



# STOPPING FRAUD, WASTE AND ABUSE IN THE STUDENT AID PROGRAMS

Presented by Special Agent in Charge  
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United States Department of Education/Office of Inspector  
General

North Central Investigative Region





# AGENDA

- OIG Organization and Mission
- Overview OIG Structure
- Examples of Title IV Fraud Schemes
- Real Life Case Examples
- Contact Information
- Question and Answer Session





## U.S. Department of Education FACTS

- ED disbursed approximately \$141 billion in Title IV aid for the 2012-13 award year
- Over 22 million students had their federal financial aid applications processed
- Over 15 millions students submitted their federal financial aid applications online
- During this last year approximately 15 million students were delivered Federal Student Aid funds through more than 6,200 colleges or career schools



# ***Inspector General Act of 1978***

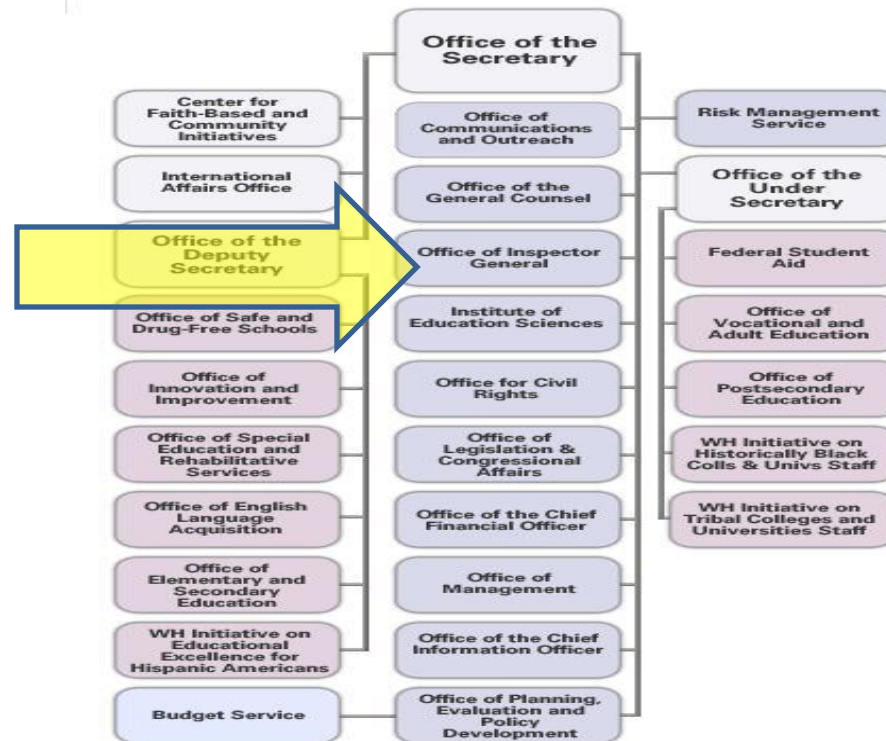


...to prevent and detect fraud, waste and abuse and improve the economy, efficiency and effectiveness of Education Department programs and operations.



# ORGANIZATIONAL CHART

Part of the Department  
**BUT...**  
 Independent



# OIG Regional and Field Offices





Federal Law Enforcement Officers  
Conduct criminal and civil investigations  
Execute search and arrest warrants  
Serve grand jury and Administrative  
subpoenas  
Present findings to Grand Juries and  
prosecutors

## ***OIG Investigative Services***





# Criminal Penalties

## Education Fraud

### Title 20 U.S.C. § 1097 (a)

- 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 and part C of subchapter I of chapter 34 of Title 42, or attempts to embezzle,....
- Persons convicted of a felony shall be fined not more than \$20,000 or imprisoned for not more than 5 years, or both.
- Attempt is defined as, “an undertaking to do an act that entails more than mere preparation but does not result in the successful completion of the act.”







# Subjects of Investigations

- Schools, school employees, officials, and/or owners
- State Agency employees
- ED employees and ED contractors
- Lenders and collection agencies
- Financial aid preparers
- FSA recipients
- School superintendents, school board members, vendors, grantees, or contractors,





# *Sources of Allegations*

- OIG Hotline
- OIG Audits and Inspections
- Department Program Offices
- School Employees and Officials
- Guarantee Agencies
- Contractors and Sub-contractors
- Grantees and Sub-grantees
- Citizens and Students
- Competing Vendors/Schools
- Other Federal Agencies
- U.S. Attorney's Offices
- Other OIG Investigations
- State and Local Law Enforcement Agencies
- Federal Bureau of Investigation
- Qui Tam Actions





## Examples of Title IV Fraud Schemes Related to Schools

- Ghost students
- False Attendance Records
- Falsification of Grade Records
- Falsification of GEDs/HS Diplomas
- Obstruction of a federal audit or program review.
- Fraud/Theft by School Employees
- Failure to make refunds





## Canton couple Indicted for Defrauding Department of Education out of \$2.3 million

- A Canton couple and one of their employees were indicted for engaging in a conspiracy to defraud the United States Department of Education of more than \$2.3 million by obtaining fake high school diplomas for prospective students, fraudulently applying for financial aid on their behalf by representing that the students had the necessary educational credentials, and then enrolling them in the college that the couple operated, law enforcement officials said.

