

The 10 Biggest College Scams of All-Time

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Some people will go through great lengths to get ahead, even if it means crossing the ethical line. Unfortunately, these scandalous actions also take place at Institutions of Higher Education. Here are some of the biggest college-related scams, scandals, and controversies over the recent years.

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10. University of Missouri Email Harvesting Scam

The Scam:

From 2001 to 2004, two former University of Missouri students operated a national email scam that targeted more than 2,000 colleges and universities, illegally collecting over 8 million student email addresses. They used the email addresses to send targeted spam emails to students, selling various products and services, earning them a total of \$4.1 million.

One of the students, a computer science major, developed email extraction programs used to harvest the email addresses. The pair used computer networks at the University of Missouri to carry out the operation of sending out massive amounts of spam emails.

The University of Missouri became aware of the incident when they noticed huge slow-downs in the school's network and, upon further investigation, observed huge flows of spam-related traffic going on. Network administrators pinpointed the network activity to a classroom where the perpetrator was apparently found with a laptop connected to the Internet.

Even though their operation had been exposed by the university, the scammers continued spamming students at other colleges, using programs to disguise the emails so that they appeared to be affiliated with the college or university the recipient was attending. Although the emails sent out had less than a 1% response rate, it still garnered the scammers enough money (\$4.1 million) to be able to buy cars and houses on the easily obtained funds from illegal solicitation.

The Aftermath:

Nearly every college and university in the United States was impacted by this scam. In response to the incident, many schools invested major dollars to beef-up the online security of their networks.

Upon issuing a search warrant, authorities found more than 3 million student email addresses harvested from 2002, 5 million harvested from 2003, and 37.5 million AOL email addresses, 33.7 million MSN addresses, 10.8 million Hotmail addresses, 5.2 million Yahoo addresses, and more than 4 million UK email addresses.

Four people were charged in the incident under the CAN-SPAM Act of 2003, which regulates the sending of commercial emails. Under the act, email fraud, which includes anonymous unsolicited bulk messages, is a federal crime. The defendants face up to 10 years in prison, in addition to the forfeiture of more than \$4 million and their cars and homes.

9. Rio Salado Community College Financial Aid Scam

The Scam:

136 people in Arizona took part in a scam pretending to be college students in order to obtain \$538,932 in student aid.

The mastermind behind the scam was a woman who would recruit and charge fees to participants who would pretend to enroll at Rio Salado College in order to illegally collect financial aid. These fake students would pay her \$500 to \$1,500 each in exchange for her help in applying for Pell Grants and Stafford Loans, and creating fake documents, including high school diplomas and tax forms. The students would keep most of the financial aid, but never attend class.

The scheme was discovered when an employee at Rio Salado noticed that several financial aid applications appeared to have similar handwriting, and these "fake students" were enrolling in the same online courses.

The Aftermath:

The woman who led the operation was arrested on charges of conspiracy, mail fraud, financial aid fraud and making false statements. She is accused of creating bogus documents to help people enroll in online classes over a 15-month period beginning in July 2006.

65 were indicted because of their involvement in the scam. Most are charged with financial aid fraud, a felony, and false statements in connection with financial aid, a misdemeanor. Each charge of conspiracy and financial aid fraud carries a maximum penalty of five years in prison and/or a \$250,000 fine.

8. Las Vegas Woman Scams Nearly \$1 Million in Student Aid

The Scam:

A Las Vegas woman, and her four children and three grandchildren, defrauded the U.S. Department of Education of almost \$1 million in student loans and grants by using dozens of fraudulent ID's.

From January 2000 to March 2004, the defendants obtained personal information for various persons, using it to apply for federal student loans and grants in distance learning institutions in several states. The perpetrator would complete fake financial aid applications which were submitted by fax and email. Financial aid checks were received through the mail and the funds were obtained through the use of false identification documents.

She assumed the identities of more than 65 people to obtain student aid at online colleges in Arizona, Colorado, Maryland, Nevada and Texas. The scheme came to surface when a financial aid officer noticed that a number of students were applying for financial aid using the same addresses and telephone numbers.

The Aftermath:

The woman behind the scam pleaded guilty to one count of conspiracy to commit student loan fraud and one count of student loan fraud, and received 57 months in prison, 3 years of supervised release, and ordered to pay \$662,081 in restitution.

7. Purdue Student Textbook Scam

The Scam:

A student at Purdue University devised a scheme to defraud Half.com users looking to purchase textbooks.

The scammer opened 384 phony bank accounts for fake employees and created 568 seller accounts at Half.com. He advertised the college textbooks for sale on all of the phony Half.com seller accounts he had created. Buyers, believing they were purchasing books from Half.com seller accounts, sent in over \$5.3 million dollars in payments. The student would take the illegally obtained funds and wire it back home to bank accounts in Malaysia. The fraud was obviously discovered when none of the students received the textbooks they had ordered.

