

FRAUD IN INTERNATIONAL HIGHER EDUCATION

EAIE 2012 Conference

Session 10.14

- **The presentation was delivered by ICG at the 2012 EAIE conference in Dublin on 13 September 2012.**
- **The presentation shall be considered incomplete without oral clarification.**
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Housekeeping

Fraud and Deception: Manifestations and Drivers

Examples from the Fraud Catalog

Fraud and Deception: A Conceptual Framework

Suggested Stakeholder Responses

Discussion

- **The presentation is geared for about 30 minutes.**
- **About 15 minutes are allocated for discussion.**
- **The presentation will be made available via the EAIE and ICG's websites.**

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A QUICK POLL OF ATTENDEES

Your Views

- **Do you believe fraud in international education is a small issue, or do you believe fraud is a significant issue?**
- **Have you personally observed fraudulent behavior / documents?**
- **What do you estimate is the dollar figure attached to fraudulent activities globally?**

A QUICK POLL OF ATTENDEES

Perspectives

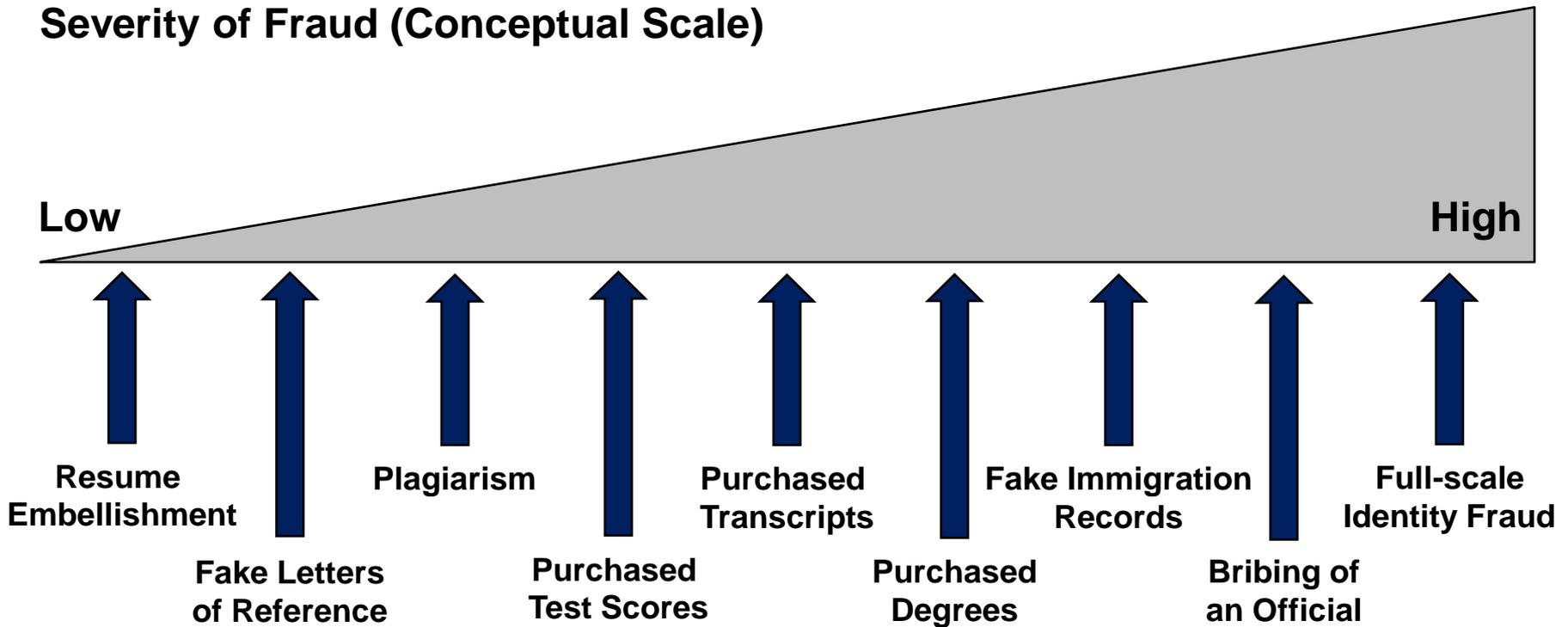
- **Fraud has become a notable and sustained problem, stretching around the world and affecting all aspects of international education, ranging from admissions to immigration rules violations.**
- **It is safe to say that most but all of us have been exposed to fraudulent behavior / documents even though one might think otherwise. The very nature of “high quality” fraud is that it remains undetected.**
- **ICG is estimating the amount of money spend on fraudulent activities at USD 1.5 to 2.5 billion annually. It is impossible to generate a concise estimate.**

