



EDUCATION INDUSTRY FRAUD

In order for an educational program to receive Department of Education accreditation, however, it must meet specific eligibility requirements. For instance, the school must require students who enroll in the program to have a high school diploma and/or to meet certain proficiency standards.

Additionally, accredited schools must not engage in deceptive marketing or recruitment practices – such as guaranteeing students a starting salary after graduation or paying employees to recruit students– and must not recruit unqualified students.

The for-profit education industry has been a major area of fraud and abuse.

Areas of fraud in the for-profit industry include:

- **Payments for student enrollment** – the Higher Education Act bans educational institutions from paying incentive compensation to employees or third party agencies for securing student enrollment. For profit-colleges that provide payments to recruitment/admission staff members based on student enrollment are violating this ban and are not qualified to receive federal student aid funds.
- **Deceptive recruiting practices** – for profit-colleges commit this type of fraud when they recruit students based on misleading job placement rates or starting salaries.
- **Fraudulent student qualification testing** – to be eligible for federal student financial aid, colleges must meet certain requirements, including testing requirements. Schools commit this type of fraud by altering student test results, providing answers to students, or giving student extra time during tests.
- **Falsifying or disregarding enrollment requirements** – schools commit this type of fraud by disregarding enrollment requirements (e.g. high school diploma) or by falsifying attendance or graduation records in order to be accredited to receive federal student financial aid.

If you are aware of fraud in the education industry and would like to speak with one of our attorneys about a potential case, please email us at wbinfo@ktmc.com or call us at (610) 667-7706. All case evaluations are confidential and free.