

**NY City Education Fraud
Settlement NEWS
For Immediate Release
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The Princeton Review Admits NYC After-School
Tutoring Fraud Charges, Falsifying Attendance,
According to Manhattan-Based Qui Tam
Whistleblower Attorney Timothy J. McInnis, Esq.

New York City –The Princeton Review received millions of federal dollars for operating an after-school tutoring program for underprivileged students at underperforming schools by falsifying attendance – which continued even after its vice president in charge was alerted to the fraud – Princeton Review’s owners admitted today by settling fraud allegations, Qui Tam Whistleblowers’ Attorney Timothy J. McInnis announced.

For 46 months ending in June 2010 Princeton Review falsely billed the United States under the Supplemental Educational Services (“SES”) program. They submitted falsified attendance sheets, which included forged signatures, according to the Settlement Agreement among the United States, which filed its own fraud Complaint, the qui tam whistleblower represented by McInnis, and the corporate owners of Princeton Review.

Since Princeton Review’s compensation was attendance-based, company site managers who kept attendance records were under constant threats of pay cuts or termination from supervisors if student attendance was not high. Those supervisors encouraged falsifying daily attendance forms and the site managers complied, especially when site managers could earn large bonuses when classroom attendance exceeded 60 percent, according to the Government’s Complaint-in-Intervention.

At one location in the Bronx Princeton Review had billed the Government for tutoring 74 students on New Years Day 2008, when there were no classes, the Complaint alleged.

“Instead of helping disadvantaged kids, The Princeton Review helped itself to taxpayers money,” McInnis said.

(More)

Massachusetts-based Education Holdings 1, Inc., formerly known as The Princeton Review, Inc., has agreed to pay \$200,000 to the Government within five days and, depending upon possible corporate changes or sale, could pay up to \$9.8 million more. It earlier had sold the name and brand of “The Princeton Review, Inc.” to an unaffiliated party.

Under the False Claims Act, Qui Tam actions allow private citizens with knowledge of fraud to help the Government recover ill-gotten gains and additional civil penalties. The FCA allows the Government to collect up to three times the amount it was defrauded, in addition to civil penalties from \$5,500 to \$11,000 per false claim.

In successful Qui Tam whistleblower cases in which the Government intervenes, whistleblowers are typically entitled to receive awards representing 15-to-25 percent of Qui Tam recoveries. However, in cases where allegations are not resolved and taken to trial, the relator’s share increases to 25-to-30 percent. In this case the relator received 20 percent, McInnis explained.

McInnis is a former federal prosecutor with offices in New York City who concentrates his practice on federal and state FCAs and its Qui Tam whistleblower provisions.

The United States is represented in the Princeton Review case by the U.S. Attorney's Office for the Southern District of New York, Preet Bharara, U.S. Attorney, and Assistant U.S. Attorney Christopher B. Harwood, of the U.S. Attorney’s Civil Frauds Unit. The relators’ allegations were investigated by Special Agents of the Office of the Inspector General for the U.S. Department of Education.

This case was assigned to United States District Court Judge Barbara S. Jones, in the Southern District of New York, who approved the settlement.

Docket Number, U.S. District Court, Southern District of New York,: Civil Action No. 09-Civ. 6876 (BSJ).

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