



Averting Danger - Combatting Fraud in Higher Education

Bill Ayers

College Ave

Thursday, May 23, 2024



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FOR IMMEDIATE RELEASE

April 24, 2024

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(202) 226-9440

Foxx, Steel Warn of Considerable Fraud Within Student Financial Aid System

Lawmakers request briefing, answers on Department's efforts

WASHINGTON – Today, Education and the Workforce Committee Chairwoman Virginia Foxx (R-NC) and Rep. Michelle Steel (R-CA) sent a [letter](#) to Department of Education Inspector General Sandra Bruce raising concerns about considerable fraud within the federal student financial aid system and demanding answers on the Department's efforts to prevent and remedy these issues.

In the letter the lawmakers write: *"We write to express our concerns about an issue that continues to plague the federal student financial aid system: student aid fraud. Loosely affiliated groups of criminals have been exploiting low cost or free programs by using the identities of others (with or without their consent) to obtain federal student aid fraudulently. ... From the fall of 2021 through the present, over \$5 million in federal student aid has been fraudulently paid to individuals who enrolled at California community colleges, received financial aid, and did not attend college. ... The personal toll on students who are prevented from improving their lives through education, as well as the financial toll on this nation, is unacceptable."*



The lawmakers continue: *“This type of fraud is not new: in Fiscal Year 2011, the Office of Inspector General at the Department of Education (Department) investigated federal student aid programs and discovered that the fraud included ‘enroll[ing] numerous times under different names,’ ‘falsify[ing] information on the Free Application for Federal Student Aid,’ and ‘initiate[ing] other schemes to receive [student federal aid] funds illegally.’ When financial aid requirements were reinstated after having been earlier relaxed to make it easier for students to qualify for financial aid during the COVID-19 pandemic, ‘college officials said they expected fraud to subside.’ Unfortunately, the fraud has continued to increase.”*

The lawmakers conclude: *“**Fraud is unacceptable.** It is important that the Department takes all necessary steps to increase fraud detection and preventative measures. We request a briefing for our staff no later than May 8, 2024, to understand better what your work has revealed and the steps the Department is doing to prevent, manage, and reduce fraud in the federal student financial aid system.”*



Expectations for this session:

- Why is this happening now?
- Types of financial aid fraud
- Examples of fraudulent documents
- Trends to be aware of
- Preventative best practices
- Industry response

Types of fraud

Identifying Types of Fraud:

Family Fraud

- Most common
- Self-reported by alleged victim
- Victim knows the suspect

Identity Theft

- Suspect steals borrower/co-signer information
- Borrower listed on application is not attending school
- Schools typically identify the fraud

Synthetic Fraud

- Borrower does not exist
- Fabricated identity
- Sophisticated criminal activity complex to uncover

Types of financial aid fraud

Phishing for Refunds	Private Loan Scams	Title IV Identity Theft
<ul style="list-style-type: none">• Students receive a typical phishing email• Account information is used to access Self-Service and other systems• Demographic information is updated• Refund preference is changed, redirecting the students refund to a new account	<ul style="list-style-type: none">• Identity theft (either student or cosigner)• Guest students• Requesting a small amount in the first semester, followed by very large amounts• Student enrolls at multiple institutions, borrowing max amounts at both places• Common at community colleges, but increasing at the graduate level	<ul style="list-style-type: none">• Large numbers of fraudulent applications• ISIR frequently come in clean, having passed all database checks• Submission of fraudulent documents• Amount of interaction is dependent upon the ring• Enrollment in classes that do not have pre-requisite requirements



Early Fraudulent Document Submissions



ABC Powers Inc.
(123) 123-4567
info@abcpowers.com
www.abcpowers.com

UTILITY BILL

Account No.

