How 'ghost students' are applying to colleges to steal financial aid

Nanette Asimov

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Thousands of 'ghost students' are applying to California colleges to steal financial aid. Here's how

Nobody knows how much money the fraudsters have managed to grab by impersonating enrollees.

[Photo of Nanette Asimov](#)

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Dr. Richard Valicenti, a radiation oncologist at UC Davis, got a mistaken check from the government for a fraudulent education grant taken out in his name. He asked for his face not to be identifiable in the photograph.

Months after a mysterious check for $1,400 landed in Richard Valicenti's mailbox last summer, the U.S. Department of Education notified him that the money was a mistake — an overpayment of the $3,000 Pell grant he had used to attend Saddleback College in Orange County.

"I told them I never applied for a Pell," said Valicenti, a 64-year-old radiation oncologist at UC Davis who had never even heard of Saddleback.

Valicenti's name is among the stolen identities used in thousands of fraudulent attempts to enroll in community colleges in California and across the country since classes shifted online during the pandemic. The aim is to steal financial aid.

Fake enrollments also crowd out legitimate students and create hours of work for colleges trying to eliminate "ghost students." One strong incentive to catch the bad apples is that colleges disbursing grants to fraudsters are on the hook to repay the feds.

Today, about 20% of California's community college applications are scams: more than 460,000 of the 2.3 million requests to the state's online application system since July alone, says the state Chancellor's Office, which oversees the 116 campuses. Social Security numbers aren't required to apply.

The system's screening software blocked just half of the fraudsters, while the rest slipped through to try to enroll in online classes, then use their bogus student status to seek financial aid — at which point they must provide identification.

Enrollment fraud surged during the COVID crisis, alongside new opportunities for anyone in possession of a stolen identity and a criminal mind. Students no longer had to show up in person, and often still don't.

Pell grants, the federal college subsidies for needy students, have long tempted fraudsters. But the money became easier to steal when the U.S. Department of Education stopped verifying family income during the pandemic, a waiver expected to remain in place until the next award cycle.

Although the state's software has caught more than half of the fraudulent applications since July, that still left about 200,000 sham applications.

"We've worked really hard to close obvious — and less than obvious — routes for people to pretend to be from the United States and pretend to be from California," said John Hetts, an executive vice chancellor with the state. But because so many phony applications make it through, "all colleges have

to deal with this."

The fraudsters are human, Hetts said. But it's their bots — software algorithms — that mimic enrolled students. So officials find themselves in a cat and mouse game to stay ahead of the criminals, and they won't give details about how they do it lest they tip anyone off.

Kim Rich, a criminal justice instructor at Pierce College near Los Angeles, has become an expert at identifying faux students in her online classes. Among the clues she looks for: consecutive ID numbers, similar email patterns that don't match student names, and birth dates from the 1960s or '70s that indicate students far older than usual.

Kim Rich, a criminal justice instructor at Pierce College near Los Angeles, has become an expert at identifying faux students in her online classes.

The U.S. Department of Education's Office of Inspector General says it has 48 active investigations into college fraud rings, including in California.

Impersonating students is crucial to the scam. Once a college requires an in-person appearance, the crime falls apart. For remote classes, instructors are now told to drop anyone who doesn't appear on Day 1.

"Our colleges have put in a lot of effort to make sure students are real," Hetts said.

Rikki Hall, admissions director at Los Medanos College in Pittsburg, says crime-fighting now takes up 25% of her time.

Often, that means connecting personally with applicants flagged as suspicious by the state's CCCApply system. Hall has already uncovered 59 phony enrollments in this year's summer session. "It's the most that we've ever had," she said.

At least one fraudster received a $3,000 Pell grant, said Tammy Oranje, the financial aid director.

Rikki Hall (left), admissions director at Los Medanos College in Pittsburg, says crime-fighting now takes up 25% of her time. Tammy Oranje (right), the school's financial aid director, says at least one fraudster received a $3,000 Pell grant through the school.

Paul Kuroda/Special to The Chronicle

The chancellor's office now requires colleges to send monthly reports of fake students. At City College of San Francisco, 29 bogus students have received $22,418 in Pell Grants, said officials, who reported 59 fraud attempts this spring alone. Of 4,300 suspicious enrollments since 2020, the college said it prevented 10% from enrolling. What isn't clear is whether any of the rest were ghosts.

"This fraud is preventing real students from getting into the classes they need," Darlene Alioto, department chair council president, told the college's Board of Trustees in April, noting that some employees work day and night to fend off fraudsters.

One department eliminated 80 ghost students, only to have 80 more show up within an hour, she told the trustees in February.

Fraud has changed how instructors handle classes. For example, they used to allow multiple absences before dropping students, Alioto told The Chronicle. Now, "we hope to drop the students before the first financial aid check is sent out. It's all very time-consuming."

State officials were so alarmed that they added $100 million to the state budget last summer for improved cyber-barriers to fight false registrations and protect sensitive data.

It's helped, but colleges can still be fooled into adding courses to accommodate a perceived higher need.

That happened this spring at Pierce College, where Rich's two eight-week classes were to begin April

10. Each had filled with 40 students by early March, so she was asked to teach another. It filled in a week.

"I was kind of shocked," Rich said, a former deputy sheriff and "fraudulent student consultant" who teaches other instructors to recognize ghost enrollments.

After Rich analyzed her three rosters, enrollment in one class dropped from 40 to 29, another to 22, and the last to just two students.

"It is a 100% disservice to every single taxpayer," she said. "These criminals wouldn't still be doing this if they weren't getting the money."

Total enrollment at Pierce stood at 7,658 before the college's eight-week classes began this spring, Rich said. By the time instructors cleared the ghosts, enrollment was down to 4,937.

"We had three classes that were full with waitlists and now they're down to 12 students!" lamented a philosophy professor on May 9 at a meeting to discuss the problem.

Neither state nor federal officials would say how much money fraudsters have stolen.

Even so, "fraud rings continue to be a significant part of our investigative activity," said Ryan Traher, a spokesperson for the Inspector General.

In 2014, that office had identified 132 college fraud rings — up from 16 a decade earlier, when online classes were rare, it told The Chronicle at the time.

Now, it reports about 100 a year to the Federal Student Aid Office, the office said.

Arrests, if they happen, can take years.

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Lea Suzuki/The Chronicle 2017

In March, the U.S. Justice Department [arrested two Los Angeles women and one from Las Vegas](#) on suspicion of stealing nearly $1 million in financial aid between 2012 and 2017.

The 20-page indictment sheds light on how the alleged scam worked. On 40 occasions, prosecutors said, the women used identities stolen from prisoners to apply for student loans and Pell grants, which the Education Department mostly approved. The U.S. Treasury transferred the funds to the Federal Reserve Bank, which moved the money to an account used by Orange County colleges.

After taking fees, the colleges sent the rest to Bankmobile, an app-based bank with accounts in the fake students' names. Bankmobile transferred those funds to a personal account or mailed a prepaid debit card to an address provided by the fraudsters. In all, the Education Department released $980,000, prosecutors said.

If convicted, each woman could face 30 years in federal prison per count.

Valicenti, the doctor who got the $1,400 in a purported overpayment of his Pell grant, believes his identity was stolen during a 2021 data breach at UC Davis.

His odyssey led him to contact Saddleback College, a consumer credit company, the IRS, the police and the Education Department — which confirmed it sent the check.

"They wanted half of it back," said Valicenti. "I said, don't you want the rest? This is not my money. They said no."

He sent them $700.

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