

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1068

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Valista Rickford
Operator's Signature

10/2/03
Date

2003 HOUSE EDUCATION

HB 1068

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10/2/03
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1068

House Education Committee

☐ Conference Committee

Hearing Date January 8, 2003

Tape Number	Side A	Side B	Meter #
1	x		3280-3362
2	x		00-1719
Committee Clerk Signature <i>Linda Guckner</i>			

Minutes: **Chairman Kelsch** open the hearing on HB1068.

Debra Huber, ND Voc. & Tech. Ed. See attached testimony.

Q. Rep. Meier To your knowledge how long have Diploma Mills been in ND?

A. Huber No way of knowing how long in ND. Diploma mills have been in existence since 1890, but with each development of corporate media ranging from telephone, TV and e-mail they find more ways to pop up more often.

Q. Rep. Haas Have there been instances in ND where people were seeking jobs with fake diplomas?

A. Huber: I have no direct knowledge of that. But I do have knowledge of a diploma mill that actually has come and asked our board for endorsement to operate in ND.

Q. Rep. Mueller Do we have any sense at all how many exist in ND?

A. Huber: We do not, however, I can get an occasional request of students who are contacting me to take the time to find out before they write out the check. Is this a legitimate school or not.

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House Education Committee

Bill/Resolution Number HB1068

Hearing Date January 8, 2003

What concerns me, I don't get a lot of those inquiries. And I have no way to know what is going on between the general public and their computer and an off shore bank.

Q. Rep. Sitte When you talk about pseudo accredited facilities I think of ACSI, The Association of Christian School Internationally, there are a lot of private schools work real hard to obtain accreditation, will they still be recognized as legitimate? Would that have a negative impact on the diplomas that come from Christian schools?

A. Huber We have a number of legitimate degree seminaries that come to our board seeking authorization to operation in our state. And they do hold accreditation for a typical regional creditor. They are in competition with the ones that throw up a web site and offer diploma.

Q. Rep. Haas requested Leann Schneider of the Attorney General's office to come forward for a Q. Is this as prevalent as it seems and growing, is the AG office doing anything to create public awareness about it to make people more cautious?

A. Schneider I don't believe that our office has received any calls on questions and complaints, usually this things are forward to Voc. Ed. because it involves post-secondary education issues. So I don't think we have receive any.

Q. Rep. Haas Is this confined to the Department of Voc. Ed. Are the Diploma mills producing other types of credentials beside vocational credentials. Am I correct about that.

A. Schneider The ones that this bill addresses is educational credentials and I 'm not aware if our consumer protection division is receiving this type of complaint. My understanding is that if they do they are transfer to Voc. Ed.

Q. Rep. Hunskor How often are you contacted by someone who has written a check and realized that this is a fraud.

Page 3

House Education Committee
Bill/Resolution Number HB1068
Hearing Date January 8, 2003

A. Huber I have not contact with individuals that have invested, There are two kinds of individuals: One who invest knowingly to receive a fake diploma and the other is one who may not know that they have a fake diploma.

Q. Rep. Jon Nelson A list of schools that are registered with your office? In reference to Rep. Sitte question on who is credited.

A. Huber Yes we do, published on the Internet with programs that are being offered so that there is a way that the public can see who is credited. and authorized to operate in the state. The particular act (amendment) that we are referring to contains 13 exemptions. Nelson requested this list, Huber agreed to provide.

Q. Rep. Mueller Are you aware of any efforts at the federal level to address this very issue?

A. Huber I have brought up the issue to Congressman Dorgan's office and receive a response that the re-authorization of the Higher Education act something can be done. But it very difficult to enact legislation because a lot of these mill reside outside of the US.

Q. Rep. Norland Not all states have the same rules and regulations in accrediting their institutions of higher learning, and what would happen to a person who acquired a credential from one state that state recognized the credential, but move to our state, would there be a penalty for that person. Or a person from our state that acquired a credential from another state and full well knowing that that state recognized that institution and accredited.

