



FRAUDGRAM

July, 2025 | Issue 4

Welcome to Issue 4 of our FraudGram Newsletter! In this edition, we share quick facts from the U.S. Department of Education (ED) Office of Inspector General (OIG) about education-related scams and tips to avoid them; the latest updates on our criminal and civil investigations; and what you can do to help spot and report fraud, waste, and abuse involving ED funding, programs, and operations.



The Latest on Schemes and Scams

If you've followed each issue of our FraudGram newsletter, you know that we don't waste time before informing you about student loan and student-centered fraud schemes and scams. After all, everyone probably has a student loan, knows someone who does, or is a student themselves. Fraudsters, cybercriminals, and bad actors are trying to exploit student loan borrowers and students—aiming to steal their money, personal information, or both. They see college students and student loan borrowers as easy targets. Let's prove them wrong! Here is current information on schemes and scams, along with tips on how to avoid falling victim. Follow these tips and share them with others!

Debt Relief and Other Student Loan Scams. Often coming by email, text, phone, or pop-up ad on social media, these scams claim they can help you consolidate your student loans, lower your payments, or completely eliminate your student debt—for a fee.

The phrase "for a fee" is key because, in most cases, these are services you can do yourself for free through the [Federal Student Aid office](#). Scammers rely on you not knowing that. To avoid falling for their tricks, remember: (1) Never pay for help with student loan debt

relief, loan forgiveness, or loan consolidation. If someone promises assistance but wants to charge, don't trust it! (2) Never share your FSA ID or other password with anyone—even if they claim to work at your school or with your student loan servicer. No one needs

this information but you. (3) Be cautious of unsolicited emails with links or attachments! These may not be from who they claim to be. Don't click on links or open attachments in any unexpected message. Instead, hover your mouse over links to see where they lead. Visit [our website](#) to learn more about debt relief and other student loan scams.

Scholarship Scams. Be cautious of unsolicited money offers to help you pay for college. No reputable organization will award an unsolicited scholarship via email, text, or phone and then ask for your bank or school account details to wire the funds. If you get such an offer, stay away. Never pay to apply for a scholarship. If a company promises you a scholarship or grant in exchange for a "processing cost," "redemption fee," or any upfront payment, walk away. Also, avoid social media ads that claim to offer scholarships with minimal requirements and a quick five-minute application, as they are probably scams. [Get more tips.](#)

Student Housing Scams.

Fraudsters know students may be looking for off-campus housing, so they create scams like asking for security deposits via wire transfer. Some hijack real rental listings, change the contact details, and repost them on different rental sites. Then they charge fees, deposits, or even rent for homes that aren't actually available. [Don't fall for it.](#)

Imposter Scams. An imposter scam happens when a scammer pretends to be someone else to gain your trust and persuade you to send money. For college

students, this might involve receiving a call from someone claiming to be a school official warning about a late tuition payment or other owed money. You're told to pay immediately over the phone or face serious consequences like being dropped from all classes. To make the scam seem more real, the scammer may "spoof" the incoming call, making it look like it came from a number the victim recognizes. If you get a call asking for money, hang up immediately and contact your school's Office of Student and Financial Services.

Textbook scams. Fraudsters know students are always looking for deals on textbooks, so they create fake websites and ads that appear to offer discounted books, take payments without shipping anything, or send outdated editions. The best way to avoid these scams is to buy books in person at your college bookstore or at least verify and authenticate the website before purchasing the textbook!

Employment Scams. Bad actors often target college students and recent grads with too-good-to-be-true job offers. The main sign that the email, DM, or text you received is fake? It includes a request for upfront payment or personal information like your Social Security number or bank account details. Legitimate companies will not ask for a fee or your personal identifying information to apply for a job. [Learn more about job scams.](#)



Don't Lie on Your FAFSA. Lying on your Free Application for Federal Student Aid (FAFSA) is a crime, plain and simple. If you do it, you will be caught and held accountable for your actions. Falsifying information on a student aid application can lead to criminal and/or civil penalties, including prison, probation, fines, and other court-ordered consequences. [Learn more about the importance of providing accurate information and the potential penalties for submitting false information.](#)



Spotlight: Student Debt Collection Scams

Student loan debt collection has resumed, and so have the scams. Dishonest companies, fraudsters, and cybercriminals are out there targeting student loan borrowers, claiming to be collection agencies collecting on your student loan debt. Be alert! These bad actors are coming after your money or personal information—or both.

Fortunately, there are two simple steps you can take to avoid falling victim to a debt collection scam. If you receive a random phone call, text, email, or DM from a collection agency looking to collect money on your student loan debt, take these two actions:

1. Do not share any of your personal or financial information with someone claiming to be a collection agent. Do not give them anything—not your FSA ID, Social Security number, bank account number, credit card number—nothing! Instead,
2. Ask for the company's name and phone number, then tell them you'll [contact your student loan servicer](#) to verify their legitimacy. If your servicer confirms the company's legitimacy, proceed as needed. *If not, good job—you've protected your money and personal information from a scammer!*

And if you think you have been targeted by a debt collection scam, stop all communication with the scammer immediately and report the incident to the [Federal Trade Commission](#) and your State's Attorney General. You should also place a fraud alert or credit freeze on your credit report to protect your identity and watch for any suspicious activity. [Learn more about how to protect yourself against debt collection scams.](#)



