

# FEDERAL NEWS WEEKLY SUMMARY



## EDUCATION

### TRADE SCHOOL OPERATORS PLEAD GUILTY TO FRAUD AND CONSPIRACY

■(WASHINGTON) The president and CEO of a national chain of computer schools has pleaded guilty to felony charges filed in Akron, Ohio.

Irwin Mautner, of Greenwich, Conn., was charged with mail fraud, conspiracy to defraud the U.S. Department of Education, and making a false statement in connection with a matter within the jurisdiction of the department. Each violation carries a maximum penalty of five years imprisonment and/or a \$250,000 fine.

Mautner was the head of Programming and Systems, Inc. (PSI), headquartered in New York. PSI operated vocational schools in Baltimore; Charlotte, NC; Cleveland; Columbus, Ohio; Flint, MI, Indianapolis; Miami; New York; Philadelphia; Southfield, MI; and Washington, DC. The schools closed in 1992 and 1993.

From July 1988 through Sept. 1993 — the period covered by the indictment — PSI schools received federally insured student loans totaling more than \$100 million and Federal Pell Grant funds totaling more than \$41 million. The indictment charged that Mautner participated in a scheme to defraud the Education Department by concealing the high rate of student withdrawals at PSI schools in order to prevent the schools from losing their accreditation, and consequently, the schools' eligibility to receive federally insured loans and grants.

PSI was a publicly traded corporation, which at one time had more than 3.6 million shares of stock outstanding and annual revenues in excess of \$31 million.

*"It is obvious that in democratic societies it is in the interest of the individual as well as that of the state that the education of the greatest number should be in scientific, commercial, and industrial subjects rather than literary ones."*

Alexis, Comte de Tocqueville  
Democracy in America  
1839

Mautner had previously consented in Dec. 1994 to civil penalties imposed by the Securities and Exchange Commission in connection with false financial statements submitted to the commission.

Mautner, PSI National Financial Aid Director Ronald Sundick, and the corporation were indicted in Cleveland on Aug. 13, 1996, by a federal grand jury for the Northern District of Ohio. In a plea agreement with the government, Sundick pleaded guilty on Nov. 14, 1996, to a one count information that charged him with violation of Title 18, United States Code 1516, Obstruction of a Federal Audit.

Mautner and Sundick are scheduled to be sentenced early next year.

Assistant United States Attorney James C. Lynch presented the plea before Federal District Court Judge Sam Bell.

—U.S. DEPT. OF EDUCATION  
11/25/96

### EDUCATION, LABOR AWARD \$58.9 MILLION TO GET SCHOOL-TO-WORK GOING

■(WASHINGTON) The U.S. Departments of Education and Labor last week announced the award of \$58 million in School to Work grants to 10 states that are ready to implement systems that prepare students for college and careers.

The grants will support efforts to help students obtain the academic and occupational skills needed to prepare for the postsecondary education and training required for successful careers and high paying jobs.

With last week's awards, a total of 37 states now have received School to Work implementation grants. The states receiving awards in the current round are:

California	\$ 21.9 million
Connecticut	\$ 3.3 million
Louisiana	\$ 4.3 million
Minnesota	\$ 3.8 million
Missouri	\$ 4.6 million
Nevada	\$ 1.9 million
New Mexico	\$ 2.2 million
Rhode Island	\$ 1.9 million
Tennessee	\$ 4.7 million
Texas	\$ 10.3 million

The grants will be used to implement statewide School to Work plans. For example, the funds may be used to actively involve employers and help them develop work based learning opportunities for stu-

dents; design and implement challenging secondary school curricula; provide training opportunities for teachers, employers, workplace mentors and counselors; promote partnerships among employers, labor, education, government and community organizations; or work with local groups to introduce students, parents and educators to the connection between classroom activities and learning on the job.

The funds represent the first installment of a five year investment intended to help states and territories get School to Work systems underway at the local level. States receive funds after submitting comprehensive School to Work plans and demonstrating their readiness to implement them. Implementation grants are awarded on a competitive basis to new states, as appropriations permit.

All 50 states, the District of Columbia, and seven U.S. territories received non competitive development grants totaling \$24.3 million in 1994 to design statewide School to Work systems. A development grant may be renewed until a state is ready to compete for, and is awarded, a School to Work implementation grant.

Tennessee has a high level of employer involvement in the School to Work effort, with Lockheed Martin, BellSouth and Saturn taking strong leadership roles. In Minnesota, a union business partnership has established a charter high school to provide students with the academic and workplace skills needed to compete in today's high tech economy. Louisiana is involving out of school youth in School to Work efforts by developing a close working relationship with the New Orleans Job Corps Center. In California, a statewide school to career curriculum that emphasizes early career exploration is being reviewed by the public and should be available to schools in 1997. In Texas, Minnesota and Tennessee, state legislation now connects School to Work initiatives with statewide workforce and economic development efforts.

According to a recently released, two year progress report to the U.S. Congress on the implementation of the School to Work Opportunities Act, 500,000 students, 135,000 employers and 1,800 schools throughout the nation are involved in federally funded school to work activities.

—U.S. DEPT. OF EDUCATION  
11/26/96