMobile accounts.

In addition, Sterling falsified the academic qualifications for 168 students to the Department of Education, and 145 of these students lacked even a high school diploma or equivalent (e.g. a GED). A witness at trial also testified that Sterling had paid him \$5,000 to produce 42 diplomas with fictional grades. These diplomas were then provided to BRCC after BRCC requested verification of the students' academic credentials. None of the 180 students for whom Sterling received money progressed academically at BRCC, and 172 failed or withdrew from every class they were enrolled in. Some students were incarcerated when their FAFSAs were submitted, promissory notes signed, or federal student aid disbursed into Sterling's bank accounts.

Instead of directing the funds he received to the students, Sterling kept over 60% for himself, and for 25 students, Sterling kept 100% of the loan proceeds. Among the students who received money from Sterling's scheme, most were unaware they had signed up for student loans and that Sterling had signed master promissory notes in their names obligating them to repay the full amount. The students were also unaware of the true amount of refunds awarded in their names, and the true amount Sterling retained as his portion.

With respect to the SBA wire fraud, Sterling submitted a loan application on behalf of his business, Sterling Educational Consulting, LLC, that falsified the business's revenues and costs and concealed his prior guilty plea to felony theft. As a result of these false statements, the SBA loaned Sterling \$90,000 in order for him to pay the operating costs of his business during the Covid-19 pandemic. Sterling promptly withdrew \$75,000 in cash. During the course of his schemes, Sterling also spent more than \$253,000 at casinos in Louisiana, Nevada, and Pennsylvania.

Louisiana Inspector General Stephen Street commented, "Elliott Sterling put a great deal of time and effort into his calculated scheme to steal millions of financial aid dollars from the U.S. Government and the taxpayers. He shamelessly broke the law out of pure personal greed. We were very pleased when a criminal jury found Sterling guilty on all charged counts, and even more so with the 11-year prison sentence imposed by the Court. This significant prison sentence was entirely appropriate given the brazen nature of the fraud and will hopefully send a strong message of zero tolerance. The Louisiana Inspector General remains committed to rooting out this corruption wherever it may be found." Street added, "I want to thank United States Attorney Ron Gathe and his staff for their usual outstanding work, as well as our partners at the FBI and the US Department of Education OIG for another successful outcome."

This case was investigated by the FBI, the Louisiana Office of Inspector General, and the U.S. Department of Education – Office of Inspector General. This case was prosecuted by Deputy Criminal Chief Elizabeth E. White and Asset Forfeiture Chief Brad Casey.