National Whistleblower Day

July 30 is National Whistleblower Day—a day our nation commemorates the brave whistleblowers who step

forward to report corruption and malfeasance in government programs. Their contributions have helped root out fraud and restore integrity in government programs—and sometimes blowing the whistle cost them their jobs. No one should ever be subject to or threatened with reprisal for reporting information on wrongdoing or cause for concern involving an ED program or operation. In fact, if you are an ED employee, former employee, grantee, subgrantee, or contractor, it is unlawful for any personnel

action to be taken against you because of protected whistleblowing. Further, the OIG maintains the confidentiality of complainants so whistleblowers should feel confident sharing what they know with the OIG. So, in honor of National Whistleblower Day, learn more about your rights under whistleblower protection laws by visiting the Whistleblower Protection page of our secure and independent website. <https://oig.ed.gov/resources/whistleblower-protections>



Recent Investigative Cases

Since our last FraudGram Newsletter, more prosecutorial actions have been taken against unscrupulous individuals who embezzled or intentionally misused ED funds, including Federal student aid and Title I funds to school districts serving low-income families. Many of these individuals held positions of trust to educate children or help students achieve their dreams of higher education. Instead, they diverted those funds from the very people they promised to serve for their own selfish purposes. Here are some examples of our recent investigations.

- A nurse practitioner in New York was sentenced to 5 years in prison for leading an \$11.2 million disability loan fraud scheme. She tricked over 100 borrowers into thinking they qualified for various types of student loan relief, including total and permanent disability relief, and charged them fees to help with their loan discharge process. The nurse practitioner also used stolen identities, medical license numbers, and the forged signatures of more than a dozen medical doctors to falsify medical diagnoses and disability certifications. [Read more.](#)
- The leader of a North Carolina-based student aid fraud ring was sentenced to 5 years in prison for organizing a scheme that targeted nearly \$5 million in student aid and successfully obtained over \$3.5 million. The ringleader recruited more than 70 individuals as “straw students,” using their personal information to apply for admission and receive Federal student aid for attending multiple schools across North Carolina. [Read more.](#)
- The former Boone County (West Virginia) [Schools Maintenance Director, a school contractor](#), and the [former Director’s parents](#) all pled guilty to their roles in a \$3.4 million fraud scam. The former Director conspired with the contractor to provide the school district with only a small portion of the supplies the contractor was paid to provide and gave the bulk of the money to the former Director. The Director’s parents helped him launder the money.
- A [Former executive of a Chicago, Illinois-area nonprofit](#) that provided afterschool programs to schools pled guilty to her role in a \$1.8 million fraud scheme. A co-conspirator currently awaits trial.
- A former prison inmate who represented herself as Student Aid Advisor was sentenced to 10 years in prison for running an \$850,000 fraud scheme out of Missouri. She used the stolen identities of fellow inmates and the students she purported to help in her scheme. [Read more.](#)
- The leader of a fraud ring that targeted over \$466,000 in Federal student aid pled guilty in New York and is currently awaiting sentencing. She and her co-conspirators used stolen identities to apply for admission to and receive Federal student aid for supposed attendance at online colleges, and the student aid award balance was sent to addresses and bank accounts they controlled. [Read more.](#)
- A former Business Manager, Tax Collector, and Assessor for the Valentine Independent School District in Texas was sentenced to more than 2 years in prison for stealing more than \$317,300 from the District. The former official used District credit cards for hundreds of personal purchases, including travel, lodging, and home improvements. [Read more.](#)

Want to read more about OIG’s investigative cases? Check out our most recent [Semiannual Report to Congress](#) where you’ll find summaries of some of our investigative cases and more!



Latest Interviews

In case you missed it, OIG's Assistant Inspector General for Investigation Services, Jason Williams, recently shared some important insights on fighting fraud with Gray TV. AIGI Williams talks about fraud involving funding for K-12 schools and student aid fraud related to ghost students. The interviews cover how to spot these types of fraud, how to report them, and highlight several criminal investigations related to these issues. If you didn't catch it on your local station, don't worry—you can watch the [K-12 fraud interview](#) and the [segment on student aid fraud](#) and ghost students on [investigatetv.com](#).

Identify and Report Fraud to the OIG Hotline

The OIG works tirelessly to identify and stop those attempting to siphon ED funds for personal gain—and we don't do this alone: we collaborate with law enforcement partners across Federal, State, and local levels, and we rely on information from everyday people—like you—who know of or suspect fraud, waste, abuse, mismanagement, or violations of laws and regulations involving ED funds or programs. That's why we run the OIG Hotline—available 24/7—for anyone to report their suspicions.

The OIG's secure and independent Hotline accepts tips, complaints, and allegations from all sources regarding possible theft, fraud, waste, abuse, mismanagement, public corruption, or retaliation against whistleblowers involving ED programs, operations, or funds.

This includes suspected misconduct by ED employees, contractors, grantees, schools and school officials, lending institutions, collection agencies, recipients of financial assistance, and individuals engaged in student aid fraud. The OIG will maintain the confidentiality of complainants so feel confident sharing what you know!



Not Sure What to Report to the OIG Hotline?

Our new [Hotline Wizard](#), with easy-to-follow directions will help you determine what to report and ensure it gets to the right place!

As the independent arm within ED, the OIG works to ensure that Federal education funds are used as required and reach the intended recipients. This includes investigating misuse, theft, fraud, public corruption, and other civil and criminal activity involving ED programs and funds. Coordinating this work is OIG's Investigation Services—our team of law enforcement professionals with decades of experience in conducting education-related investigations and stopping education-focused fraud schemes. Learn more about OIG Investigation Services on [our website](#).

