

Daily Herald

College of DuPage unearths financial aid scam

'Straw' students dropped out early, kept federal funds

By Christopher Placek

Forty-four College of DuPage students and two organizers of a financial aid fraud ring used student aid for their personal use after dropping out of online classes they enrolled in last spring, college officials said.

The students participated in just enough online interaction to allow the federal aid to be distributed, but soon after, they withdrew from the classes and received refund checks.

Most of that money ended up in the hands of two ringleaders — one in Illinois and one out of state — who promised to give a percentage to the so-called “straw” students who willingly provided them with personal information, officials said.

The suspected ringleaders and students are now the subject of a federal investigation that could result in criminal charges. The COD case falls into an ongoing investigation into fraud rings nationwide that authorities say primarily target community colleges and open enrollment institutions that offer online classes with lower tuition.

Tom Glaser, COD's senior vice president, said officials from the college's bank in May deemed six student refund checks that had been endorsed to third parties to be “suspicious.” Two checks were endorsed to one person, and four checks were endorsed to another.

The college's information technology department ran a report identifying all students who signed up for online-only classes in the spring semester, were eligible for financial aid, and were dropped from their classes. Officials pinpointed 44 students who shared similar addresses, phone numbers, payment-plan credit card numbers and third-party check endorsees.

Soon after, the U.S. Department of Education's inspector general confirmed that the students might be part of a fraud ring that had already been identified, Glaser said.

The discovery prevented another 69 students from doing the same in the summer semester, Glaser said.

He said an analysis of the students involved found several similarities: They reported their income to be less than \$7,000; all had GED degrees; and many previously attended the University of Phoenix, Arapahoe Community College in Colorado and Des Moines Area Community College in Iowa.

In total, Glaser said \$354,000 has been lost to fraud the past four semesters — which represents 39.3 percent of total delinquent accounts receivable at COD.

He said the college had planned to pursue prosecution of the case in DuPage County court, but on advice of school attorneys, officials decided to hand it over to the federal education department.