The Aftermath:

The scammer was charged on December 19, 2007 in a 12 count indictment with wire fraud.

6. Princeton Officials Hack into Yale Admissions Website

The Scandal:

In 2002, Princeton's Director of Admissions used the personal information of Princeton applicants, including social security numbers, to gain illegal access to a Yale admissions website.

Princeton personnel hacked into the system to see if Yale was offering prospective students admission. Princeton admissions officers gained repeated, unauthorized access to check the admission status of 11 applicants in April 2002. If applicants had been accepted, the director either tried to steer them away from Yale or scratched them off Princeton's admissions list. The incentive for Princeton was to protect its yield by rejecting or wait-listing students it thought would choose Yale, or it could match or top Yale's financial aid packages to coveted students.

The Aftermath:

Princeton claimed the act was just an innocent way to check the security of the website.

Upon logging in to this Yale admissions website, accepted applicants would be greeted by a display of fireworks on their computer screen. Because this welcome screen would only display once, some applicants were left in the dark on their admission status because officials at Princeton had already logged in using their credentials.

Because of the violation and misuse of personal information, the case was further reviewed by the FBI. The Director was removed from his position in the Princeton Admission Office. Following the incident, Yale vowed to make its website more secure.

5. Clemson Manipulates US News College Rankings

The Scandal:

When Clemson president James Barker took office in 2001, his stated goal was to move Clemson into the top 20 public research universities. At that time Clemson was ranked 38th.

By 2008, Clemson's ranking jumped to 22nd in the nation, a surge that outside observers say is improbable without massive capital investments in new faculty and curriculum overhauls. The University managed to move up 16 spots in a ranking that typically does not change all that much.

Clemson admitted to "moving things around to make them look best" in the rankings. Their approach in the rankings "walked the fine line between illegal, unethical and really interesting."

Clemson brought up their ranking by using several tactics:

- They focused on bringing classes of 20 and 25 students down to 18 or 19. This significantly increased the proportion of its classes with fewer than 20 students, one key U.S. News indicator of a strong student experience.

- They ceased to admit full-time, first-time undergraduates who were not in the top third of their high school classes. Along the admissions process they constantly re-assessed the SAT average of the incoming class (in an effort to increase accumulative SAT score).

- They exaggerated the faculty salaries it reports to U.S. News by about \$20,000, which was achieved by actually increasing spending (paid for largely through increased tuition).

- They rated all programs other than Clemson below average in the US News rankings' peer reputation survey, which counts for 25 percent of the score, to make the university look better.

The Aftermath:

The story received much media attention surrounding the manipulation of the rankings, getting some to believe the methodology and criteria of the US News ranking are fundamentally flawed if it can be manipulated this easily.

4. 80,000 Students Duped in £16m College Fraud

The Scam:

Three men in the UK conned over 80,000 students out of more than £16 million by getting them to enroll in a fake college.

Michael Smallman, the mastermind behind the scheme, created the National Distance Learning College (NDLC), a long-distance educational establishment based in Middlesbrough, England. During the three years from 1999 to 2001, over £16 million flooded into the accounts of the college, making the scamsters very rich. Although millions of pounds were paid into the college, only 18 students gained recognized qualification from the college.

The college claimed to be accredited, when in fact it was not, and used the word "national" in the title to give an impression of a long-established and recognized institution. It also sent out worthless and forged certificates.

The college received £10m from students and £6m in grants from the Department for Education, which Smallman used to carry out a high-roller lifestyle, using the money for gambling and other personal interests.

The company went bust in November 2001, unable to pay creditors more than £3.5m and unable to continue classes, leaving the students high and dry.

The Aftermath:

The scam came to light when in 2002, Police received a complaint of fraud from the Department of Education regarding the NDLC. Smallman was convicted of fraud and money laundering and was jailed for 7 years.

3. Terrorists Enroll in Fake Colleges to Gain Student Visas into UK

The Scam:

Thousands of young Pakistan civilians exploited a hole in Britain's immigration system to enroll themselves as students at a network of fraud colleges.

A Pakistani gang earned millions setting up fake colleges in the UK, allowing young men from the heartland of al-Qaida to enroll and gain entry on student visas. Hundreds of men paid at least £1,000 to the gang to be admitted into sham colleges. Some paid £2,500 for fake diplomas, attendance records and degrees. This allowed the students to extend their stay in Britain and enabled the fraudsters to make almost £2m in less than two years.

How the scam was uncovered:

8 terrorist suspects were arrested April 2009 for an alleged al-Qaeda bomb plot in Manchester and Liverpool. All of the suspects claimed to attend the same college. This bogus college had three small classrooms and three teachers for the 1,797 students on record. Authorities soon found of another college claiming to have 150 students, while secretly enrolling 1,178. An investigation uncovered ties between 11 colleges in London, Manchester and Bradford, all formed within a few years and controlled by three young Pakistani businessmen. Each of the three men entered the country on a student visa. One has fled to Pakistan after earning an estimated £6 million from the scam.