12345678910

Account Name



Address



Cedar Park, Tx 78613

Statement Date

November 15, 2022

Period Statement from

November 1, 2022

Period Statement until

November 13, 2022

Meter Information

	Date	Usage (kWh)	Cost (per kWh)	Amount (\$)
1	11/01/2022	300	10	3000

Bill Summary

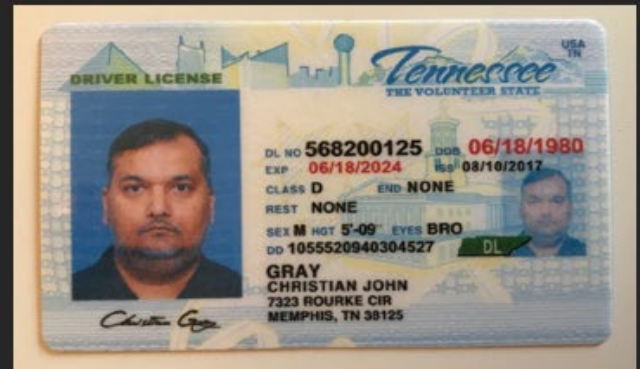
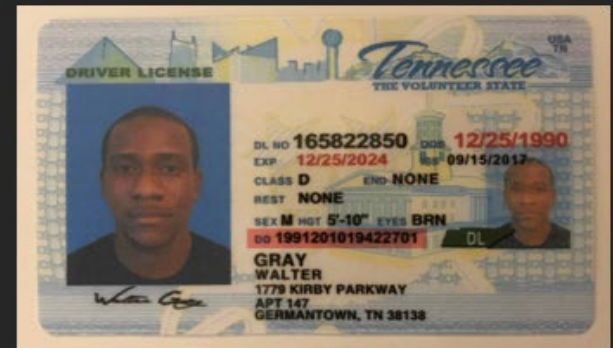
Previous Charges (\$)	\$ 1.00
Current Charges (\$)	\$ 3,000.00
Total Amount (\$)	\$3001
Due Date	November 19, 2022

Sample Fraud ID





Are these people real?



AI Generated ID



Link to a face generator <https://generated.photos/face-generator>

AI Generated Face



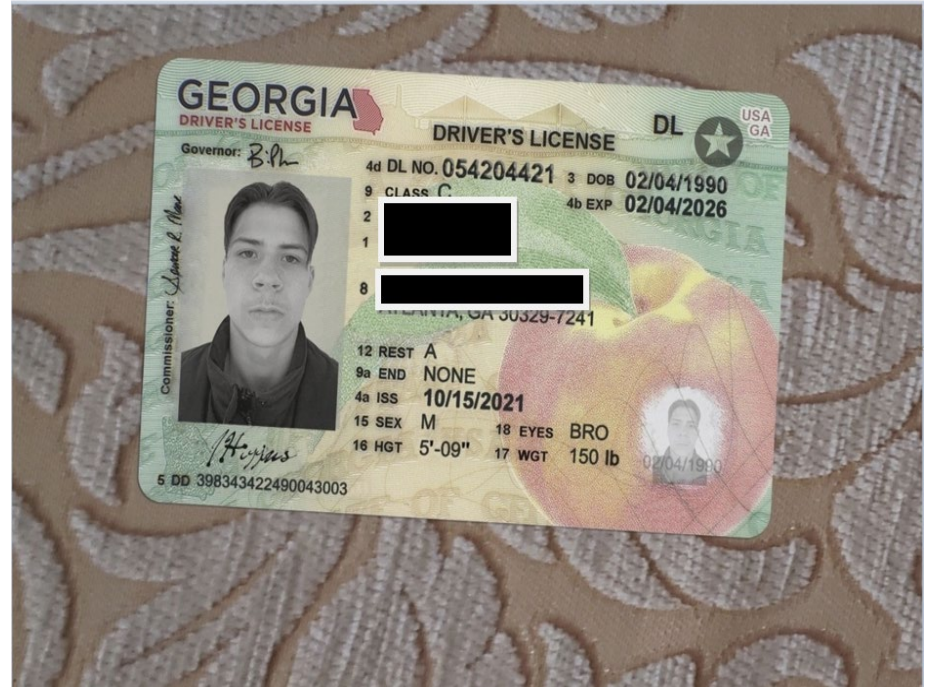
<https://tineye.com/> verifies this image as a stock image used at several different websites.

