



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

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North Central Investigative Region



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## AGENDA

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



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### 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

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### 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.

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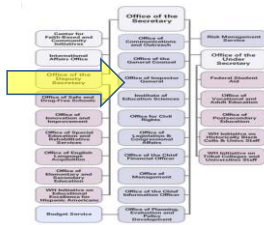
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### ORGANIZATIONAL CHART

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



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### IG Regional and Field Offices



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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**



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**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"

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**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,



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### Fraud Schemes Rising at Alarming Rates

- Identity Theft Rings
- Fraud Ring Scams



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### Common Elements of Identity Theft/Fraud Ring Schemes



- Ring leader(s) w ith many co-conspirators
- Identities of friends, relatives and/or "people of the street" are used and/or stolen
- Recruit individuals w ho do not possess a high school diploma or GED or those w ho 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

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

Four Montgerians 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..

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### 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.

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



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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



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### 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.

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### Inspector General's Hotline 1-800 MISUSED



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

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### QUESTIONS?




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