A. Huber If the organization is accredited and the state has recognized despite that we do things differently. It is very likely that the time that school was operating perhaps they were accredited. The only exception would be the schools that are given provisional authorization to operated in our state. What this does is allows an organization/educational institution to come before our

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House Education Committee

Bill/Resolution Number HB1068

Hearing Date January 8, 2003

board and demonstrate that they can meet the state's minimum standards. Given the min.

standards they then have several years to grow, evolve and prepare for formal accreditation.

They need to have a couple years behind them to graduate students before they will come back

and the state offers recognition. So there is a window of opportunity during this provisional

authorization, however we expect you are taking steps toward accreditation.

Chairman Kelsch state commented about the attachment provided that they are good

information and directed the committee to review it.

Huber It has been very difficult for states to crack down on this because they pop up in

different places easily because of moving their server. There are no regulations on these servers

at this time.

OPPOSITION none

Chairman Kelsch closed hearing on HB1068.

2003 HOUSE STANDING COMMITTEE MINUTES
BILL/RESOLUTION NO. HB 1068

House Education Committee

☐ Conference Committee

Hearing Date January 14, 2003

Tape Number	Side A	Side B	Meter #
1		x	5055-5740

Committee Clerk Signature *Linda Guehtner*

Minutes:

Chairman Kelsch open hearing on bill.

Chairman Kelsch What are the committee wishes? Rep. Muzler moves a DO PASS, and Rep. Hunsakor seconds the motion.

Discussion: No suggested amendments on this bill.

Rep. Mueller there were some discussions in the committee about some institutions that do not exist anymore in the state. They don't exist physically or the name has been changed. I asked what would happens about getting records, credentials or diplomas. There is no problem in getting those items from the records.

Chairman Kelsch plenty of exemption and administrative rules are clearly written, I don't think there should be a problem. The AP picked this on this yesterday and called for an interview. He wanted to know the probability of this bill passing. I told him that I though it would pass. He was quiet intrigued by it and said this is a problem nation wide. The majority of this years legislative sessions around the country are dealing with this.

Salvatore Rickford
Operator's Signature

10/2/03
Date

Page 2
House Education Committee
Bill/Resolution Number HB1068
Hearing Date January 14, 2003

Rep. Haas How many of you have had to show your college diploma since you have graduated?

No further discussion:

Call for the roll, 14 yea, 0 no, 0 absent. Rep. Mueller will carry the bill to the floor.

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Yolanda Rickford
Operator's Signature

10/2/03
Date

Date: January 14, 2003

Roll Call Vote #: 1

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1068

House HOUSE EDUCATION Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS

Motion Made By Rep. Mueller Seconded By Rep. Hunsakor

Representatives	Yes	No	Representatives	Yes	No
Chairman Kelsch	x				
Rep. Johnson	x				
Rep. Nelson	x				
Rep. Haas	x				
Rep. Hawken	x				
Rep. Herbel	x				
Rep. Meier	x				
Rep. Norland	x				
Rep. Sitte	x				
Rep. Hanson	x				
Rep. Hunsakor	x				
Rep. Mueller	x				
Rep. Solberg	x				
Rep. Williams	x				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Rep. Mueller

If the vote is on an amendment, briefly indicate intent:

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Operator's Signature

Date

REPORT OF STANDING COMMITTEE (410)
January 15, 2003 12:47 p.m.

Module No: HR-07-0581
Carrier: Mueller
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE
HB 1068: Education Committee (Rep. R. Kelsch, Chairman) recommends **DO PASS**
(14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1068 was placed on the
Eleventh order on the calendar.

(2) DESK, (3) COMM

Page No. 1

HR-07-0581

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10/2/03
Date

2003 SENATE EDUCATION

HB 1068

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10/2/03
Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1068

Senate Education Committee

☐ Conference Committee

Hearing Date 2-26-03

Tape Number	Side A	Side B	Meter #
1	x		9.3 - end
1		x	0 - 7.7
Committee Clerk Signature <i>Andrea Johnson</i>			

Minutes: CHAIRMAN FREBORG called the committee to order. Roll Call was taken with all (6) members present.

CHAIRMAN FREBORG opened the hearing on HB 1068 which relates to the issuance, manufacture, and use of false academic credentials and provides a penalty.

