

# Fraud

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Olivia Cooper & Erin Wilborn

SNHU

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# Legal Statutes and Administrative Capability

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- Title 20 USC 1097(a) – provides criminal statutes for fraud in FSA
- 34 CFR 668.16 – Requires and sets Standards of Administrative Capability
  - False Independent Status Claims; False claims of citizenship; Use of false identities; Forgery of signatures or certifications; false statements of income

# Fraud Awareness

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- University wide
- Ability to recognize patterns
- Regional issues, complaints, demands
- Pay attention to red flags
- Listen to students and staff
- Develop working relationship with  
OIG



# Common Fraud Schemes

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- Falsification of:
  - GED/High School Diplomas
  - Transcripts
  - Attendance
  - Independent student status
  - Citizenship status
- Plagiarized and/or little academic effort
- Front Loading funds
- Ghost Students
- Loan theft/forgery
- Falsified last date of attendance
- Address changes prior to disbursement
- Limited classroom activity

# Suspicious Activity

**THE CHRONICLE OF HIGHER EDUCATION**  
June 23, 2013

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June 6, 2013

### Risk of Student-Aid Fraud Is on the Rise, Education Dept.'s Inspector General Says

*By Kelly Field*  
Washington

The number of student-aid recipients potentially defrauding the federal government increased by 82 percent from 2009 to 2012, to more than 34,000 students, according to a risk analysis released on Wednesday by the Education Department's Office of Inspector General.

Multiple students with the same:

- Physical and/or e-mail address
- Street and/or neighborhood/zip code
- Home and/or cell phone number
- IP address
- Similar FAFSA/ISIR information
- Address change prior to disbursement

# Suspicious Activity

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- Only enrolled long enough to receive refund
  - Students that receive large refunds
- Excessive borrowing (Grad PLUS & Private loans)
  - Not progressing towards a degree
- Altered documents (UEH)
- Persistent and demanding phone calls
  - Interactions expressed with anger and little patience for institutional safeguards

# Identity Theft

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- Majority of the time claim is false
- Small percentage follow through
- Victims will follow up with school –
  - Collect documentation proving identity including a police report.
- All aid placed on hold until investigation is complete



# Safeguards Implemented

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- Admissions screening, any suspicious activity sent to Fraud Team prior to acceptance
- Reporting to determine commonalities in addresses, e-mail, phone numbers
  - Data mining for IP Addresses
- Advising and call center receive extensive training on red flags
  - Phone disconnected, advanced phone system detects if a different name is calling from the number
- FA File Review – NSLDS and COD reviewed, excessive borrower, multiple enrollments
- Multiple layers to catch fraudulent students



# Submission to OIG

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- Failed Internal Fraud Review
- Confirmed Identity Thefts
- Requests from Loan Servicers

# References

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- Federal Trade Commission, [www.consumer.ftc.gov](http://www.consumer.ftc.gov)
- Federal Register [34.CFR.668.16](#), Standards of Administrative Capability
- [FBI Federal Aid Fraud](#)
- [Office of the Inspector General](#)