

# VASFAA Conference 2017

## Institutional Challenges in Catching Student Fraud

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## Agenda

- ▶ Introduction
- ▶ Defining Fraud
- ▶ Institution Background
- ▶ Fraud Prevention Efforts
- ▶ Institutional Case Study
- ▶ Open Forum



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## Fraud and Distance Education

- ▶ Students and potential students should be aware that enrolling in classes and accepting financial aid based on enrollment with no intent to complete classes is considered to be financial aid fraud, including enrollment or completion of academic work for another individual to obtain financial aid money.



34 CFR § 668.16  
Standards of Administrative Capability



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## APUS Background

### ► Students and Programs

- 96,000+ Students
  - Average Age = 33
- 40,000 Title IV
- 87 online degree programs
- Associates, Bachelors, Masters & Certificates



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## APUS Fraud Prevention Efforts

### ► Fraud Indicators

- Physical and Email Address
- Home and Cell Phone Number
- IP Addresses
- Similar FAFSA/ISIR Information
- Address Changes



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## APUS Fraud Prevention Efforts

### ► Fraud Awareness

- Fraud or Abuse
- University-wide responsibility
- Everything is Not What It Appears
- Patterns of Activity
- Geographic, Phone & Complaints
- Listen to your students/staff



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## Institutional Case Study

- ▶ Albany, GA
- ▶ “On May 7, 2012, ‘Jane Doe’ pleaded guilty to charges of conspiracy to commit wire fraud. During the period from Jan. 1, 2010 through Dec. 30, 2011, she is alleged to have fraudulently applied for and received student loans and grants from the Department of Education on behalf of at least 27 bogus students.” -- Albany Herald



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## Institutional Case Study

- ▶ Lynchburg, VA
- ▶ “Jane Doe’, 43, pleaded guilty in U.S. District Court in Lynchburg to one count each of conspiracy to commit mail and wire fraud, wire fraud, aggravated identity theft and student loan fraud. ‘Doe’ and two other women, engaged in a plot to submit fraudulent federal student aid applications for online classes, according to the indictment.” – News Advance



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## Institutional Case Study

- ▶ Martinsburg, WV
- ▶ “John Doe’, 42, of Brooklyn, New York was convicted today for committing student loan fraud, Acting United States Attorney Betsy Steinfeld Jividen announced.
- ▶ ‘Doe’ admitted to making a fraudulent statement on a student loan application in Jefferson County, West Virginia in December 2012” – US DOJ website



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## FA Consulting Gone Wrong

- ▶ Multiple scams under numerous company names – Greenvine Capital, Neighborhood Silver, Parental Control, etc.
- ▶ Scams offered monetary assistance with everything from child support to low income housing help.
- ▶ The nature of the con was to get people to give their personal identifiable information so that he could fill out FASFA's and enroll them in school. Consultant provided



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## Nova Background

- ▶ One of 23 colleges within the VCCS which is governed by the State Board for Community Colleges. Northern Virginia Technical College was established in 1964.
- ▶ The College was renamed Northern Virginia Community College (NOVA) in 1966.
- ▶ Second largest multi-campus community college in the U.S.
- ▶ NOVA offered its first distance learning courses in 1975. Known as the Extended Learning Institute (ELI)
- ▶ Over 180,000 students enrolled in online courses at Nova since it was established.
- ▶ NOVA includes more than 75,000 students and 1,500 faculty and staff members, plus 2,200 temporary faculty.
- ▶ Nova offers 79 two-year degree programs (A.A., A.S., A.A.A., and A.A.S.), 13 Certificate programs, and 53 Career Studies Certificate programs.
- ▶ NOVA is accredited by the Southern Association of Colleges and Schools Commission on Colleges (SACS COC).



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## Nova Fraud Prevention Efforts

► Being proactive in reducing fraud opportunities by:

- **Identifying and measuring fraud risks:** the ease of committing identity theft (Dark Web), forged documents, such as tax return transcripts, HS diploma, picture ID.

- **Taking steps to mitigate identified risks:** interviewing the students, requesting for Identity and Statement of Educational Purpose, selecting the student for verification, additional verification to prevent identity theft through a knowledge-based authentication (KBA) tool, and delaying disbursement.

- **Implementing and monitoring appropriate preventative and detective internal controls and other deterrent measures:** updating our internal fraud prevention policy annually, consult the legal affairs, centralized our fraud prevention unit, building workplace relationships with other departments, and educating our employees to understand the critical role they play in preventing fraud.



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## Institutional Case Study

K-D Case

W/F 44 years old

After tapping out her own financial aid resources

50,456 Unsubsidized

23,795 Subsidized

- ▶ Registered her blind fiancé for on-line classes
  - \$5730 Pell Grants
  - \$6000 Unsubsidized Loans
  - \$3500 Subsidized Loans
  - \$1500 Commonwealth of Virginia Grants
- ▶ Applied for six credits at NOVA cost of \$900.00
- ▶ Registered her roommate for on-line classes
  - 10,778 Subsidized Loans
  - 19,428 Unsubsidized Loans
- ▶ Applied for six credits at NOVA cost of \$900.00

How she was caught!

