RISING THREAT:
FINANCIAL AID ENROLLMENT FRAUD

WEDNESDAY, OCTOBER 11, 2023
1:15 PM – 1:45 PM
Hello.

ERIC STINE
Senior Director, Account Executive
BankMobile Disbursements
GOAL

AWARENESS

"THE BEST DEFENSE AGAINST FRAUD IS AWARENESS OF THE THREAT"
AGENDA

- ENROLLMENT FRAUD DRIVERS
- HOW ARE FAKE ENROLLMENTS CREATED
- IMPACT OF ENROLLMENT FRAUD
- CASE STUDIES
- WARNING SIGNS
- PREVENTATIVE SOLUTIONS
- WRAP UP
DEFINITION | ENROLLMENT FINANCIAL AID FRAUD

FRAUDSTERS TAKE ADVANTAGE OF THE APPLICATION SYSTEMS AT EDUCATIONAL INSTITUTIONS IN THE HOPE OF STEALING GOVERNMENT AID.
WHAT DRIVES ENROLLMENT FRAUD?

- Lack of reporting and information sharing
- Lack of student verification system
- Gaps in enrollment systems
- Easy access to malicious technology (BOTS)
- Pressure/focus on enrollment numbers
- Online enrollment – dependence on technology
- Lack of admission committee
- Online classes
How Ghost Students Are Made

1. Obtain Stolen Identities (Dark Web) or Via Bots
   - How to get your FREE EDU Mail easily | What are EDU Mails? 2021 Trick – YouTube

2. Apply for Admission

3. Apply for Aid

4. Obtain Refund

5. Register for Classes

6. Disappear with Financial Aid Refund

BankMobile Disbursements powered by BMTX, Inc., a wholly owned subsidiary of BM Technologies, Inc. (NYSE BMTX), a financial technology company. BankMobile Disbursements is a technology solution powered by BMTX that processes and disburses student financial aid credit balances on behalf of college and university administrations. BankMobile deposit accounts are provided by Customers Bank, Member FDIC & Equal Housing Lender.
IMPACT

- MONETARY
- REPUTATION
- DATA CORRUPTION
  - MISDIRECTED MARKETING DOLLARS
  - LEGITIMATE STUDENTS CAN’T GET INTO REQUIRED COURSES
  - WASTED STAFF TIME
- POOR DECISIONS
- INCREASED TAXES
- COST PER ENROLLMENT INCREASES

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STERLING EDUCATIONAL CONSULTING, LLC.

$1.8 MILLION DOLLAR SCAM

180 STOLEN IDENTITIES

RECRUITED “STUDENTS”

ACQUIRED STUDENTS’ PRIVATE AND PERSONAL INFORMATION

FAKED DIPLOMAS & GRADES

ELECTRONICALLY SUBMITTED APPLICATIONS FOR FEDERAL STUDENT AID

ENROLLED “STUDENTS” IN CLASSES

SIGNED MASTER PROMISSORY NOTES

VICTIMS ON THE HOOK TO REPAY

TAKEAWAYS
CALIFORNIA CASE STUDY

- 65,000 FAKE APPLICATIONS FOR FINANCIAL AID SUBMITTED IN 2021
- IMPACTED 105 OF 116 COMMUNITY COLLEGES
- ODD STUDENT PROFILES – STUDENTS OVER 30, EARNING LESS THAN 40K, SEEKING 2-YEAR DEGREE.
- BLOCKED APPROXIMATELY $1.7 MILLION IN ATTEMPTED STUDENT AID FRAUD.
- SAN DIEGO COMMUNITY COLLEGE DISTRICT PAID OUT OVER $100,000 IN FRAUDULENT CLAIMS

TAKEAWAYS

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WARNING SIGNS

- UNUSUAL IP ADDRESSES
- CHANGE IN NETWORK TRAFFIC
  - TRAFFIC SPIKES
  - HIGH VOLUME TRAFFIC FROM SINGLE IP ADDRESS
- BOT ACTIVITY
- STUDENTS SIGNING UP FOR CLASSES THAT DON’T CONNECT WITH THEIR MAJOR
- LACK OF STUDENT PARTICIPATION IN ONLINE CLASS
- CONSECUTIVE ID NUMBERS ON CLASS ROSTER
- EMAIL PATTERNS THAT DO NOT MATCH STUDENT NAMES
- BIRTH DATES FROM 60S OR 70S
PREVENTATIVE SOLUTIONS

- DROP ONLINE STUDENTS THAT DON’T APPEAR ON DAY 1
- PARTNER WITH TECHNOLOGY PROVIDERS - STUDENT IDENTIFICATION SOFTWARE - coming soon!
- TWO FACTOR AUTHENTICATION
- DATA ANALYTICS
- DOCUMENT AUTHENTICATION SOFTWARE
- ADDING RECAPTCHA VERIFICATION TO FORM FILLS
- EDUCATE STAFF AND FACULTY
- REGULAR AUDITS OF FINANCIAL AID APPLICATIONS
- COLLABORATION WITH LAW ENFORCEMENT AGENCIES
- CONTINUOUS IMPROVEMENT AND ADAPTABILITY

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SUMMARY

- ENROLLMENT FRAUD ISN’T GOING AWAY
- ALWAYS EVOLVING
- DEVELOP PARTNERSHIPS – DON’T GO IT ALONE
- CONTINUOUS VIGILANCE
- QUICK COUNTER RESPONSES
Thank You.

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