

Student Loan Fraud – Florida *

Student Loan Fraud Co-Conspirators Fail Ethics Test

Student loan fraud was a lucrative business for a Pinellas County man and his co-conspirator, until they were caught cheating the U.S. Department of Education out of more than \$460,000 in fraudulent student aid. *The Tampa Bay Business Journal* reports that the president of a St. Petersburg student loan assistance company was sentenced to nine years in federal prison for committing student loan fraud and aggravated identity theft. *(Make him take a calculus class – now that's real punishment!)*

The fraudster formed a corporation between August 2005 and September 2007 called Graduate Assistance and Consolidations (GAC). The company reportedly recruited people who could not qualify for federal student aid and did not have a high school diploma or General Equivalency Degree (GED), which disqualifies them from attending college or obtaining financial aid in the first place. GAC assisted students with submitting fraudulent student enrollment forms to local colleges and applying for federal student financial aid loans and grants on their behalf. *(Oops, apparently he failed his Ethics class.)* As you can guess, false statements were made on the applications with personal information from these unqualified students.

Here's how GAC raked in the dough. Financial aid checks were mailed to addresses associated with GAC. Some of the individuals that participated in the scheme received a percentage of the check. *(Remember – if you have to pay money to get money, it's probably a scam.)* Some checks used the stolen identities of supposed students and were mailed directly to GAC, where they were fraudulently endorsed and deposited into a bank account controlled by the president, who was also the sole director and treasurer of GAC. *(Now that's convenient – where are the checks and balances in that corporation?)*

So what happened to the co-conspirator? She was sentenced to a year and one day in federal prison and ordered to repay more than \$77,000 in restitution for her role in the conspiracy to commit student financial aid fraud. She also has to serve three years of supervised release after her prison term ends.

These two scam artists are going to have to pass muster with their prison guards and inmates. One thing's for sure – they will be missing out on summer vacation and wishing they had studied a lot harder.

* Based on an article titled, "**Pinellas Student Loan Fraud Leads to Nine-year Prison Term,**" published in *The Tampa Bay Business Journal* on January 24, 2013.