By definition, “high quality” fraud tends to stay undetected

THE SCALE OF FRAUD

Concept, Examples, and Manifestation

Severity of Fraud (Conceptual Scale)



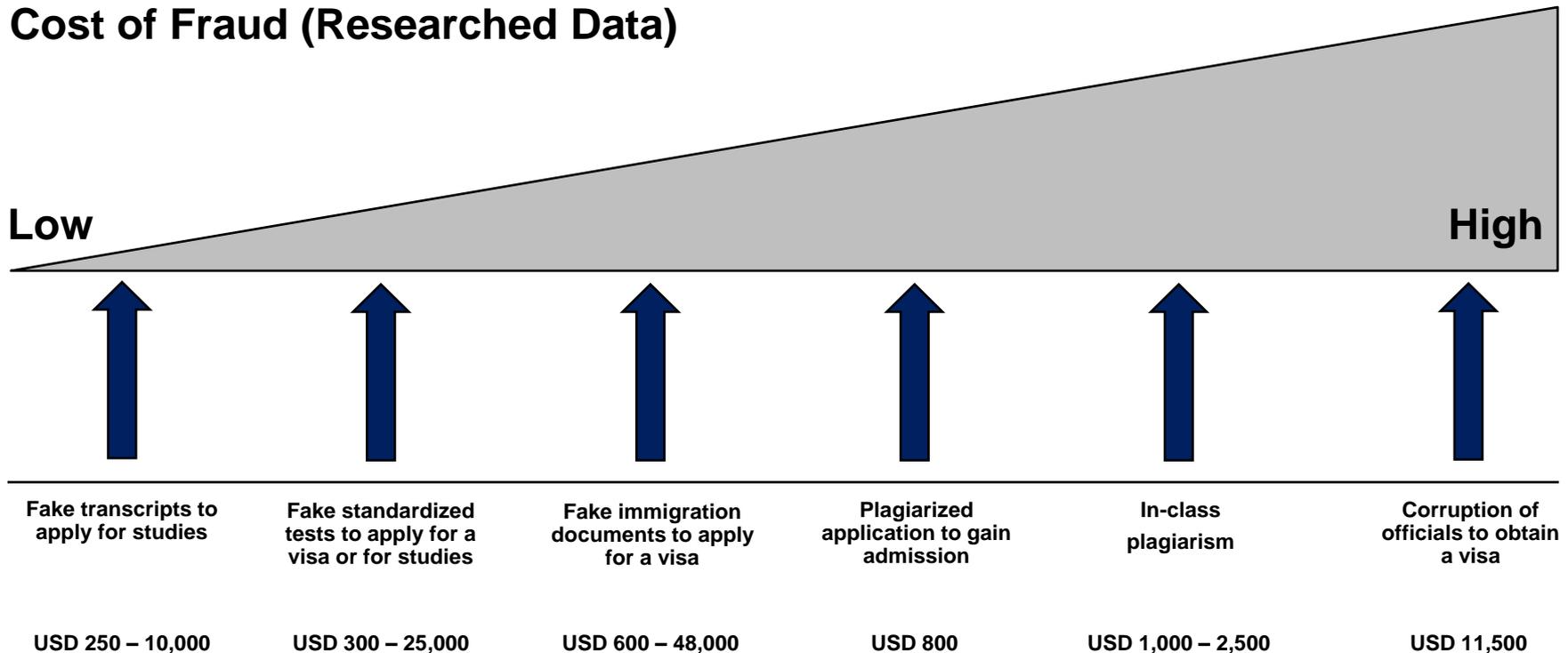
Manifestation

- Fraud can occur as a small, stand-alone issue or be part of a multi-instance, concerted, multi-entity effort.

THE ECONOMICS OF FRAUD AND DECEPTION

Fraud Types by Transaction Costs (USD estimates)

Cost of Fraud (Researched Data)



Given their bottleneck function, language testing & visa fraud runs at a "premium"

Notes: Standardized Tests refer to both language and attitudinal tests.

