Education Affiliates Agree to Pay $13 Million for Allegedly Violating the False Claims Act by Submitting False Claims for Federal Student Aid

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Last month, the Department of Justice (DOJ) announced that Education Affiliates (EA), a for-profit education organization based in White Marsh, Maryland agreed to pay the U.S. government $13 million for allegedly violating the False Claims Act (FCA) when it billed the Department of Education (DOE) for federal student financial aid for students that did not meet the necessary qualifications to be enrolled in its programs and receive financial aid. EA operates 50 campuses in the United States under various trade names, including All State Career, Fortis Institute, Fortis College, Tri-State Business Institute Inc., Technical Career Institute Inc., Capps College Inc., Driveco CDL Learning Center, Denver School of Nursing and Saint Paul's School of Nursing, which provide post-secondary education training programs in several professions in the states of Alabama, Florida, Maryland, Ohio and Texas.

Federal Student Financial Aid (FSFA) is the largest provider of student financial aid in the country and over $150 billion in federal grants, loans, and work-study funds are disbursed by the Office of Federal Student Aid to more than 13 million students attending post-secondary schools. In order to qualify for FSFA, a student must have either a high school diploma or GED, and pass the admitting school's entrance examination. Post-secondary schools are responsible for verifying that students seeking enrollment in its programs also qualify for financial aid. However, according to the lawsuit filed by the government, EA allegedly violated the FCA when its’ All State Career campus in Baltimore admitted students into its program that did not have either a high school diploma or GED and/or failed the entrance examination. EA further violated the FCA when it allegedly created false or fraudulent high school diplomas, changed students’ test scores, falsified students’ federal aid applications, and allegedly referred prospective students to “diploma mills” to obtain invalid online high school diplomas.

Part of the $13 million settlement also provides for repayment of $1.9 million in liabilities that resulted from EA awarding federal financial aid to students at its Fortis-Miami campus based on invalid high school credentials issued by a diploma mill. Manufacturing false evidence and billing the government with the intent to increase profits is unlawful. In addition, taking advantage of students by allegedly coercing them into enrolling in school when they have not demonstrated the necessary skills in order to complete the program, is unjustifiable and a waste of taxpayers money.

Provisions of the FCA prohibit a company or individual from committing fraud against the government by requesting federal funds through false pretenses. If you have information concerning a potential case in which the government is being falsely billed, do not hesitate to take action. It is possible that you might be able to bring your own qui tam lawsuit under the False Claims Act, acting as a whistleblower on behalf of the US government.

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