Testimony in support of HB 1068:

REPRESENTATIVE R. KELSCH, Dist. 34, as prime sponsor of the bill, was unable to be at the hearing but had signed the Registration sheet as supportive of this bill.

DEBRA HUBER, Administrator, Educational Equity and Private Post secondary Institutions, presented supportive testimony. (see attached).

SENATOR FLAKOLL asked about people who have degrees from closed schools. MS. HUBER stated there would be no problem with those persons who have received degrees from accredited schools that have closed. She stated there is an organization they use that verifies degrees and authenticates them. She further stated there are agencies in the US that examine foreign or

Page 2
Senate Education Committee
Bill/Resolution Number HB 1068
Hearing Date 2-26-03

offshore degrees and certifies them. SENATOR FLAKOLL asked where the burden of proof lies, with the individual or the university or the agency. MS. HUBER stated the US Secretary of Education charges the agency to make the decision on accreditation of foreign universities etc. There is a framework in place to handle these things. The important thing to look for is if the school from which a diploma was issued was accredited at the time of issuing the diploma. This is a post-secondary bill and will not affect K-12 level.

MICHEL HILLMAN, Vice Chancellor for Academic and Student Affairs, ND University System, presented testimony. (see attached)

SENATOR COOK asked if there are any schools in ND that this bill affects, ones that won't be able to issue a diploma. MR. HILLMAN doesn't think there are any.

SENATOR FLAKOLL asked what recourse we have in dealing with these fraudulent institutions. MR. HILLMAN said they refer these issues to the legal staff of the large universities, but with a smaller institution, he isn't sure. That is why he feels this legislation is so important.

SENATOR COOK asked what and why was the change made in 1999 that deregulated distance education and opened the door for fraudulent practices. MR. HILLMAN doesn't know, but stated he has not heard any opposition to this bill.

SENATOR FLAKOLL asked if there is a loophole in the bill for a "copy cat" diploma. MR. HILLMAN stated he feels this protects those institutions that have maintained an accreditation status.

LEA ANN SCHNEIDER, Asst. AG, representing State Board for VoTech, drafted the bill. She answered questions from the committee members. SENATOR COOK asked if he would be

Page 3
Senate Education Committee
Bill/Resolution Number HB 1068
Hearing Date 2-26-03

breaking the law if he used diplomas or certificates from various corporate training schools in obtaining a job. MS. SCHNEIDER stated the corporate trainings are exempt in other parts of Chapter 15, she thinks.

DEBRA HUBER stated that it is not the purpose of the bill to interfere with corporate training. She feels there is an exemption in the bill.

LEA ANN SCHNEIDER said the State Board is to determine what "short term" is. As long as the Board approves the diploma or certificate, she feels there is no concern and the agency or corporation is exempt.

Testimony in opposition to HB 1068:

CAM LEEDAHL, Leonard, ND, a home educator, gave testimony on the bill. (see attached).

She feels there is a small glitch in the bill which would prevent home education diplomas from being recognized. She would like to see a change in the bill that ensures all legal options for schooling in ND are included as legitimate sources for a diploma.

There was no more testimony on HB 1068.

SENATOR FREBORG appointed a subcommittee of SENATORS FLAKOLL, and TAYLOR to study the issues that have been raised on this bill.

Yolanda Rickford
Operator's Signature

10/2/03
Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1068

Senate Education Committee

☐ Conference Committee

Hearing Date 3-25-03

Tape Number	Side A	Side B	Meter #
1		x	38.0 - 46.2
Committee Clerk Signature <i>Andrew Johnson</i>			

Minutes: CHAIRMAN FREBORG called the committee to order with all members present.

SENATOR TAYLOR presented amendments (see attached) he and SENATOR FLAKOLL had worked on. The amendment retains some language in the current bill but addresses the concerns of the committee members.

SENATOR FLAKOLL stated this only applies to high school not college.

SENATOR TAYLOR moved to adopt the amendment. Seconded by SENATOR FLAKOLL.

Roll Call Vote: 6 YES. 0 NO. 0 Absent. The amendment is adopted.