AI Photo Made in Seconds



ID Card Manufactured

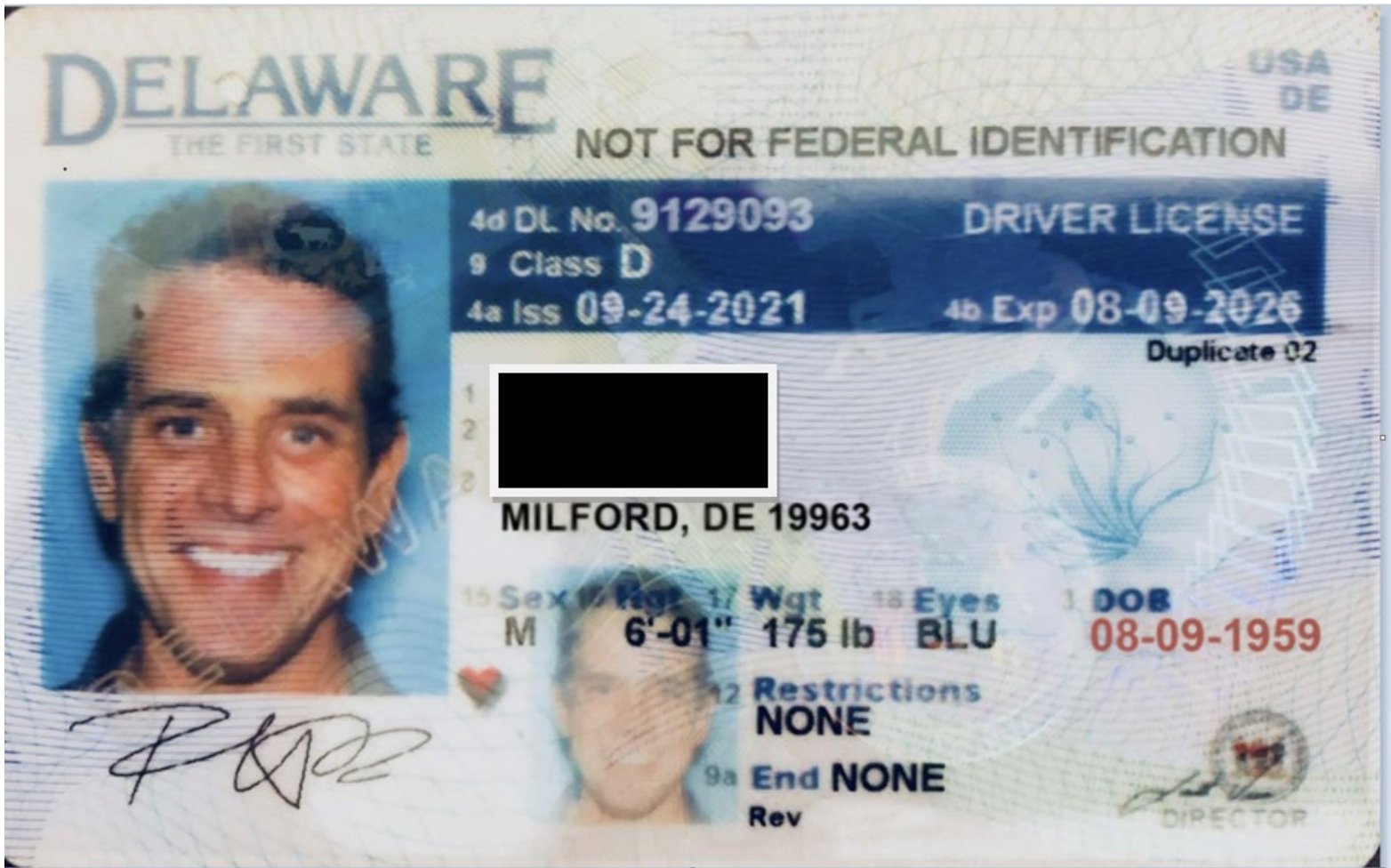
Same backgrounds, printing cards instead of just using a computer image overlay. Adds depth, can be propped up, capable of creating documents from multiple states.



ID Card Overlay



Do you know this guy?