“Federal student aid exists so that individuals can pursue and make their dream of a higher education a reality. It is not to be used as a personal slush fund, which today's indictment alleges this couple did,” said Thomas D. Utz Jr. Special Agent in Charge of the U.S. Department of Education Office of Inspector General's North Central Regional Office. “As the law enforcement arm of the U.S. Department of Education, our mission is to ensure that those who steal student aid or game the system for their own selfish purposes are stopped and held accountable for their criminal actions.”



# Fraud Schemes Rising at Alarming Rates

- Identity Theft Rings
- Fraud Ring Scams





# Common Elements of Identity Theft/Fraud Ring Schemes



- Ring leader(s) with many co-conspirators
- Identities of friends, relatives and/or “people of the street” are used and/or stolen
- Recruit individuals who do not possess a high school diploma or GED or those who have no intention of pursuing an education
- Computer is the key component to facilitating fraud
- Common email addresses, residential addresses and telephone numbers reported on financial aid and admissions documents



## **Four from Montgomery, AL sentenced in college aid fraud Feb. 25, 2014**

Four Montgomerians have been sentenced for taking part in a conspiracy to defraud the U.S. Department of Education and colleges and universities of more than \$1 million.

U.S. District Judge Myron S. Thompson sentenced Bobbie Jean Chilsom, Shawn A. Johnson, Sharon Johnson and Sara Chilsom to punishments ranging from 2 years in prison to probation. All four have been required to pay restitution, according to a statement from George L. Beck Jr., U.S. Attorney for the Middle District of Alabama..



## **Cleveland Woman pleads guilty to Mail Fraud and Financial Aid Fraud.**

On October 1, 2014, in the Northern District of Ohio, without executing a plea agreement, Brandy Hawkins changed her plea to guilty on one count of mail fraud and one count of federal financial aid fraud as listed in counts one and two of a previous indictment. The investigation found that Hawkins applied for and received federal financial aid at multiple institutions with no intention of attending school. Hawkins also used the identities of five other individuals to apply for and receive federal financial aid without their permission. Hawkins caused over \$90,000.00 in federal loans and grants to be disbursed by the Department of Education.





# Former Milwaukee Public School Teacher Convicted of Financial Aid Fraud and Tax Fraud

USDOJ: US Attorney's Office - Eastern District of Wisconsin

THE UNITED STATES ATTORNEY'S OFFICE  
EASTERN DISTRICT OF WISCONSIN

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## Former Teacher Pleads Guilty To Defrauding The U.S. Department Of Education And Internal Revenue Service

FOR IMMEDIATE RELEASE August 1, 2013

James L. Santelle, the United States Attorney for the Eastern District of Wisconsin, announced that Shurens Y. Goodlow, also known as Shurens Y. Nash (age: 43) of Milwaukee pleaded guilty to wire fraud and filing a false tax return. Based on the guilty plea, Goodlow faces up to 33 years in prison, and fine of up to \$500,000. Goodlow has also agreed to make full restitution to the Department of Education in the amount of \$62,000.

Goodlow, a former teacher with the Milwaukee Public Schools (MPS), admitted that between 2003 and 2008 she used two identities and two social security numbers to defraud the United States Department of Education and the Internal Revenue Service. Specifically, in order to exceed the aggregate loan limits for graduate school, Goodlow alternated between the two identities when applying for federal financial aid and falsified, among other things, her income with MPS. As a result of her fraud, Nash was able to obtain approximately \$65,500 in federal financial aid to which she was not entitled.

Goodlow also used the two identities to obtain tax refunds to which she was not entitled in the amount of \$27,250. Under one identity, she omitted her MPS income to qualify for refunds under the Earned Income Tax Credit program. Under the other identity, Goodlow falsified withholding amounts to obtain refunds to which she was not entitled.

This matter was investigated by agents from the Department of Education Office of Inspector General, as well as agents from the Internal Revenue Service Criminal Investigation. The case is assigned to Assistant United States Attorney Gordon P. Ciampietro for prosecution. Goodlow's sentencing is scheduled for November 8, 2013.

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# *How You Can Help*

- Ensure that staff receive necessary Title IV training.
- Review documents thoroughly.
- Question documents/Verify authenticity.
- Request additional information from the students or parents.
- Compare information on different documents.
- Regularly run checks to identify similarities of address, phone and/or email between students
- Make referral to the Office of Inspector General





## Why Report Fraud To the OIG?

- Statutory and regulatory requirements.
- Ethical responsibility.
- To deter others from committing fraud and abuse.
- To protect the integrity of the Title IV Programs.
- To avoid being part of a fraud scheme.
- To avoid administrative action.
- To avoid civil penalties.
- To avoid criminal prosecution.
- To avoid incarceration.





# Inspector General's Hotline 1-800 MISUSED



<http://www2.ed.gov/about/offices/list/oig/hotline.html>



QUESTIONS?





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