



Ghost Students, Fraud Prevention, and Refunds

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Agenda

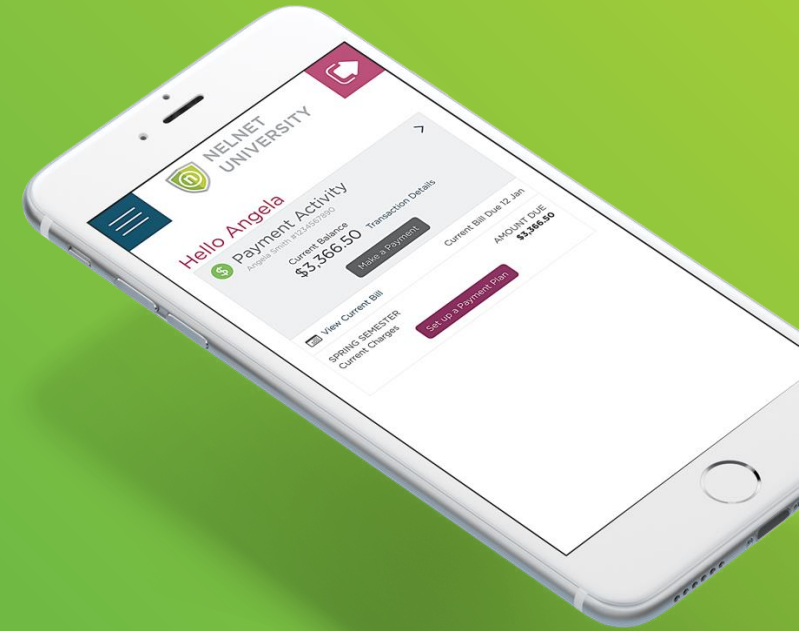
Ghost Students, Fraud Prevention, and Refunds

- Nelnet Campus Commerce
- The Problem
- The Impacts
- What Schools Can Do
- How Nelnet Can Help
- Q and A



Nelnet Campus Commerce

- \$2.9 billion publicly traded company (NNI)
- 30 years and 1300 Institutions
- Comprehensive payment processing
- Integrated technologies
 - Ellucian
 - Workday
 - Oracle/PeopleSoft CS
 - Others
- Security and Compliance
- Outstanding Partnerships



Nelnet Campus Commerce



Tuition Management

Streamline the tuition payment process with Payment Plans, Billing & Payments, and Refunds



Integrated Commerce

Increase revenue opportunities and create a unified payment experience with Cashiering, Storefront, and Payment Forms.



The Problem

Meet the Cybersecurity Threat Haunting Community Colleges: 'Ghost Students'

'Getting significantly worse': California community colleges are losing millions to financial aid fraud

Human trafficking, fake students suspected
in financial aid and enrollment scams



By [Ma. Gisela Ordenes](#)

December 6, 2023

El Camino College joined a growing list of community colleges that have been defrauded by what education officials believe could be a human trafficking ring. The college lost \$110,298 in financial aid last academic year to scammers who pretended to be students.



3 Different Types of Fraud with Ghost Students

Application Fraud

- Potentially barriers to entry are low

- No application fee

- Get an .edu email address – at time of application

- Discounts at retailers; access to libraries and databases

Enrollment Fraud - widespread

- After accepted admission, college has authorized the student to register for classes

- Rely on local staff and faculty to address

Financial Aid Related Fraud – more limited

- Process of disbursing financial aid



The Problem

- Ghost (fake) students applying and enrolling at schools, but not actually attending classes; often victims of identity theft
 - “Students” given grants, which are then disbursed to the bad actors.
- This most commonly impacts community colleges which may have fewer barriers to entry, like application fees.
 - California Community Colleges, PCC, SLCC, DMACC, WICC
- Even schools that require an interview have seen what they believe to be victims of human trafficking posing as students during the interview.



The Impacts

- Classes full of “students” that aren’t real. Real students unable to enroll; professors teaching empty classes that they thought were full.
- Harming real student applicants that need the aid.
- Additional work for college employees – verification efforts.
- Money disbursed fraudulently. Sometimes the government requires the school to repay. Other times, the government is the one footing the bill.
- Refunds products used to disburse all refunds, potentially including these fraudulent students.