The Aftermath:

Because of the immigration loopholes in UK, UK Border Agency introduced stricter rules on the admission of international students, in an effort to crack down on bogus colleges and immigration loopholes.

2. University of Illinois Admissions Scandal

The Scandal:

On May 29, 2009, the Chicago Tribune broke the news that some applicants to the University of Illinois "received special consideration" for admission between 2005 and 2009, despite having sub-par qualifications. Many of these students were being admitted after influence from state lawmakers and university trustees.

In one case, a relative of Tony Rezko, political fundraiser for former Governor Rod Blagojevich, got admitted after University of Illinois President B. Joseph White wrote an e-mail stating that the governor "has expressed his support, and would like to see admitted" Rezko's relative and another applicant. The Rezko relative allegedly had a "pretty low" ACT score and other credentials.

Since 2005, about 800 undergraduate students received special consideration in admission by being placed on a "Clout" list. Some even had their rejections reversed during an unadvertised appeal process. When a clout admissions process like this happens, the student typically takes the spot of someone who is more qualified.

The investigation found:

- University officials recognized that certain students were underqualified, but admitted them anyway.
- Admissions officers complained as their recommendations were overruled.
- Trustees pushed for preferred students, some of whom were friends, neighbors and relatives.
- Lawmakers delivered admission requests to University of Illinois lobbyists, whose jobs depend on pleasing the lawmakers.
- University officials delayed admissions notifications to weak candidates until the end of the school year. One example cites the admittance of a student with "terrible credentials", who was admitted after she got help from a University Trustee on an appeal. To avoid drawing attention at the applicant's high school, where the acceptance of a "poor student" could raise eyebrows, the university waited until the end of the school year to notify the applicant.
- One student was accepted into the business school after having been rejected three times.
- University Officials forced the Law School to admit 30 applicants, in a law school that is typically very competitive to get into. These are applicants who otherwise would not have been admitted by the admissions office.

A 2009 log managed by the university's government affairs office tracked nearly 80 applicants pushed by politicians. During the last five years, 114 elected officials logged 481 admission inquiries. Some even spoke of blackmail, where lawmakers threatened to change laws pertaining to university policy if their admission requests weren't pushed through.

The Aftermath:

The admissions scandal forced the resignations of many trustees. A reconstructed Board of Trustees voted to formally abolish "clout" admissions, and the office for Governmental Relations is specifically prohibited from having any role in admissions.

The chairman of the board, Niranjan Shah, announced his resignation from the board amid allegations of his involvement in admissions and that he pressured the university to hire one his relatives. Shah's companies had received millions in state contracts, and he had personally contributed more than \$50,000 to Rod Blagojevich, the indicted governor who appointed him to the Board.

University of Illinois President B. Joseph White and University Chancellor Richard H. Herman both resigned because of the scandal.

Former applicants who were denied admission to the school filed a class-action lawsuit against the university.

1. Student Loan Scandal

The Scam:

In early 2007, an investigation into the student loan industry by New York Attorney General Andrew Cuomo uncovered illegal practices and conflicts of interest in the relationships between colleges and lenders. The investigation uncovered revenue sharing agreements with multiple colleges, in which lenders paid the colleges a percentage of the loans the school sent their way. The investigation also found many lenders provided gifts, all-expense-paid trips, and other perks to financial aid officials in exchange for placement on preferred lender lists. It was revealed that some financial aid officials also owned financial stake in a private loan company they were promoting to students.

Over 100 schools were investigated in an effort to end corruption in the student loan industry. Some of the notable

schools involved included USC, Penn, NYU, Syracuse, and Johns Hopkins.

The Aftermath:

New York Attorney General Andrew Cuomo did charge about a dozen colleges and lenders, such as student loan giant Sallie Mae, with violating federal and state laws, and filed lawsuits against them. Many of the parties involved reached settlements with the Office of the Attorney General in New York, with the money going to a national fund aimed at educating students and families about their financial aid options.

Many colleges who participated in the "Preferred Lender" returned some of the money to the students who had been guided into student loans with less favorable rates. The University of Pennsylvania, Syracuse University, and New York University are a few of the schools who agreed to reimburse students.

Colleges and lenders have reformed their practices in the face of new regulations. Cuomo established a "College Code of Conduct" for best practices in student lending and got many colleges to agree to it. Twenty-six schools and thirteen lenders have now reached agreements with Cuomo.

The Student Loan Sunshine Act was passed in May 2007 which included provisions banning gifts, perks, and revenue-sharing agreements between lenders and schools.

For More Read: [Student Loan Scandal](#).