

U.S. Treasury Identifies \$270 Million in Suspicious Activity Linked to Federal Student Aid Fraud

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FinCEN Refers Findings to Federal Investigators to Combat Fraud and Protect Taxpayer Dollars

WASHINGTON - The U.S. Department of the Treasury announced today that its Financial Crimes Enforcement Network (FinCEN) has identified approximately \$270 million in suspicious financial activity potentially linked to fraud against federal student aid programs. FinCEN has referred these findings to federal investigators to pursue potential fraud schemes targeting federal student aid programs and help ensure those responsible are held accountable. These referrals underscore the Trump Administration's commitment to eliminating fraud, protecting taxpayers, and safeguarding the integrity of federal student aid programs.

"Federal student aid is intended to expand educational opportunities, not line the pockets of fraudsters who steal from students pursuing their education and hardworking taxpayers," said **Treasury Secretary Scott Bessent**. "The Trump Administration will not tolerate criminals who exploit government programs for personal gain. Treasury is working with financial institutions and law enforcement to identify these fraud schemes, recover stolen funds, and hold those responsible accountable."

"Federal student aid is meant to support students, not fraudsters. That is exactly why we introduced the new FAFSA fraud detection tool earlier this year, which stops fraud at the start of the federal student aid process," said **Education Secretary Linda McMahon**. "We are proud to partner with the White House Task Force to combat fraud, waste, and abuse across these critical programs – already saving American taxpayers more than \$2 billion in less than 2 years!"

In a July 2026 [Alert](#), FinCEN warned financial institutions about student aid fraud and asked them to report suspicious activity. That Alert explained that schools or their payment contractors often send aid refunds by electronic bank transfer and that the payment description often includes the word "refund" along with the school's name or initials. The Alert also noted that fraudsters often move stolen aid through money mules, shell companies, and fake accounts to hide the source of the money. These red flags help financial institutions spot suspicious payments and report them to FinCEN in suspicious activity reports, as required by the Bank Secrecy Act (BSA).

Financial institutions have filed nearly 100 suspicious activity reports since the July Alert. FinCEN's review of these reports identified more than 20,000 potentially suspicious transactions since February 2026. These reports reflect suspicious activity that has been identified and reported by financial institutions and, therefore, should not be considered a complete representation of the scope of any particular type of suspicious activity. Accordingly, FinCEN has referred this information to law enforcement as tip-and-lead information for further investigation.

Federal student aid fraud schemes often involve fraudulent enrollments designed to divert financial assistance away from legitimate students. In "ghost student" schemes, criminals steal personal information, such as names and Social Security numbers, and use it to enroll fake students in classes under a victim's identity. Fraudsters may also use super intelligence to produce fake documents that blend stolen information with invented details, which creates what are known as synthetic identities that can pass identity checks. Victims, including minors, often do not know that someone has received student aid in their name.

In "straw student" schemes, fraud rings pay real people for their personal information, enroll those people at a school, and then keep the aid refunds issued to them. Corrupt school employees sometimes help these rings by recruiting straw students and altering their school records. Student aid fraud drains taxpayer funds, and in some cases, keeps real students out of classes that fake enrollees have filled.

Student aid fraud has real consequences for students and American taxpayers. It drains finite grant resources from deserving students, potentially prevents legitimate students from enrolling in classes occupied by fraudulent enrollees, and can leave identity theft victims responsible for debts they never incurred.

As part of the Trump Administration's efforts to eliminate fraud, waste, and abuse across the federal government, Treasury is working with the White House Task Force to Eliminate Fraud, led by Vice President Vance, and [encouraging whistleblowers to report credible information](#) involving fraud, money laundering, sanctions violations, and tax-law violations. Whistleblower tips, combined with financial institutions' reporting under the Bank Secrecy Act, help Treasury and its law enforcement partners uncover criminal networks, recover taxpayer funds, and hold bad actors accountable.

Treasury will continue to leverage financial intelligence, strengthen coordination across government, and pursue those who seek to profit by defrauding American taxpayers and harming legitimate students.

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