Source: ICG research.

- **Fraud is invariably underpinned by certain key rationales. These may overtly be connected to education, but essentially all rationales share one key driver – the economic benefit (perceived/expected/attained).**
- **In many early-stage situations, nearly all stakeholders benefit directly or indirectly (and willingly or unwittingly) from fraud:**
 - **Students (and their families)**
 - **The student eco-system (high school principals, etc.)**
 - **Providers of “fraud services”**
 - **Test providers**
 - **Educational institutions**
 - **Governments**
- **Eventually, fraud will manifest itself and/or will be found out. At that time, the “benefit equation” starts to change.**
- **Many of the above will stop benefitting – and some stakeholders will pay a steep penalty (brand/reputation).**

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SAMPLE CASES OF FRAUD AND DECEPTION

The Harvard Cheating Scandal (I)

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BRIDGEWATER

Typo at Root of Cheating Scandal, Letter Reveals

16

By MERCER R. COOK and REBECCA D. ROBBINS 10 hours ago

Professor of Government 1310 noted suspicious similarities between exams in his original letter to the Harvard Board.

Students React to Kyle Casey's Withdrawal

4

By PETER G. CORNICK 8 hours ago

Students react with surprise and disappointment as Kyle D. Casey '13 withdraws from the College in light of the Government 1310 cheating scandal.

Science Center Plaza Common Space Construction Underway

2

By AKUA F. ABU 8 hours ago

Construction is underway to transform the Science Center Plaza into a dynamic social gathering site that will accommodate more seating, events, and local engagement for the Harvard community.



Men's Basketball Co-Captain Kyle Casey To Withdraw, Miss 2012-13 Season; Curry Also Implicated

31

By ROBERT S. SAMUELS and SCOTT A. SHERMAN Yesterday

Men's basketball co-captain Kyle D. Casey '13 has chosen to withdraw from Harvard because of potential disciplinary action relating to the investigation of the Government 1310 cheating scandal. Sports Illustrated reported early Tuesday morning. The Boston Herald later reported that fellow co-captain Brandyn T. Curry '13 is also implicated in the scandal and likely to take a leave of absence as well.

OPINION

flyby blog

- Quincy Swing Housing 3 hours ago
- Scaffolding Near the Kennedy School, Kind Of Yesterday
- Holy Smokes! 2 days ago
- Sundays by the River 2 days ago

The Official Sports Blog of The Harvard Crimson

THE BACK PAGE

MONOTONOUS VS MOMENTOUS

The Harvard Cheating Scandal

- **In August 2012, Harvard announced publicly that 125 students from Harvard College would be investigated for cheating.**
 - **While grading their final exam for the Government 1310: “Introduction to Congress” course, assistant professor Matthew B. Platt noticed similarities among 13 exams.**
 - **The Ad Board, who reviewed all exams, announced that 45% of the 279 submitted exams would be reviewed for plagiarism.**
- **Platt’s suspicion was based on, among others:**
 - **On a bonus question, “all the answers use the same (incorrect) reading of the course material in arguments that are identically structured.”**
 - **On two exams, “22, 500” was written with an unnecessary space.**
- **The men’s basketball co-captain chose to withdraw from Harvard for this reason.**

SAMPLE CASES OF FRAUD AND DECEPTION

Toronto Online Immigration Scam

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3,100 citizenships ordered revoked for immigration fraud

19 individuals stripped so far as Jason Kenney's department investigates some 11,000 cases

CBC News Posted: Sep 10, 2012 8:57 AM ET | Last Updated: Sep 10, 2012 8:04 PM ET 403



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STEVEN AND CHRIS

Sponge Towels



Source: CBCnews.

SAMPLE CASES OF FRAUD AND DECEPTION

Fake Applications to Newcastle University

theguardian

News | Sport | Comment | Culture | Business | Money | Life & style

News > Education > Newcastle University

Newcastle expels overseas students with fake grades

Mainly Chinese students may have been victims of bogus agents who forged applications, says university

Anthea Lipsett
guardian.co.uk, Wednesday 12 November 2008 10.15 GMT



All the forgeries were of "high quality", says Newcastle University. Photograph: Carlos Dominguez/Corbis

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November 12, 2008

British University Kicks Out Chinese Students Admitted With Fake Applications

Dozens of Chinese students who submitted fraudulent applications have been expelled from Britain's Newcastle University, according to the BBC and *The Guardian*.

