

DATE: December 9, 2015

TO: Vice Presidents of Student Services, Financial Aid Administrators, Financial Aid Supervisors

FROM: Roy Beckhorn, Director of Financial Aid Systems

SUBJ: Protocol for Responding to Potential Student Financial Aid Fraud and Identity Theft

REF: 34 CFR 668.16 (g)

Background and Purpose: Claims and suspicion of financial aid fraud and identity theft appear to be on the rise. This document establishes basic procedures and protocols for colleges to respond to potential cases (claims or suspicion) regarding financial aid fraud and identity theft.

Internal Responses and Investigations: When a staff member suspects potential fraud, the staff member will notify the Vice President of Student Services. Additionally, the college will notify LRCCD Internal Audits of any potential cases of fraud as soon as reasonably possible. All incidents will be taken seriously and will be properly researched. Internal Audits in conjunction with the financial aid (FA) office will research the claim or suspicion of fraud and make a determination/recommendation on what course of action is to be taken based on their research of the situation. Internal Audits is a resource for the FA office to determine if there is adequate evidence to support the claim or suspicion that fraud may have occurred or if there is not sufficient evidence, a misunderstanding or error that has taken place.

The college financial aid office should continue to process student request for aid in compliance with federal, state, and institutional policies and guidelines until informed otherwise by Internal Audits or outside investigative authority. The college should, as required by federal policy, resolve any conflicting information prior to disbursing aid to a student.

Information or discussions on the suspicion of fraud should be limited to staff and/or students who are determined need-to-know or critical to the review process. The college should refrain from discussing the fraud suspicion with anyone without consulting with Internal Audits. College staff should provide Internal Audits with as much information and documentation as possible to help substantiate the investigations process.

Anonymous claims of fraud will be researched to the fullest extent possible. If the anonymous person contacts the Financial Aid Office, encourage him or her to provide as much information as possible (names, dates, locations, etc.). **This may be the only opportunity to talk to the claimant so it is critical to obtain as much detail as possible to thoroughly research the claim.** Individuals who are reluctant to discuss the issue with a college staff member should be directed the district anonymous tip line 916-286-3600. The more documentation provided, the easier it will be to investigate the claim.

During the investigation process, do not notify or provide information to the person making the complaint/allegation of any action taken.

Campus Police Involvement: College staff should contact campus police if at any time they feel their personal safety is at risk. Background investigations or requested administrative support from district police will be requested by Internal Audits or outside investigative authority.

College Fraud Reporting: After the LRCCD Internal Audit investigation, if the college financial aid office believes any type of fraud has taken place involving federal funds (student loans, Pell grants, etc.), the college is required by law to report the fraud to the Office of Inspector General (OIG) of the Department of Education ([34 CFR 668.16\(g\)](#)). Internal Audits in conjunction with the college FA office will draft and report the potential fraud notice to the OIG. FA office will notify the student (if desired by the college) of the investigation results.

Outside Investigations: Internal Audits will be notified immediately if outside investigators contact the college regarding an investigation of possible fraud.

Identity Theft

- **In Person:** when a person reports his/her identity has been stolen, obtain proper identification to obtain reasonable assurance of the person's identity. This includes two forms of identification, including one picture id from a state or federal agency (driver's license, state identification card, passport, etc.). Student identification card is not acceptable. Make photocopies of the identification.
- **E-mail or Telephone:** if a person calls or sends an e-mail claiming his/her identity has been stolen, encourage the person to come into the office to speak with the Financial Aid Supervisor.
- **Reporting:** If your review indicates a fraud has occurred, notify Internal Audits immediately to investigate the situation.
- **Responsibility. It is the student's responsibility to report identity theft and to take the required steps to correct it.**

If a person claims identity theft, encourage them to:

1. File a police report with local law enforcement.
2. Report the fraud to the US Department of Education, Office of Inspector General.
 - a. Telephone Hotline: 1-800-MIS-USED
 - b. Web site: <http://www.ed.gov/misused>, or
 - c. Write:

Office of Inspector General
U.S. Department of Education
400 Maryland Avenue, SW
Washington, DC 20202-1510

3. Contact all credit bureaus and report his identity as stolen.

	Web	Telephone
Equifax	www.equifax.com	1-800-525-6285
Experian	www.experian.com	1-888-397-3742
Transunion	www.transunion.com	1-800-680-7289

4. Consult the FTC's website on identity theft for more information.
<http://www.ftc.gov/bcp/edu/microsites/idtheft/>

Financial Aid/Scholarship Scams:

On November 5, 2000, Congress passed the College Scholarship Fraud Prevention Act of 2000 (CSFPA). The CSFPA enhances protection against fraud in student financial assistance by establishing stricter sentencing guidelines for criminal financial aid fraud. It also charged the Department, working in conjunction with the Federal Trade Commission (FTC), with implementing national awareness activities, including a scholarship fraud awareness site on the ED Web site. You can help prevent financial aid/scholarship fraud by, in your consumer information, alerting students to the existence of financial aid fraud, informing students and their parents of telltale pitch lines used by fraud perpetrators, and by providing appropriate contact information. According to the FTC, perpetrators of financial aid fraud often use these telltale lines:

- The scholarship is guaranteed or your money back.
- You can't get this information anywhere else.
- I just need your credit card or bank account number to hold this scholarship.
- We'll do all the work.
- The scholarship will cost some money.
- You've been selected by a 'national foundation' to receive a scholarship' or 'You're a finalist,' in a contest you never entered.

To file a complaint, or for free information, the students or parents should call 1-877-FTC-HELP (1-877-382-4357) or visit: <http://www.ftc.gov/scholarshipscams>