What Schools Can Do

- Implement cybersecurity measures to detect fraudulent applications. This can include tools that look for things like bots or VPNs which are common in these scams.
 - 1 person behind 40 – 50 fraudulent applications; some very organized/more sophisticated fraud rings
 - ID patterns: locations, zip codes, phone number, international sites
 - Students didn't exist; addresses didn't exist
- Scrutinize enrollment numbers
 - Enrollment numbers → affect funding
- Multifactor Authentication
- Implement identity verification tools.
 - The ones on the federal aid application are not sufficient.
- For schools that interview, look for suspicious behavior like earpieces.



Other Prevention Measures

Verify government-issued IDs against real time selfies

Screening email addresses against reliable information databases

Comparing (PII) Personally Identifiable Information to third party dark web data

Require students to register in person

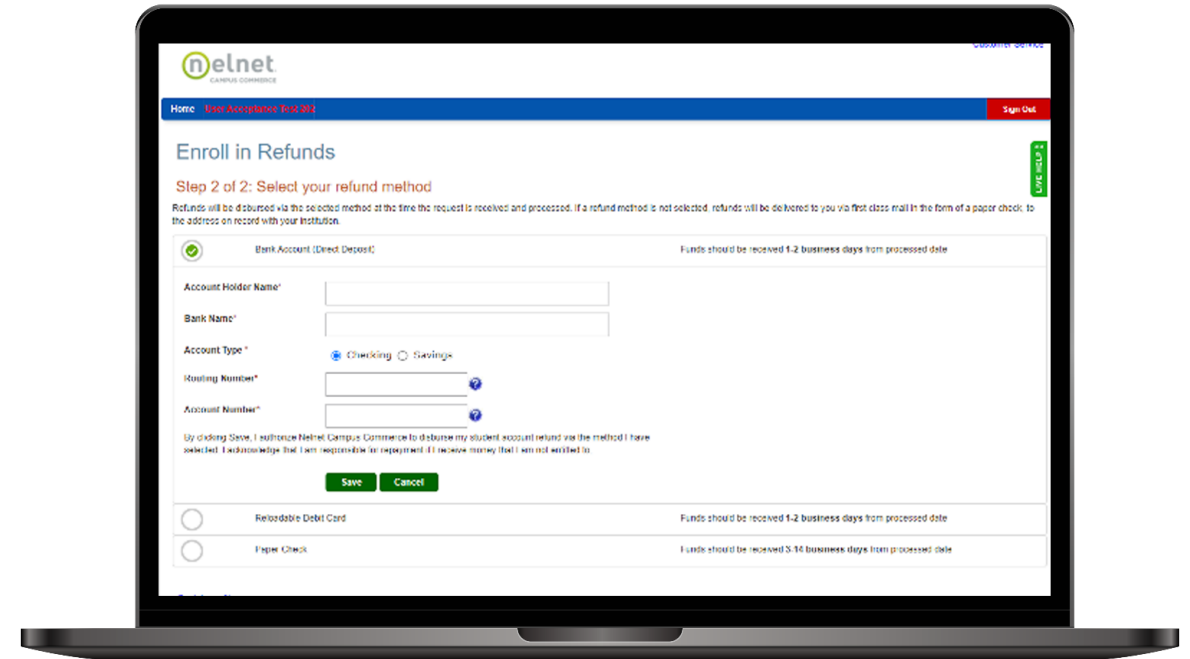
Using real-time video for ID verification

Using biometric authentication solutions

Nelnet Refunds



- Ensures Title IV compliance
- Quick refund processing, multiple disbursement methods
- Institution selects refund methods offered to students:
direct deposit, reloadable debit card or paper check
- Customizable automated email messages
- Refund status tracks from time disbursed to moment
of deposit or cashed



How Nelnet Can Help



- Nelnet Refunds features a duplicate account review process.
- At the time a student enrolls in a bank account or debit card, Nelnet checks to see if that account has been used elsewhere at the school. If so, we flag the duplicates.
- Duplicate review queue process to approve/reject duplicates.
- We won't allow a refund to a duplicate account unless the school has approved the duplicate.
- Clients have access to the Duplicate ACH Report. This allows them to monitor the duplicates they processed and have a list of the ones they approved or rejected.
- NCC Block Bank Account – no refunds will be processed

Security at Nelnet



Dedicated Cybersecurity Staff

Cyber Threat Intelligence Team

Professional Certifications

Active Red Team

Security Ops Center

Penetration and Security Scans



Security at Nelnet

PCI Compliance

Single Sign On (SSO)/SAML

Robust Security Practices

Campus Guard

CampusCommerce.com

References



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Questions?