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## Institutional Case Study

### ► K-D Case

- Search warrants served on:
  - Cell Phone Records
  - Emails (3 providers)
  - IP Provider
- Charged with
  - 18.2-186.3 Identity Theft (two counts felony)
  - 18.2-178 False Pretense (two counts felony)
- Pled Guilty
  - Class-I misdemeanor
  - Agreed to full restitution

How she was caught!

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## Institutional Case Study

### ► E-C Case

- 20 year old Asian Female
  - Could not pay out of state tuition due to status as international student
- Received refund checks for \$509.00, \$2,823.00, \$984.00
- Part-time Employee/ Had boyfriend's help also part-time employee
- Registered below relatives for on-line classes
  - Father (believed to be deceased)
  - Mother
  - Mother's Boyfriend
  - Grandmother (deceased)
- Charged with
  - 18.2-172 Forgery writing (4 counts)
  - 18.2-186.3 ID theft w/intent to defraud (2 counts)
  - 18.2-178 Obtain money by false pretense
- Pled Guilty
  - Class-I misdemeanor
  - Full restitution

How she was caught!

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## Institutional Case Study

### ► E. T. Case

- Registered an inmate from Utah State Penitentiary
- Registered an inmate from Angola State Prison, LA.
- Registered an inmate from Tangipahoa Parish Prison, LA.
- Registered a wounded Vet from LA.



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## Two Plead Guilty to Student Loan Fraud Scheme Targeting NVCC

ALEXANDRIA, Va. – Ernest Xavier Taylor, Jr., 31, and Tracie Laverne Mixon, 34, both of Hammond, Louisiana, have pleaded guilty to charges relating to unlawfully using the identities of four people to fraudulently obtain federal student loans from Northern Virginia Community College (NVCC) and other schools.

According to the statement of facts filed with the plea agreement, Taylor Jr. and Mixon engaged in a conspiracy to use the identity of four different people to fraudulently obtain federal student aid from NVCC and other schools. The four different people included three who were in prison at the time their identities were used, and the fourth person was recovering in a military hospital after suffering injuries while deployed as a member of the U.S. Army in Afghanistan.

Taylor Jr. and Mixon would use the names, dates of birth, and social security numbers of these four different people on various submissions, but Taylor Jr. and Mixon would supply their own addresses, emails, and telephone numbers to ensure that communications from the Department of Education, NVCC, and the other schools would be directed to them. For example, recorded telephone calls captured Taylor Jr. pretending to be the four different identities when calling to check on the status of financial aid from NVCC. Taylor Jr. and Mixon's fraudulent actions allegedly caused NVCC and other schools to offer approximately \$67,000 in federal student aid to the various identities used by Taylor Jr. and Mixon. In addition to NVCC, the other schools targeted by Taylor Jr. and Mixon are: Front Range Community College; Community College of Denver; Portland Community College; and Black Hills State University.

Taylor Jr. and Mixon each face a mandatory minimum of two years in prison for the aggravated identity theft when sentenced on October 7. Additionally, Taylor Jr. and Mixon face a maximum penalty of five years in prison for the conspiracy charged in the case. The maximum statutory sentence is prescribed by Congress and is provided here for informational purposes, as the sentencing of the defendant will be determined by the court based on the advisory Sentencing Guidelines and other statutory factors.

Dana J. Boente, U.S. Attorney for the Eastern District of Virginia; Kathleen Tighe, Inspector General for the U.S. Department of Education, Office of Inspector General; and Paul M. Abbate, Assistant Director in Charge of the FBI's Washington Field Office, made the announcement after the plea was accepted by U.S. District Judge Anthony J. Trenga. Special Assistant U.S. Attorneys Brian D. Harrison and Edward P. Sullivan are prosecuting the case.

The case is being investigated by the Department of Education, Office of Inspector General and the FBI. The investigation received assistance from the Northern Virginia Community College Police Department.

A copy of this press release may be found on the website of the [U.S. Attorney's Office](#) for the Eastern District of Virginia. Related court documents and information may be found on the website of the [District Court](#) for the Eastern District of Virginia or on [PACER](#) by searching for **Case No. 1:16-cr-118**.



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## Institutional Case Study

### ► Out of State Case

- Registering stolen identities of out of state citizens for classes at NOVA
- Utilizing Virginia addresses and phone numbers of residents with the same last names of the stolen identities



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## Paper Chase

### Tracking

- IP's
- Phone Numbers
- Email's
- Addresses
- Help Desk
  - Email, Phone Calls, Text Boxes



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*Thank you*



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