College Ave Investigation Process

Name: [REDACTED]
SSN: [REDACTED]

Address: 1503 SMITH ST
[REDACTED]
Reported On: 11/01/2023
First Reported: 08/01/2023

Address: 10114 LINDELAAN DR
[REDACTED]
Reported On: 07/01/2022
First Reported: 12/01/2011

Address: 15604 CASHMERE LN
[REDACTED]
Reported On: 07/01/2008
First Reported: 01/01/1992



College Ave Investigation Process

[Redacted]

Property Appraiser
CFA, CCF, MCF

Basic Search
Advanced Search
Sales Search
Search Results
Parcel Result
Map
Help

Parcel Result

Parcel: 152529205000110030

[TRIM Notice](#)
[Property Record Card](#)
[Map Image](#)
[Tax Collector](#)
[Map View](#)
[E-Mail Parcel](#)
[NEW Bird's Eye View](#)

Owner Information

Owner Name	[Redacted]
Mailing Address	1503 SMITH ST
Physical Address	[Redacted]
Description	SINGLE FAMILY-IMPROVED
Tax District	[Redacted]

Tax Values

[View Tax Estimator](#)

Current Values		Certified Values	
<small>Current Value represents working appraised values as of 01/30/2024, which are subject to change prior to certification</small>		<small>Certified Value represents certified values that appeared on the tax roll as of 10/04/2023</small>	
Land	\$39,000	Land	\$39,000
AG Benefit	\$0	AG Benefit	\$0
Extra Features	\$0	Extra Features	\$0
Buildings	\$157,700	Buildings	\$157,700
Appraised(Just)	\$196,700	Appraised(just)	\$196,700
Assessed(estimated)	\$154,729	Assessed*	\$150,223
Exemption(estimated)	\$50,000	Exemption	\$50,000
Taxable(estimated)	\$104,729	Taxable	\$100,223

* Assessed Values Reflect Adjustments for Agricultural Classification and/or the Save Our Homes Cap

Sales Information

Trends to look out for

- Increase of students attempting to enroll past well-known published deadlines
- For colleges serving local communities, and offering online classes, an unusual number of students enrolling from states across the country.
- Sudden increase of students applying for private loan only (PSL), not filing a FAFSA, and forgoing other sources of financial aid.
- Students admitted to academic programs that do not require rigorous admission standards and applying only for PSL.
- Odd date of birth for students taking classes.

Trends to look out for

- Individuals using same addresses or emails.
- An influx of admission applications that is abnormal in a short period of time.
- Rise in withdrawals and class absences, especially students with PSL.
- A surge in FAFSAs on a single day.
- Multiple student refunds routing to the same bank account number.
- Zero income

Fake Notary

to be the above-named person who signed the foregoing instrument.

