



## U.S. Department of Education \* Office of Inspector General Identity Theft and Student Aid Fraud Rings: What You Need to Know to Spot it and Stop it!

As someone on the front line in administering student aid, you know that criminals regularly target schools for the sole purpose of obtaining student aid, not an education. One way they do so is through identity theft and often the main culprits are organizers of student aid fraud rings. The U.S. Department of Education Office of Inspector General (OIG) is working to stop student aid fraud rings, but we can't do it alone. We need your help. And by helping, you will not only meet ***statutory and regulatory requirements***, but you will protect the integrity of the Federal student aid programs and the taxpayer dollars that fund them.

### What is a Student Aid Fraud Ring?

Fraud rings are groups of criminals—often large or loosely affiliated—who seek to exploit distance education programs in order to get their hands on Federal student aid award balances. Although some of the student aid applicants are willing participants, fraud rings often steal the personally identifiable information of others to apply for aid. Student aid fraud rings normally involve distance education “students” that meet one or more of the following —

- Are attending their first semester at the institution where seeking aid (or after a gap in schooling).
- Have a low Expected Family Contribution making them eligible for Pell Grants.
- Will receive a refund of credit balance.
- Will stop attending class once the credit balance refund is received.
- Will have no approved transfer credits.

Fraud rings may also target funding from the Higher Education Emergency Relief Fund (HEERF), which was created to help students adversely affected by the coronavirus pandemic.



There are many indicators that point to possible fraud ring activity, many of which can be identified using automated tools you may already have. Note, no single indicator is proof of a fraud ring, nor do fraud rings have all these indicators, but this list is a good start:

- Multiple students with the same or similar mailing address, phone number, or email address.
- Multiple students with the same financial account for deposit of credit balances.
- Changes to mailing address or a financial account just prior to disbursement of credit balance.
- Students attended multiple schools with little to no academic progress.
- Multiple students with virtually identical online class schedules.
- Students may not respond to verification requests.
  - Students access school systems from virtual private networks or overseas internet protocol (IP) addresses.
  - Multiple students attend the same online class from the same IP address at the same time.
- Fictitious addresses on Master Promissory Note (MPN)
- Simultaneous logins to student accounts from the same IP addresses

### One of the best ways to initially identify potential fraud rings is to notice that something just doesn't seem right.

- Does a first-semester student seem extremely well-informed of the student aid process and anxious about the release of their credit balance, or stress a need for money?
- Do multiple students calling on the phone sound like all the same person—or do you hear callers whose voices are obviously disguised?
- Is there a group of students from the same geographic area (not near your school) applying for admission and enrolling at the same time?
- Do the notary signatures on verification documents for a group of students all appear to have the same handwriting? Are they all the same notary? Are verification documents for multiple students submitted from the same fax number or address?
- Do student aid documents or class assignment from multiple students all have the same wording or the same handwriting?
- Did a student contact your school and state they never enrolled? They could be the victim of identity theft.



### Suspect It? Report It! How to Stop Student Aid Fraud

Reporting your suspicions of a possible fraud ring to the OIG as soon as you identify it is the best way to stop student aid fraud rings! If you suspect that a fraud ring is targeting your school, immediately report it to the OIG! Simply follow the reporting instruction provided through ***GEN-11-17*** (Fraud in Postsecondary Distance Education Programs – Urgent Call to Action) on the Federal Student Aid Knowledge Center. Be sure to include information on any HEERF funding received by the students!



**OIG Hotline:**  
<http://oighotline.ed.gov/>

### Need More Information? Take Advantage of Free OIG Resources

We have a number of free resources available to help you identify and report student aid fraud rings to the OIG. Together we can stop it!

- **One-on-One Meetings.** Contact the ***OIG Investigative Regional Office*** closest to you to schedule a meeting to discuss any specific concerns you may have about student aid fraud.
- **Virtual Trainings.** Get an overview of student aid fraud and how to spot it and report it. We have a training specifically geared toward student aid administrators ***here*** on our website!
- **Fraud Indicator Materials.** Download ***free brochures and posters*** with helpful tips on identifying and reporting suspicions of student aid fraud or other criminal activity involving Federal student aid funds.