The students — 49 from China and one from Taiwan, all of whom recently began their studies — had been admitted to the university based on what an investigation later revealed to be forged or altered application documents. The students "appeared to be victims of bogus 'agents,' based either in China or the U.K., who were paid to submit applications, including supporting documents, on their behalf," *The Guardian* said. The BBC reported that Newcastle would change various admissions procedures, "including publishing a list of approved agents on the university's Web site."

University officials grew suspicious when some of the students flunked English-language tests, which are required for foreign students whose first language is not English, even though they had documents attesting to their proficiency in English, *The Guardian* reported.

The incident comes as Britain begins phasing in sweeping new student-visa restrictions, intended to ensure that only bona fide students who demonstrate their educational track records can travel

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SAMPLE CASES OF FRAUD AND DECEPTION

The Flourishing Impersonation Industry

THE TIMES OF INDIA | Chandigarh

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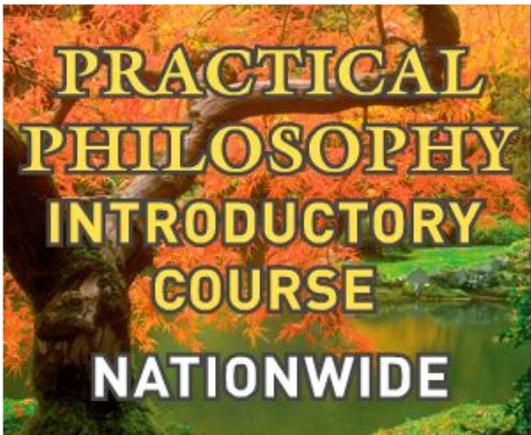
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Man who cleared IELTS for others in lieu of money, held

TNN Jun 25, 2010, 01:25am IST

Tags: [canada](#)

NEW DELHI: A 30-year-old man, who used to clear IELTS (International English Language Testing System) tests, required for immigration, by impersonating candidates in return of money, was arrested here on Thursday.

Clearing the test is necessary for higher education and employment abroad as well as for immigration.

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SAMPLE CASES OF FRAUD AND DECEPTION

Top 5 Fraudulent Applications Practices by Chinese Applicants

Cheating Method	Percentage of Undergraduate Applicants Who Use This Method
Recommendation letters written by someone rather than the teacher, and simply signed and posted by the teacher	~ 90%
Essays written by someone other than the applicant	~ 70 %
High school transcripts (grades and ranking) that are falsified	~ 50 %
Financial aid applications that contain information	~ 30 %
Awards and achievements that are fake	~ 10 %

Notes: Results from interviews with around 250 high school leavers in China (2010).

Source: Zinch.

Visa fraud

- The applicant untruthfully claimed to hold a work authorization for the US.
- The applicant proclaimed to have Optional Practical Training (OPT) status with another company. Research strongly suggests that the claimed OPT internship might be a sham.
- Hiring this candidate would have exposed an employer to the (rapid) need to adverse employment action.

Resume screenshot

RESEARCH EXPERIENCE:	
██████████ Laboratories ██████████	
Marketing Intern	03/2012 – present
<ul style="list-style-type: none">▪ Identifying fiber optics lasers market strengths and opportunities through data and analysis▪ Collecting information on competitors and its products, application trends and forecasts	
Physics of Semiconductors Group, ██████████	
Research Assistant	09/2007 – 05/2010
<ul style="list-style-type: none">▪ Market research of sensitive terahertz detectors and systems▪ Analysis and acquisition of patent information▪ Researched temperature dependent conductivity of novel semiconductor materials	
Division of Polymers and Crystal Physics, ██████████	
Research Assistant	10/2006 – 05/2007
<ul style="list-style-type: none">▪ Investigated mechanical properties, synthesis and manufacturing methods of high-temperature membranes for fuel cells	

Notes: Details sanitized to maintain privacy.

Source: ICG.