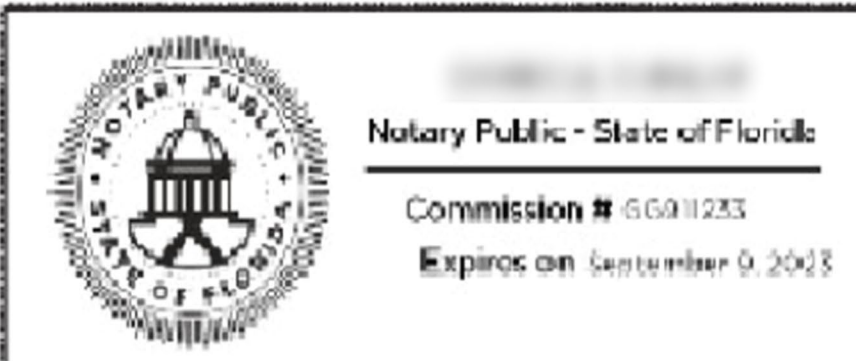
WITNESS my hand and official seal

Verified by PDFFiller

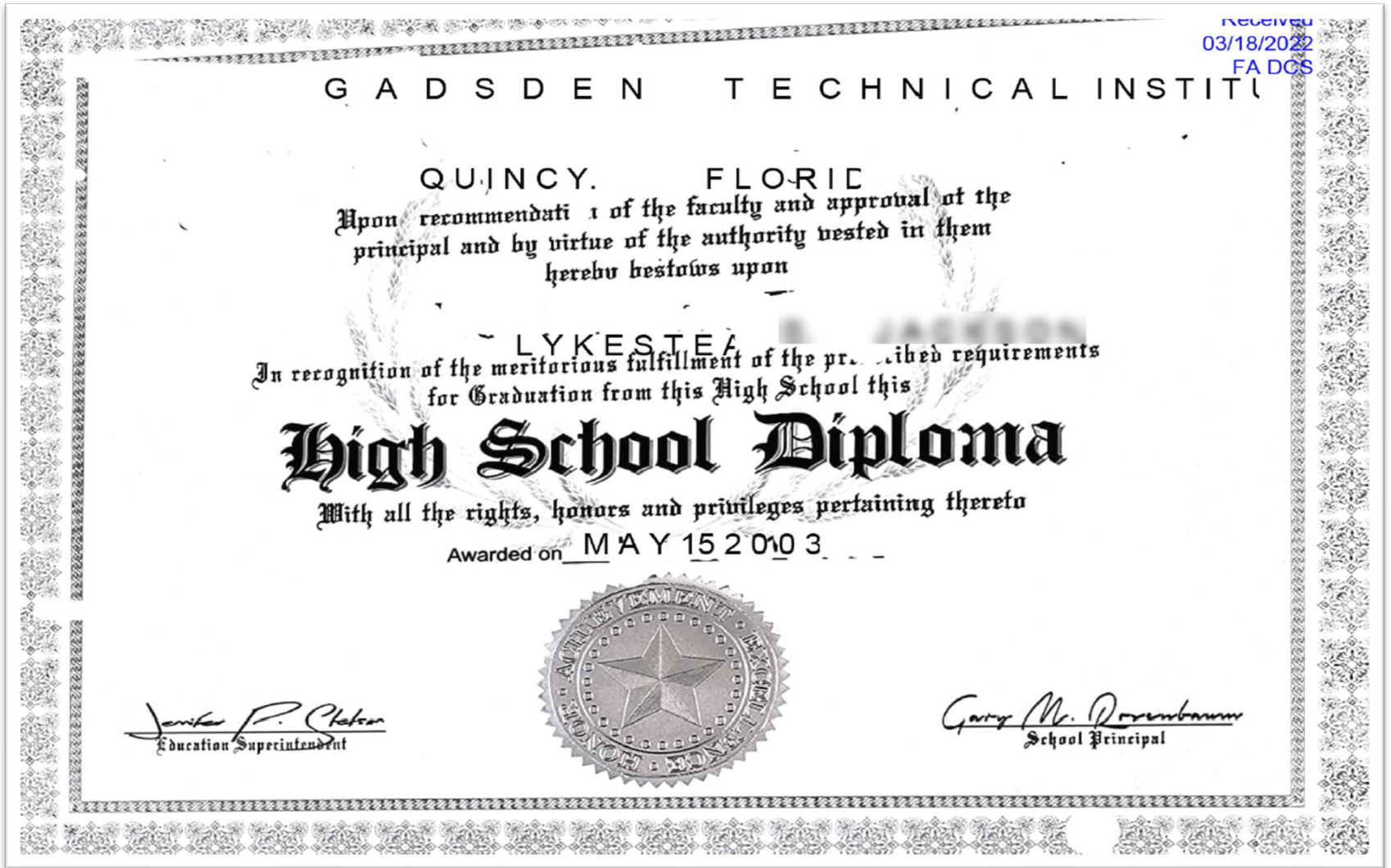


03/11/2023
(Notary Signature)

(Seal)



Fake Diploma



Fake Transcript Generation

VALIDGRAD

Home Diploma Maker ▾

Transcript Maker ▾ Other ▾

State of La Academic Achievement Record (Accredited)

Name: ██████████

DOB: ██████████

Gender: F

Grade: 12

Lafayette Independent School District

Northside High

2813 moss st

Lafayette, LA 70560

Exit-level Assessment Eng: 04/1998 Math: 04/1998 Sci: 04/1998 Soc Stud: 04/1998

Fake Academic Record

State of Mn Academic Achievement Record (Accredited)