SENATOR TAYLOR moved a DO PASS AS AMENDED. Seconded by SENATOR FLAKOLL.

Roll Call Vote: 6 YES. 0 NO. 0 Absent. Motion Carried.

Carrier: SENATOR TAYLOR.

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10/2/03
Date

3-25-03

Taylor/Frakoll

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1068

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact three new sections to chapter 15-20.4 of the North Dakota Century Code, relating to the issuance, manufacture, and use of false academic degrees or certificates; and to provide for penalties.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 15-20.4 of the North Dakota Century Code is created and enacted as follows:

**Unlawful to issue, manufacture, or use false academic degrees -
Penalty.**

1. It is unlawful for a person or entity to knowingly issue or manufacture a false academic degree. A person or entity who violates this subsection is guilty of a class C felony.
2. a. It is unlawful for a person to knowingly use or claim to have a false academic degree:
 - (1) To obtain employment;
 - (2) To obtain a promotion or higher compensation in employment;
 - (3) To obtain admission to an institution of higher learning; or
 - (4) In connection with any business, trade, profession, or occupation.
- b. A person who violates this subsection is guilty of a class A misdemeanor.
3. In this section, "false academic degree" means those documents such as a degree or certification of completion of a degree, coursework, or degree credit, including a transcript, that provide evidence or demonstrate completion of a course of instruction or coursework that results in the attainment of a rank or level of associate or higher, including an associate, bachelor, masters, or doctorate, that are issued by an entity that is not a duly authorized institution of higher learning.

Yalosta Rickford
Operator's Signature

10/2/03
Date

4. In this section, "duly authorized institution of higher learning" means an entity that:

- a. Has accreditation recognized by the United States secretary of education or has the foreign equivalent of such accreditation;
- b. Has an authorization to operate under this chapter;
- c. Operates in this state and is exempt from this chapter under section 15-20.4-02;
- d. Does not operate in this state and is:
 - (1) Licensed by the appropriate state agency; and
 - (2) An active applicant for accreditation by an accrediting body recognized by the United States secretary of education; or
- e. Has been found by the state board for vocational and technical education to meet standards of academic quality comparable to those of an institution located in the United States that has accreditation recognized by the United States secretary of education to offer degrees of the type and level claimed.

SECTION 2. A new section to chapter 15-20.4 of the North Dakota Century Code is created and enacted as follows:

Unlawful to use degree or certificate when coursework not completed - Penalty.

- 1. It is unlawful for a person to knowingly use a degree, certificate, diploma, transcript, or other document purporting to indicate that the person has completed an organized program of study or completed courses when the person has not completed the organized program of study or the courses as indicated on the degree, certificate, diploma, transcript, or document:
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 - b. To obtain a promotion or higher compensation in employment;
 - c. To obtain admission to an institution of higher learning; or
 - d. In connection with any business, trade, profession, or occupation.

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Yolanda Rickford

10/2/03
Date

2. A person who violates this section is guilty of a class A misdemeanor.

SECTION 3. A new section to chapter 15-20.4 of the North Dakota Century Code is created and enacted as follows:

Consumer protection - False academic degrees. The state board for career and technical education, in collaboration with the North Dakota university system, shall provide the public, via their internet web sites, information to protect students, businesses, and other consumers from persons or entities that issue, manufacture, or use false academic degrees."

Renumber accordingly

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10/2/03
Date

JB
3-25-03
1 of 2

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1068

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact three new sections to chapter 15-20.4 of the North Dakota Century Code, relating to the issuance, manufacture, and use of false academic degrees or certificates; and to provide a penalty.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 15-20.4 of the North Dakota Century Code is created and enacted as follows:

Unlawful to issue, manufacture, or use false academic degrees - Penalty.

