

Federal Investigators Warn of “Ghost Student” Fraud Schemes, Seek Greater Outreach in USVI

The U.S. Department of Education’s Office of Inspector General said it is working to combat schemes involving fake student enrollments, identity theft, diploma mills, and student loan fraud while expanding outreach tied to the U.S. Virgin Islands.

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The U.S. Department of Education’s Office of Inspector General says it is increasing outreach connected to student aid fraud schemes, including “ghost student” operations, and wants to engage more directly with residents of the U.S. Virgin Islands as federal investigators continue efforts to identify and stop fraud tied to educational grants and financial aid programs.

According to the Office of Inspector General, investigators are focused on schemes ranging from identity theft and fake student enrollments to admissions fraud, diploma mills, and fraudulent student loan forgiveness activity.

In correspondence shared with The Virgin Islands Consortium, the Department of Education's Office of Inspector General said Assistant Inspector General for Investigations Jason Williams is committed to "rooting out fraud, waste and abuse in federal student aid and educational grant programs."

"From ghost students to diploma mills to student loan forgiveness fraud schemes, Education OIG is present to protect funds set aside for the education of Americans," the communication states.

The Office of Inspector General said student aid fraud remains one of its highest priorities and described "ghost students," "straw students," admissions fraud, and enrollment fraud as schemes designed to steal student aid funds.

According to the office, ghost student schemes are commonly tied to organized student aid fraud rings that exploit online education programs for the sole purpose of obtaining financial aid.

"Student aid fraud rings are groups of criminals—often large or loosely affiliated—who seek to exploit online education programs for the sole purpose of obtaining student aid," the Office of Inspector General said.

The agency noted that student aid fraud schemes continue to evolve and said investigators regularly work with student aid administrators, who are required to report suspected fraud to the OIG, to help identify, prevent, and report fraudulent activity quickly.

The office also said it works with federal, state, and local law enforcement agencies and prosecutors to investigate and prosecute individuals involved in student aid fraud.

In addition to enforcement efforts, the Office of Inspector General said it has focused heavily on public education and awareness campaigns, including podcasts, brochures, flyers, public service announcements, interviews, and social media outreach intended to help students and institutions recognize fraud and avoid becoming victims.

Among the materials highlighted by the agency was an "OIG Perspective Report: The Importance of Strengthening Internal Controls in Federal Student Aid for FYs 2019-2024," which includes information about student aid fraud investigations beginning on page seven.

The office also pointed to several public-facing resources explaining how ghost student scams operate, the types of schools commonly targeted, and the methods investigators are using to combat the schemes.