SAMPLE CASES OF FRAUD AND DECEPTION

Cultural and Language Non-Capability

The Illuminating Consulting Group

Mobile No. : [REDACTED]

Dear Sir/Madam,

I am writing to apply to the Policy Analyst Position with Illuminating Consulting Group. I am confident the skills that I have developed at Yale and the London School of Economics in addition to my working experiences would prove valuable to any of your areas of project.

Five-year solid academic training in UK enabled me built strong networks with more 800 alumni and 55 professors. To prepare me well for functional analysis, I elected “Econometrics” and “International Economics” at Yale. I leaned through these courses tools of policy evaluation, statistical analysis as well as the international strategy, predictive forecasting and trend modeling. I also strengthened the qualitative benchmarking and equity valuation skills through twelve business case studies in emerging markets finance. In addition, my written and literature surveys skills are improved after completing master’s thesis “the impact of financial development on economic growth”. I look forward to bringing these evaluative and quantitative skills in addition to my deep understanding of British education system and institutional roles to Illuminating Consulting Group.

Financial work experience at Lehman Brothers and Industrial and Commercial Bank of China (ICBC) honed my problem-solving and structuring skills. As an analyst intern at ICBC, I conducted research into the real estate industry and prepared investment strategy presentation slides for potential investors. I also raised \$15 million in capital with five team members. Moreover, through working at Lehman Brothers on the US\$ 250 million Alliance & Leicester bond issue project, I significantly boosted my proficiency in conducting financial models and providing financial strategic advice. Meanwhile, my entrepreneurial experience starting MMY International Social House has honed my abilities in creative business strategy planning and detail-oriented marketing.

4 years of elite education (LSE, Yale) – a cover letter with dozens of mistakes, multiple untruth, and supporting materials which evidence a fundamental lack of English capability

Notes: Details sanitized to maintain privacy.

Source: ICG.

Housekeeping

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Suggested Stakeholder Responses

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FRAUD AND DECEPTION: A CONCEPTUAL FRAMEWORK

Purposes of Fraud

Purpose	Description
Immigration	The pursuit of entrance to a country, either through study permits or falsified qualifications to obtain a work or residence visa
Admission to a Preferred Institution	The pursuit of admission to a given education institution
Improved Academic Credentials	The pursuit of (basic/advanced/elite) academic credentials, in order to meet admission requirements to further degree programs or to increase employability prospects

Fraudulent behavior can be singular or multi-tiered

FRAUD AND DECEPTION: A CONCEPTUAL FRAMEWORK

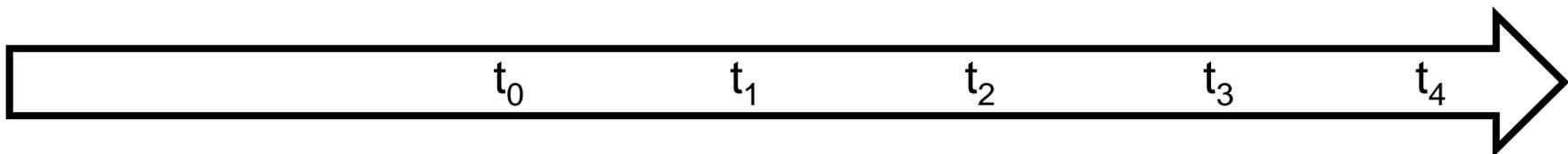
Modes of Fraud

Mode	Description
Transcripts / Degrees	Students, alone or through third parties, submit and/or are awarded fake degrees or academic transcripts. The main purpose is securing admission to a given institution.
Standardized Tests	Students, alone or through third parties, cheat on standardized tests (attitudinal and language ability) and/or produce false scores to secure admission at a given institution or to receive a student visa.
Immigration Documents	Students, alone or through third parties, submit untruthful documentation to immigration authorities. The main purpose is securing entrance to a destination country.
Immigration Rule Violations	Students, alone or with the assistance of third parties, either violate visa rules or overstay their visas.
Plagiarism	Students, alone or through third parties, resort to cheating or contravene academic ethics standards to improve their chances of admission to a given institution, or their academic performance if already enrolled.
Corruption	Students, alone or through third parties, offer financial compensation to a third party to secure the receipt of a given document (e.g. test score) or the successful conclusion of a process (e.g. visa granting process). This cross-sectional category is geared towards those cases in which official government or corporate representatives are engaged in the fraud.