1. It is unlawful for a person to knowingly issue or manufacture a false academic degree. A person that violates this subsection is guilty of a class C felony.
2. a. It is unlawful for an individual to knowingly use or claim to have a false academic degree:
 - (1) To obtain employment;
 - (2) To obtain a promotion of higher compensation in employment;
 - (3) To obtain admission to an institution of higher learning; or
 - (4) In connection with any business, trade, profession, or occupation.
- b. An individual who violates this subsection is guilty of a class A misdemeanor.
3. As used in this section, "false academic degree" means a document such as a degree or certification of completion of a degree, coursework, or degree credit, including a transcript, that provides evidence or demonstrates completion of a course of instruction or coursework that results in the attainment of a rank or level of associate or higher which is issued by a person that is not a duly authorized institution of higher learning.
4. As used in this section, "duly authorized institution of higher learning" means an institution that:
 - a. Has accreditation recognized by the United States secretary of education or has the foreign equivalent of such accreditation;
 - b. Has an authorization to operate under this chapter;
 - c. Operates in this state and is exempt from this chapter under section 15-20.4-02;
 - d. Does not operate in this state and is:
 - (1) Licensed by the appropriate state agency; and

2.12
(2) An active applicant for accreditation by an accrediting body recognized by the United States secretary of education; or

- e. Has been found by the state board for career and technical education to meet standards of academic quality comparable to those of an institution located in the United States that has accreditation recognized by the United States secretary of education to offer degrees of the type and level claimed.

SECTION 2. A new section to chapter 15-20.4 of the North Dakota Century Code is created and enacted as follows:

Unlawful to use degree or certificate when coursework not completed - Penalty.

1. An individual may not knowingly use a degree, certificate, diploma, transcript, or other document purporting to indicate that the individual has completed an organized program of study or completed courses when the individual has not completed the organized program of study or the courses as indicated on the degree, certificate, diploma, transcript, or document:
 - a. To obtain employment;
 - b. To obtain a promotion or higher compensation in employment;
 - c. To obtain admission to an institution of higher learning; or
 - d. In connection with any business, trade, profession, or occupation.
2. An individual who violates this section is guilty of a class A misdemeanor.

SECTION 3. A new section to chapter 15-20.4 of the North Dakota Century Code is created and enacted as follows:

Consumer protection - False academic degrees. The state board for career and technical education, in collaboration with the North Dakota university system, shall provide via Internet web sites, information to protect students, businesses, and others from persons that issue, manufacture, or use false academic degrees."

Renumber accordingly

7

Senate EDUCATION Committee

Legislative Council Amendment Number _____

Motion Made By Sen. Taylor Seconded By Sen. Flakoll

Total (Yes) 6 No 0

Floor Assignment

adopted

Date: 3/25/03

Roll Call Vote #: 2

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES

Senate EDUCATION☐ Check here for Conference Committee**Legislative Council Amendment Number**

Action Taken Do Pass as Amend.

Motion Made By Sen. Taylor Seconded By Sen. Flakoll

[illegible]

Total (Yes) 6 No 0

Absent 0

Floor Assignment Allen Taylor

If the vote is on an amendment, briefly indicate intent:

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Operator's Signature

Date _____

REPORT OF STANDING COMMITTEE (410)
March 26, 2003 8:29 a.m.

Module No: SR-54-5768
Carrier: Taylor
Insert LC: 38252.0101 Title: .0200

REPORT OF STANDING COMMITTEE

HB 1068: Education Committee (Sen. Freborg, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1068 was placed on the Sixth order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact three new sections to chapter 15-20.4 of the North Dakota Century Code, relating to the issuance, manufacture, and use of false academic degrees or certificates; and to provide a penalty.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 15-20.4 of the North Dakota Century Code is created and enacted as follows:

Unlawful to issue, manufacture, or use false academic degrees - Penalty.

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2. a. It is unlawful for an individual to knowingly use or claim to have a false academic degree:
 - (1) To obtain employment;
 - (2) To obtain a promotion of higher compensation in employment;
 - (3) To obtain admission to an institution of higher learning; or
 - (4) In connection with any business, trade, profession, or occupation.
- b. An individual who violates this subsection is guilty of a class A misdemeanor.
3. As used in this section, "false academic degree" means a document such as a degree or certification of completion of a degree, coursework, or degree credit, including a transcript, that provides evidence or demonstrates completion of a course of instruction or coursework that results in the attainment of a rank or level of associate or higher which is issued by a person that is not a duly authorized institution of higher learning.
4. As used in this section, "duly authorized institution of higher learning" means an institution that:
 - a. Has accreditation recognized by the United States secretary of education or has the foreign equivalent of such accreditation;
 - b. Has an authorization to operate under this chapter;
 - c. Operates in this state and is exempt from this chapter under section 15-20.4-02;
 - d. Does not operate in this state and is:

REPORT OF STANDING COMMITTEE (410)
March 26, 2003 8:29 a.m.

