

Costly student aid fraud growing Government hasn't fully addressed 'serious vulnerability' - Government hasn't fully addressed 'serious vulnerability'

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TAMPA — A federal judge last year dubbed him a “lifelong” and “committed fraudster,” and authorities say Avangia L. Jones has continued to steal from federal taxpayers using a scheme that exploits holes in government oversight of how aid is awarded to students who attend college online.

A recent indictment against Jones details one of what a federal watchdog says is a growing number of student aid fraud cases nationwide. The cases usually involve rings of criminals who are able to steal federal student aid because of “serious vulnerability” in how so-called distance learning programs are administered.

And although the Department of Education’s inspector general has for years called for reforms in how federal financial assistance is awarded to students who attend online colleges and universities, some of the recommended changes have not been made.

For example, under the law, the amount of aid is calculated the same for students who personally attend colleges and universities and those who take classes online, even though Internet students don’t have the same expenses, according to the inspector general’s office.

Inspector General Kathleen Tighe recommended a change in that law when she testified before a congressional committee in 2013. But IG spokeswoman

an Catherine Grant said that has not yet happened. Tighe told legislators that her office in 2011 had made eight other suggestions to curb the fraud and that the Department of Education had agreed to all of the recommendations. Still, she said, “most have not been implemented.”

Department of Education officials on Friday could not provide information on what changes, if any, have been made or what obstacles stand in the way.

Tighe testified that fraud rings tend to target schools with lower tuition because students are given any aid left over after the institution is paid. The students are supposed to use the leftover money for expenses such as books, room and board and commuting.

The inspector general said in a 2013 audit that the growth in online education nationally has made federal student aid programs more vulnerable to fraud. The assessment found \$187 million in aid awarded from 2009 to 2012 probably was lost to fraud.

Jones, 38, is in a halfway house in Orlando for violating his federal probation in a 2003 student aid fraud case by committing more fraud in 2009. An indictment handed up recently accuses him of committing more student aid fraud from 2010 until this month.

According to the recent indictment, and his 2004 plea agreement, Jones used other people’s identities — sometimes without their permission — to apply for federal student aid at online college and university programs across the country.

Jones also used forged documents such as high school diplomas to support the applications for Pell grants and student loans, according to the indictment, which lists 22 electronic transactions but does not give a total dollar amount for the fraud.

In the 2004 case, Jones was sentenced to three years in federal prison, followed by three years of probation, for, among other things, using prison inmates’ identifying information and forging a judge’s signature on documentation to obtain nearly \$25,000 in student aid, which he used to renovate a house, buy figurines and collectibles and start a company, officials said.

After serving his prison sentence, Jones was sent back behind bars twice for probation violations.

In a violation of probation hearing last year, U.S. District Judge Steven D. Merryday and Assistant U.S. Attorney Josephine Thomas said Jones had purchased two separate homes while on probation. While he appeared in one home to lead a law-abiding life without computers, he used the other as a base to commit fraud.

“He committed the same scheme while incarcerated,” Thomas said, according to a transcript of the hearing, “continuing that criminal behavior after his arrest in January of 2011” for state charges in Polk County.

Merryday said Jones had “without fail” committed fraud since at least the age of 18, engaging in a “constant series of deception, fraud and

the like, worthless checks, scams, schemes, forgeries, credit card misconduct, just as quickly as you can accomplish it. ... So I guess you're a committed fraudster. You just can't help yourself."

Similar student aid fraud cases increasingly have investigated across the country, according to the inspector general's office.

Last year, four people were sentenced to prison in Arizona for participating in a scheme in which they used the identities of prison inmates to enroll fictitious students in online college courses and submit fraudulent online applications for federal student aid. Two of the thieves were in prison when they committed the fraud, authorities said.

Two people in California were sentenced to prison last year for similar schemes. One case involved the recruitment of more than 50 "straw students" to apply for more than \$200,000 in aid. For the most part, authorities said, the students signed up as part of the scam withdrew from classes shortly after receiving the money or getting failing grades.

In the second California case, scammers recruited straw students to sign up for college classes for the purpose of receiving financial aid. Some of the "students" agreed to have their identities used to commit fraud; others had their personal information used without their consent.

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