Name: [REDACTED] **Bloomington Independent School District**
 DOB: [REDACTED] **John F Kennedy Senior High School**
 Gender: **M** **9701 Nicollet Ave**
 Grade: **12** **Bloomington, MN 55420**

Exit-level Assessment Eng: 12/2016 Math: 12/2016 Sci: 12/2016 Soc Stud: 12/2016

DAP Advanced Measures:

School Awarding Credit				01/02 220901-009				02/03 220901-009				03/04 220901-009				04/05 220901-009			
				P1	P2	Cred						P1	P2	Cred					
English Lang Arts								Other Languages											
01/02	ENG 1	89	96	1		01/02	SPAN 1	93	89	1									
02/03	ENG 2	91	99	1		02/03	SPAN 2	89	96	1									
03/04	ENG 3	100	96	1		Fine Arts													
04/05	ENG 4	95	97	1		01/02	ART 1	86	89	1									
Communications Apps								Tech Applications											
01/02	COMMAPP	99		0.5		01/02	BEGBCIS1	89	100	1									
Mathematics								02/03	TAWERBMS	89	89	1							
01/02	ALG 1	94	86	1		Other Electives													
02/03	GEOM	89	85	1		03/04	JRNLSM	92	97	1									
03/04	MTHMOD	92	88	1		03/04	PSYCH	99		0.5									
04/05	ALG 2	92	86	1		03/04	LNURTWEL	91	87	1									
Science								04/05	SOC (D)	86		0.5							
01/02	IPC	97	92	1		04/05	STULEAD	87		0.5									
02/03	BIO	87	93	1		Local Credit													
03/04	ENVIRSYS	97	100	1		04/05	LEARNING (L)	97	97	1									
03/04	CHEM	96	96	1															
Social Studies																			
01/02	W GEO	93	94	1															
02/03	W HIST	93	98	1															
03/04	US HIST	92	91	1															
04/05	ECO-FE (D)	88		0.5															
04/05	GOVT	90		0.5															
Health																			
01/02	HLTH ED	88		0.5															
Physical Ed																			
01/02	PE 1A	88		0.5															
01/02	PE TS	86		0.5															
02/03	PE EQ1	95	94	1															
03/04	PEITS	93		0.5															
04/05	ADV STR	89		0.5															
04/05	PEITS	95		0.5															

	Local	State	Total
2001-2002	09	0.00	8.00
2002-2003	10	0.00	8.00
2003-2004	11	0.00	8.00
2004-2005	12	0.00	5.00
Total	0.00	29.00	29.00

High School Board Campus Number: 442601
 Date Printed: 5/22/2005
 Date of Certificate of Course Work Completion:
 Date of Graduation: 05/15/2005
 Graduation Program Type 28 Recommended



W. J. [Signature]
 Registrar

Grade Scale
 A = 90 - 100
 B = 80 - 89
 C = 70 - 79
 F = 0 - 69

Date of Class Rank: 5/22/2005
 Class Rank: 76
 Class Size: 306
 GP4 Non Weighted GPA: 3.6667
 GP5 Weighted GPA: 3.6667

(Accredited)

Bloomington Independent School District
John F Kennedy Senior High School
9701 Nicollet Ave
Bloomington, MN 55420

High School Board Campus Number: 442601
Date Printed: 5/22/2005
Date of Certificate of Course Work Completion
Date of Graduation: 05/15/2005
Graduation Program Type 28 Recommended

Exit-level Assessment Eng: 12/2016 Math: 12/2016 Sci: 12/2016 Soc Stud: 12/2016

Fake Academic Record

South San Antonio High School
TX-US

Unofficial High School Transcript

Student Information

Student Name: [REDACTED]
1000 [REDACTED] Ave., San Antonio, TX 78201

Graduated: 07/2009
Sex: [REDACTED]
Birth Date: [REDACTED]

School Information

South San Antonio High School
7535 Barlito Blvd, San Antonio, TX 78224
United States
+1 210-977-7400