Module No: SR-54-5768
Carrier: Taylor
Insert LC: 38252.0101 Title: .0200

- (1) Licensed by the appropriate state agency; and
- (2) An active applicant for accreditation by an accrediting body recognized by the United States secretary of education; or
- e. Has been found by the state board for career and technical education to meet standards of academic quality comparable to those of an institution located in the United States that has accreditation recognized by the United States secretary of education to offer degrees of the type and level claimed.

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 - c. To obtain admission to an institution of higher learning; or
 - d. In connection with any business, trade, profession, or occupation.
2. An individual who violates this section is guilty of a class A misdemeanor.

SECTION 3. A new section to chapter 15-20.4 of the North Dakota Century Code is created and enacted as follows:

Consumer protection - False academic degrees. The state board for career and technical education, in collaboration with the North Dakota university system, shall provide via Internet web sites, information to protect students, businesses, and others from persons that issue, manufacture, or use false academic degrees."

Renumber accordingly

2003 TESTIMONY

HB 1068

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10/2/03
Date

HOUSE EDUCATION COMMITTEE

WRITTEN TESTIMONY PROVIDED BY:

**DR. MICHEL HILLMAN,
VICE CHANCELLOR OF ACADEMIC AFFAIRS,
ND UNIVERSITY SYSTEM**

JANUARY 8, 2003

The Board of Higher Education supports HB 1068.

This bill addresses the proliferation of fraudulent credentials and the growth of the diploma mill industry, particularly the digital diploma mill industry. The citizens of North Dakota have made an enormous investment in distance delivery technology, and the North Dakota University System has worked diligently to provide high-quality distance education.

Digital diploma mills, in conjunction with unrecognized accreditation agencies, are offering the same degrees for a fraction of the time and cost required to complete a legitimate degree. This results in confusion on the part of a trusting public, which may or may not know how to distinguish legitimate from fraudulent providers. The net result is that all distance education becomes devalued.

In addition to damage created by digital diploma mills, there is a very real threat posed by unscrupulous printing operations. For example, the website *fakedegrees.com* advertises degrees from NDSU-Bottineau, among other legitimate institutions which have changed names or are no longer in operation (NDSU-Bottineau was changed to Minot State University-Bottineau Campus several years ago). *Closedcolleges.com*, which prints diplomas from closed, but legitimate institutions.

At its December 2002 meeting, the SBHE voted to support passage of HB 1068 to help protect ND from fraudulent academic credentials.

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Yalosta Rickford
Operator's Signature

10/2/03
Date

Good Morning,

Chairperson Kelsch

Members of the House Education Committee

My name is Debra Huber and I am employed by the State Board for Vocational and Technical Education as Administrator for Educational Equity and Private Postsecondary Institutions. The State Board for Vocational and Technical Education is responsible for the administration of Chapter 15-20.4 of the North Dakota Century Code, pertaining to the regulation of postsecondary educational institutions in the state. The purpose of the statute is to establish and maintain sound educational standards and quality business practices for the protection of the citizens of North Dakota.

In 1999, this Chapter was amended, deregulating distance education to North Dakotans, as long as the provider of such education is not considered to be "operating" or, essentially, maintaining a site in North Dakota. Though very practical in nature, the change made it possible for ANY distance education provider, accredited or unaccredited, ethical or unethical, from any state or nation to offer distance education services to the citizens of North Dakota with no oversight whatsoever.

Meanwhile, during the last several years, our internet environment has given rise to the growth of a new, insidious threat to educational integrity, the "digital diploma mill". Based upon our experience dealing with such entities, the State Board for Vocational and Technical Education proposes the amendment you have before you today, to eliminate any undesirable effects of distance

education deregulation, and to protect the interests of North Dakota's students, employers, and legitimate providers of higher education.