FRAUD AND DECEPTION: A CONCEPTUAL FRAMEWORK

Fraud Types by Stage

		International Student Timeline				
		Application to Education Institution	Visa Granting Process	Border Entry	Studies	Further Studies / Labor Market
Fraud and Deception Modes	Transcripts / Degrees	✓	✓			✓
	Standardized Tests	✓	✓		✓	✓
	Visa Documents/ Compliance		✓	✓	✓	✓
	Plagiarism	✓			✓	
	Corruption	✓	✓	✓	✓	✓



Economic incentives make fraud a persistent, multi-faceted issue

Source: ICG. Notes: Standardized Tests refer to both language and attitudinal tests.

International Student Timeline



Economic Incentives and Rationale to Commit Fraud: Students

- Access to "Western" credential (per se).
- Securing "Western" credential to obtain access to advanced degrees (Master's or PhD) in home or third country.
- Illegal direct access to "Western" labor market through study permit ("underground economy").
- Legal access to "Western" labor market upon completion of studies.
- High(er) earnings prospects upon return to country of origin with "Western" credential.
- Prospect of permanent residence in destination country.
- Prospect of citizenship in destination country.

Fraudulent students have multiple powerful economic incentives to cheat

FRAUD AND DECEPTION: A CONCEPTUAL FRAMEWORK

How to Measure and Quantify Fraud?

- **The direct measurement of fraudulent activities is effectively impossible:**
 - **Many instances will never be known or measurable**
 - **Some instances will not be detected and thus misclassified**
 - **Some instances will never be captured in a reportable format**
 - **Many instances are detected and terminated but not properly classified**
 - **Commercial providers hold fraud data they refuse to share on account of commercial confidence**
 - **Most governmental agencies hold fraud data they refuse to publicly share on account of public diplomacy, national security, or fraud counter-measures**
 - **Most but all educational institutions refuse to publish fraud data**
- **The economic and policy incentives for stakeholders are powerfully aligned against a public discussion (investigation) of fraud.**

To date, the only way to quantify fraud is through proxy measures

FRAUD AND DECEPTION: A CONCEPTUAL FRAMEWORK

Using Proxies to Gauge the Reach of Fraud

- **An indirect measurement of fraud activities can be undertaken through proxies (volumes, trends):**
 - **Study permit refusal rates relative to total visa applications (good)**
 - **The surge in language tests relative to reported problems (circumstantial)**
 - **Admissions fraud discoveries (circumstantial)**
 - **Student attrition and failure rates (circumstantial)**
 - **Student visas abuse and overstay rates (moderate)**
 - **Unethical agents count (approximations might be possible)**
 - **Footprint and revenues of the plagiarism-enabling industry (circumstantial to approximation)**
 - **Student misconduct proceedings (approximation)**
 - **Known instances of diploma mills (approximation)**

Combining proxy measures will yield an incomplete but telling picture

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SUGGESTED STAKEHOLDER RESPONSES

Higher Education Institutions

- **Convene all stakeholders and assess state of awareness as well as educate on actual state of fraud (potentially/actually) impacting the institution (EDUCATE).**
- **Assess institutional processes, procedures, and protocols to detect and respond to fraud relative to best practices (GAP ANALYSIS).**
- **Run post-fact analysis and gather deep contextual information across the organization (EVIDENCE COLLECTION).**
- **Draw up improved processes, procedures, and protocols which are embedded in a QA-driven organizational design (CHANGE MANAGEMENT).**
- **Repeat...**

SUGGESTED STAKEHOLDER RESPONSES

Government Agencies

- **Develop comprehensive information and evidence collection mechanisms, ideally in a scalable, codified, digital, and database-centric manner (GATHER).**
- **Assess (supra-) national processes, procedures, and protocols to detect and respond to fraud relative to best practices (ASSESS).**
- **Change cooperation, sharing, policy-making/shaping, and enforcement models (CHANGE MANAGEMENT).**
- **Devise dedicated and specific layered communication policies and share intelligence and implications (COMMUNICATE).**
- **Repeat...**

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Dr. Daniel J. Guhr
Managing Director

Illuminate Consulting Group
P.O. Box 262
San Carlos, CA 94070
USA

Phone +1 619 295 9600
Fax +1 650 620 0080

E-mail guhr@illuminategroup.com
Web www.illuminategroup.com