		1997/1998			1998/1999			1999/2000			2000/2001		
YEAR		9			10			11			12		
GRADE													
SEMESTER		1	2	CR	1	2	CR	1	2	CR	1	2	CR
English	Comp & American Literature Honors ¹	B	A	1.0									
	Composition & Ancient Literature Honors ¹				A	A	1.0						
	Rhetoric/Comp & Lit Analysis I Honors ¹							A	A	1.0			
	English Composition I (DE-ENG 109) ⁵								A	1.0			
	Rhetoric/Comp & Lit Analysis II Honors ¹										IP	P	1.0
	Literature In the Humanities (DE-LIT 2000) ³											IP	-

Diploma Mills

An institution or organization that grants large numbers of educational degrees with few or no academic requirements.

- An entity that offers a credential, typically for a fee, and requires little or no academic work on the part of the purchaser of the credential.
- An entity that lacks state approval.
- An entity that has deficient consumer protection practices such as:
 - Misleading or irrelevant accreditation statements
 - Unresolved related lawsuits
 - Unresolved (or patterns of) Better Business Bureau complaints



Diploma Mills

Payment Plans

A one-time administrative fee of \$25.00 will apply for processing your application and initial payment.

Full Payment Plan

\$350.00 + \$25.00

\$375.00

(Savings of \$49.00)

ENROLL TODAY

Monthly Payment Plan

\$399.00 + \$25.00

\$424.00

(65 down / \$40 per month)

ENROLL TODAY

American Academy of Pinecrest is a Private High School Meeting all State Requirements.

American Academy of Pinecrest is fully accredited by the National Association for the Legal Support of Alternative Schools (NALSAS).

American Academy of Pinecrest is an accredited member institution of the Transworld Accrediting Commission International (TACI). Transworld Accrediting Commission International is an international, federally recognized non-profit church educational organization that accredits and assists universities, colleges, theological schools, seminaries, and school programs throughout the world.

Building an Institutional Response

1

Spread the Word

- Share far and wide what you are seeing
- Don't forget to involve campus safety personnel
- Ask for the opportunity to speak with instructors, deans, etc.
- Contact your external supports

2

Create a Response Team

- Determine who needs to be involved with fraud related procedures
- Which offices can provide additional information (Moodle records, IP addresses, etc.)
- Assign a single point of contact for reporting

3

Explore ways to mitigate risk

- Split up the work
- How do we balance our mission with our responsibility?
- Where can technology reduce the manual burden
- Take simple steps to reduce risk. Start with the low hanging fruit

4

Be ready for a long-term response

- Communicate with leadership that this is an ongoing issue
- Challenge those that feel this isn't a pressing issue
- Add this as a piece to all projects

If an institution can discern that a document is fraudulent, it must deny the student Title IV aid, and report altered or misreported information to the OIG.

To participate in any Title IV program:

- *Schools must develop and apply “an adequate system to identify and resolve discrepancies in the information that the institution receives from different sources with respect to a student’s application for financial aid under Title IV.” 34 C.F.R. § 668.16(f).*
- *Schools and their third party servicers must refer to the OIG “**any credible information**” indicating that a student, school employee, school, third party servicer, or other agent of the school “**may have engaged**” in fraud, criminal or other illegal conduct, misrepresentation, conversion, or breach of fiduciary duty involving Title IV. 34 C.F.R. § § 668.16(g) and 668.25(c)(2).*