A diploma mill is defined by the US Secretary of Education as "an organization that awards degrees without requiring its students to meet educational standards for such degrees; it either receives fees from its so-called students on the basis of fraudulent misrepresentation, or it makes it possible for the recipients of its degrees to perpetuate a fraud on the public". (*College and University Journal*, Winter 2002).

In the March, 2000 edition of *University Business*, Dr. John Bear, one of the nation's leading experts on distance education and diploma mill activity, estimated there were about 300 unaccredited universities operating in the country. Dr. Bear noted: "it is not uncommon for a large fake school to 'award' as many as 500 PhD's every month. Data show that a single phony school can earn between \$10 million and \$20 million annually."

Bear attributes the growth of the diploma mill industry to: "the closure of the FBI's diploma mill task force, the indifference of most state law enforcement agencies, the minimal interest of the news media, and the growing ease of using the Internet to start and run a fake university." So common have on-line diploma mills become that there are now websites that compare the quality of appearance and speediness of delivery of fake credentials. (Exhibit A: 1 page)

There are basically two types of suppliers of fraudulent credentials. The first is a printing operation that for a fee, will print high quality degrees, diplomas, transcripts, and/or letters of recommendation for the purchaser. The second is

an entity that is set up to emulate a legitimate school of higher learning, but is really in the business of selling credentials at cheap rates based upon "proprietary" formulas for converting life experience into "credit". Typically, these formulas have more to do with receipt of payment than an actual assessment. Attached is a copy of Columbia State University's Experiential Portfolio, "Sample List of Ideas" (Exhibit B: 1 page) that this now defunct diploma mill converted to "credit". Suggestions include everything from pressing flowers to playing board games, which might serve to warn potential students of the kind of academic rigor associated with that "institution". Nevertheless, when the State of Louisiana filed injunctions to close this institution, it had taken in nearly 16 million dollars from so-called students during a 15 month period from January 1, 1997 to March 31, 1998 – that's more than a million dollars per month!

Although many average consumers may be wary of diploma mills, it is unlikely he or she is aware of another phenomenon that has surfaced as a result of the growth of the diploma mill industry: the development of scores of pseudo-accrediting agencies, which are agencies unrecognized by either the US Department of Education or the Council for Higher Education Accreditation, but designed to appear as legitimate as those that are so recognized. Furthermore, websites hosted by digital diploma mills and unrecognized accrediting agencies (Exhibit C: 21 pages) are devoted to an appearance of legitimacy. Some go as far as to offer plausible-sounding explanations for why they are not recognized by the US Department of Education, and even "warn" potential students about falling victim to other diploma mills – their competition.

4

You may be among the many North Dakota residents who have been solicited by these "providers," whether by mail, on television, or on the Internet. Recently, a Minot State University student who conducted an on-line scholarship search, subsequently received an internet solicitation by a digital diploma mill. Also, a young North Dakotan from Dickinson, a single parent, was recently promised a diploma in Psychology/Social Work for \$689, that could be completed in as little as two years. My colleagues with free Hotmail e-mail accounts report having received the enclosed solicitation (Exhibit D: 1 page), and I personally have received solicitations at my office, demonstrating the length to which these organizations will go to market their products.

Of serious concern is the scope of this particular problem: diploma mills, and particularly digital diploma mills, are not found only in the United States. The World Wide Web has made it possible for digital diploma mills originating from anywhere to reach the citizens of this state. Indeed, some countries allow these organizations to operate as long as they do not sell diplomas to local residents! This problem is well described by Otho Allen Ezell, Jr., retired FBI agent, who headed up Operation Diploma Scam or "DIPSCAM" from 1980-1991. "DIPSCAM" resulted in 39 convictions and the closing of over 50 fraudulent educational organizations. An article entitled "Diploma Mills-Past, Present and Future" published by Mr. Ezell in the Winter 2002 Edition of *The College and University Journal* is enclosed for your review (Exhibit E: 9 pages). The article not only describes in detail the seriousness and scope of the problem, but offers Agent Ezell's views on what should be done to remedy this situation:

