



## Several Colleges in the Midwest have reported incidents of Federal Student Financial Aid Fraud to the Department of Education.

### The Scam:

A group of foreign individuals (scammers) working outside of the US, steal identities of US citizens by purchasing their information from the Dark Web. The scammers target US citizen information to steal their identities, register for college courses and secure financial aid funds: *i.e. defrauding the US government*. The scammers pose as a person “born and raised” in a rural community in Wisconsin. The scammer signs up for virtual classes. In some cases, the scammers meet (via zoom) with an advisor or other member of the college. To conceal their identities, they do not turn on their cameras. Once registered for classes, they submit documents for Financial Assistance.

### Most Notable College Reported Red Flags

- ❖ Claiming to be a recent high school graduate, but the date of birth does not appear to coincide with recent graduation. Nor do records submitted support recent graduation or GED certificates.
- ❖ Prospective students do not have an option for direct deposit or a whole group of prospect students have direct deposit through the same financial institution.
- ❖ The prospective students have heavy foreign accents; though they state they were born and raised in the United States.
- ❖ Information they provide in conversation doesn't match the information on the financial paperwork.

← **Note:** A “red flag” is not an indication of fraud. But noticing multiple red flags could lead institutions to ensure that all financial safeguards are being applied. It should also be noted that there has not been any reports, as far as I’m aware, of a single attempt on an institution of higher education per instance. It is more common that to have multiple attempts per incident; with some Colleges reporting a dozen or more fraudulent attempts and names used per incident or term.

Attempting to defraud the federal government *is a crime*. The Department of Education reports on their website that any person convicted of this type of fraud or conspiracy to defraud for financial gain could be penalized up to \$20,000 and/or up to 15 years in prison.



## College Fraud Alert

### Recommendations for the Colleges

1. When there is a fraudulent attempt or fraud occurs, the *College is required to report*; see **34 CFR 668.16(g)**. The Colleges may report fraud to the [Office of the Inspector General's website](#) or call 1-800-MISUSED. Refer to the [2022-2023 FSA Handbook, Volume 2, Chapter 3](#) to review the federal reporting requirement. This information was provided by the Chicago School Participation Division of the US Department of Education.
2. In a few cases, the individuals whose identity was stolen in the scams, have reached out to the institutions requesting the situation be corrected or asking for compensation. Providing the victim with information for filing a report with the Department of Education would assist them and the investigators. Some institutions have also sought the advice of their legal counsel in these matters.
3. It is a best practice to inform your College's Security Director or Director of Public Safety of attempted or completed *fraudulent* incidents. Public Safety and Security professionals receive numerous and varied calls daily that they investigate. They may be able to link the specifics of your fraud report to other similar or suspected incidents, victim reports, or phone calls. Thus providing more thorough, complete, and accurate information to investigators from the Office of the Inspector General and to the Fusion Center.

The FBI and the Department of Education are great resources for receiving information on Higher Education Financial Aid fraud and they continue to support the Colleges in mitigating their risks.

Additional information is available at:

- [FBI: Investigating Student Aid Fraud](#)
- [Federal Student Aid: Report a scam or suspicious activity](#)
- [Office of the Inspector General Hotline and FAQ](#)