Office of the Inspector General Field Offices

East	Southeast	Midwest	Southwest	West
<p>Boston Field Office 1-800-647-8733 Mark Deckett, Resident Agent in Charge</p>	<p>Atlanta Office 1-800-647-8733 La'Trishia Stallings, Assistant Special Agent in Charge</p>	<p>Ann Arbor Field Office (734)330-2059 Scott Wingle, Assistant Special Agent in Charge</p>	<p>Southwestern Regional Office (214) 661-9530 J. Edd, Cole, Special Agent in Charge Wesley Carter, Assistant Special Agent in Charge</p>	<p>Western Regional Office 1-800-647-8733 Adam Shanedling, Special Agent in Charge Christopher Hodge, Assistant Special Agent in Charge</p>
<p>New York City Field Office 1-800-647-8733 John Carlo, Assistant Special Agent in Charge</p>	<p>Puerto Rico Field Office 1-800-647-8733 Priscilla Resto, Resident Agent in Charge</p>	<p>Kansas City Field Office (816) 268-0530 Jeffrey Kenney, Assistant Special Agent in Charge</p>		<p>Denver Field Office 1-800-647-8733 Dana McKay, Assistant Special Agent in Charge</p>
<p>Philadelphia Field Office 1-800-647-8733 Andrew Balceniuk, Assistant Special Agent in Charge</p>	<p>Nashville Field Office 1-800-647-8733 Chance Jones, Resident Agent in Charge</p>	<p>Midwestern Regional Office (312) 730-1630 John F. Woolley, Special Agent in Charge</p>		<p>Phoenix Field Office 1-800-647-8733 Damian White, Resident Agent in Charge</p>

Tips: Training Financial Aid Staff

- Assign one point person to coordinate reporting
- Familiarize frontline staff with security features of state and federal forms of identification
- Get copies of front and back of all forms of identification
- Talk about fraud prevention in the same ways we talk about verification
- Get to know your area Office of the Inspector General agents

Tips: Training Financial Aid Staff

- Using UNIR and ISIR batches to scan for fraudulent demographics
- Fraudulent ISIRs tend to come in groups, processed within a few days of each other
- Email addresses are formulaic: firstlastname01@outlook.com
- Phone numbers are frequently missing
- Addresses belong to public buildings or houses that are on the market, frequently outside of normal service area. (Generally, within the same geographic area in the same batch)
- Ages tend to be older than our typical students and SSNs are out of sequence

Higher Education industry response

Within Higher Education, which entity should take the lead in fraud prevention?

- Individual Colleges and Universities
- Department of Education
- Other Federal Agencies
- Private Sector
- All the above



THANK YOU!!!!

QUESTIONS?



Resources

Kiplinger 's Personal Finance 7/2023, Fight Back Against Fraud and Identity Theft article.

College Ave Student Loans, Fraud Prevention Information fact sheet

Experian: Optimizing fraud strategies in an ever-changing environment report. [Report | 2023 U.S. Identity and Fraud Report \(experian.com\)](#)

Experian Identity Protection <https://www.experian.com/protection/compare-identity-theft-products/>

Experian Personal Privacy Scan <https://www.experian.com/protection/personal-privacy-scan/>

Experian Steps for Victims of Fraud <https://www.experian.com/blogs/ask-experian/credit-education/preventing-fraud/credit-card-fraud-what-to-do-if-you-are-a-victim/>



Resources

FSA (GENERAL-23-09) Updates to the Gramm-Leach-Bliley Act Cybersecurity Requirements

<https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2023-02-09/updates-grammleach-bliley-act-cybersecurity-requirements>

FSA Changes to 2022-2023 Verification Requirements | Knowledge Center

<https://fsapartners.ed.gov/knowledge-center/library/dear-colleague-letters/2022-05-18/changes-2022-2023-verification-requirements>

Dear Colleague Letters (GEN-15-18) Protecting Student Information

<https://fsapartners.ed.gov/knowledge-center/library/dear-colleague-letters/2015-07-29/protecting-studentinformation>

(GEN-16-12) Protecting Student Information

<https://fsapartners.ed.gov/knowledge-center/library/dear-colleague-letters/2016-07-01/gen-16-12-subjectprotecting-student-information>



Resources

Coordination between OIG and FSA

OIG's Distance Education Fraud Ring Investigative Program Advisory Report
<http://www2.ed.gov/about/offices/list/oig/invtreports/l42l0001.pdf>

Information for Financial Aid Professionals (IFAP) <http://www.ifap.ed.gov/ifap/>

Dear Colleague Letter GEN-11-17 <http://www.ifap.ed.gov/dpcletters/GEN1117.html>

Final Management Information Report PIN Security Vulnerabilities
<http://www2.ed.gov/about/offices/list/oig/auditreports/fy2013/x21l0002.pdf>