Under the GSL program, banks and other private institutions lent money to Acme students for tuition and other educational expenses. The Federal Government administered the program and guaranteed payment if a student borrower defaulted. Acme would receive a loan check directly from the lender, endorse the check, and credit the amount of the check against the student's tuition debt. If a GSL student withdrew from Acme before the term ended, the governing regulations, 34 CFR §§ 668.22 and 682.606 (1990), required Acme to return to the lender a portion of the loan proceeds, based upon how late in the
27 term the student *27 withdrew and how much the student had paid at that point.[2] Refunds to the lender, the applicable regulation, § 682.607, instructed, were to be made within a specified period (30 or 60 days) following the student's withdrawal. The lender would then deduct the refund from the amount that the student owed. If Acme did not refund the loans to the lender, the student—and if she defaulted, the Government—would remain liable for the full amount of the loan.

Around the end of 1987, pursuant to decisions made by the Jacksons and Bates, Acme initiated a pattern and practice of not making GSL refunds. On April 14, 1988, James Jackson sent a letter to Acme's director ordering him, effective the following month, to "tally [Acme's] receipts for the preceding month and remit a management fee of 10% of [the] total receipts to Education America, Inc." App. 4. The letter also told the director to pay the Jacksons a monthly salary. The letter further stated: "If the above creates a cash shortfall in your school, money will be loaned back to you to cover the shortfall." See ibid. Bates, serving as Acme's chief financial officer, permitted these fee and salary payments to take priority over the GSL refunds, and specifically instructed other Acme employees not to make the required GSL refunds. In late 1988 or early 1989, Education America officials ordered Acme to stop using a special bank account that segregated the unearned student-loaned tuition from the general account. Acme's former owners had used this special account to ensure that funds were always available for timely refunds to lenders.

By October 1988, Acme had amassed roughly $55,000 in unmade GSL refunds. Acme's financial aid director sent James Jackson a letter in January 1989 to draw Jackson's attention to the gravity of the unmade refunds, which then *28 totaled $68,000. By March 1989, Acme's refund liability had grown to approximately $85,000. In a letter dated March 13, 1989, Bates, as Education America's vice president, released Acme's financial aid director from all responsibility concerning GSL refunds, as she had requested. The letter stated that unmade refunds were "solely the responsibility and decision of the corporate office." See id., at 5.

In April 1989, vice

*29 On appeal, the Seventh Circuit vacated the District Court's judgment and reinstated the prosecution. 96 F. 3d 964 (1996). The Court of Appeals concluded that § 1097(a) required the Government to prove only that "the defendant misapplied—i. e., converted—Title IV funds and that he did so knowingly and willfully, w

[6] Ratzlaf v. United States, 510 U. S. 135 (1994), does not bear on our decision today. Ratzlaf decided only, in the particular statutory context of currency structuring, that knowledge of illegality was an element of 31 U. S. C. § 5322(a) as that provision was then framed. Ratzlaf did not involve the question presented here regarding § 1097(a), which is whether, in addition to a knowledge requirement, the Government must allege and prove an "intent to injure or defraud."

[7] The Seventh Circuit's "working definition" of § 1097(a) reads: "[W]illful misapplication under § 1097(a) requires the government to allege and prove that the defendant consciously, voluntarily, and intentionally exercised unauthorized control or dominion over federally provided or guaranteed Title IV funds that interfered with the rights of the funds' true owner(s), for the use and benefit of the defendant or a third person, while knowing that such an exercise of control or dominion over the funds was a violation of the law." 96 F. 3d, at 970. The Government argues that the Seventh Circuit erred in reading § 1097(a) to require proof that a defendant knew his misapplication violated the law. Brief for United States 21-22. However, the Government did not challenge by cross-petition any part of the Seventh Circuit's decision, so the question whether the defendant must know his conduct was a violation of the law is not before us.

[8] As amended in 1992, § 1097(a) reads in relevant part:

"Any person who knowingly and willfully embezzles, misapplies, steals, obtains by fraud, false statement, or forgery, or fails to refund any funds, assets, or property provided or insured under this subchapter . . . shall be fined not more than $20,000 or imprisoned not more than 5 years, or both." Higher Education Amendments of 1992, Pub. L. 102-325, § 495, 106 Stat. 631.