"If every state prohibited the use of diploma mill degrees, it would assist in reducing the demand for such degrees. This is a straightforward approach that requires a minimal amount of regulation. This would make the diploma mill degree useless in the business world. The only way to stop these criminal operations is to reduce the demand and simultaneously attack each diploma mill when it begins operation." (C & U Journal, Winter 2002)

In my day-to-day work with organizations seeking to establish operations in North Dakota, I have been amazed at some of the inquiries we have received. They range from various religious based organizations (one claiming to be "accredited by God") to a diploma mill operating from the Caribbean, seeking to expand services to North Dakota. It would be of great service to the citizens of North Dakota if the State Board had legal authority to respond to these inquiries by informing these purported educational institutions that the use of fraudulent credentials is now a Class A Misdemeanor in our state.

To sum: we now live in an environment with unprecedented growth of diploma mills and unrecognized accrediting agencies, designed to perpetuate fraud: either fraud upon unsuspecting students, or unsuspecting employers. The amendment you have before you will protect North Dakota Citizens in at least four ways:

1. The market for false credentials should eventually be eliminated in the state, thereby discouraging unscrupulous providers from preying on vulnerable students – especially those seeking on-line answers to distance barriers to higher education;

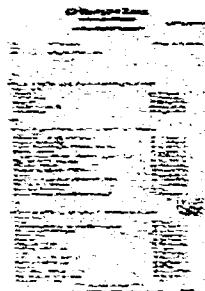
2. Employers will receive protection from those who would seek to deliberately deceive them using false credentials;
3. Legitimate providers of higher learning will benefit by removing diploma mill "competition" from the higher education market, and
4. Job seekers holding legitimate degrees will no longer need to compete with individuals purchasing bogus degrees from a website.

With that, I will be happy to answer any questions you may have.

Lea Ann Schnelder, Assistant Attorney General and the bill's author is also with us today to answer your questions.

Counterfeit Library The Experts Guide to Anonymity

fakedegrees.com

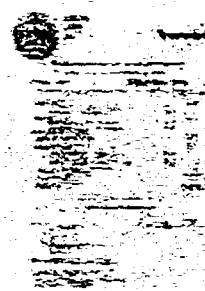


These guys are probably the most well known. Their site has a Degree Finder, University Finder, Certificate Creator, Certificate Preview and more... One of the most professional sites we've seen.

Comments : This site is also one of our feature sites and the top pick.

Rating : ★ ★ ★

FakeDiplomas.com



Another popular diploma site. They specialize in college diplomas and transcripts, industry certificates like Microsoft MSCE, Novell CNA, SAP and other popular certificates.

Comments : Free membership if you contribute to their site.

Rating : ★ ★ ★ ★

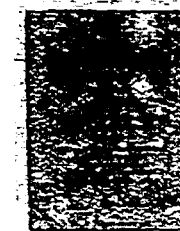
Black's Professional



Black's Professional passed with flying colors. We received almost exact duplicates of our own qualifications. They take a few weeks to produce what you want but its worth the wait.

Comments: One of the best sources that we've found. Great service and an excellent product. All visitor reports have been positive.

Rating: ★ ★ ★ ★



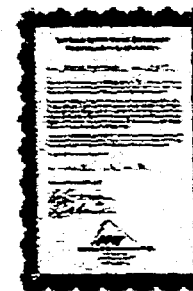
Diplomas2go

These guys supply diplomas and certificates of various types. The order form has a list of templates with a small sample of the product.

Comments: Prices range from \$10 - \$99

Rating: ★ ★

Prestigious Images

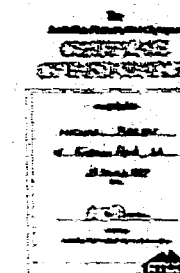


Download the templates from here. Birth certificates, Degrees, Transcripts. And even Ids. They also have a CD with the templates on it.

Comments: Cheap downloadable templates

Rating: ★ ★ ★

Virtual Degree



These guys have a small repository of pictures and images. If you want to look at some pictures of degrees and certificates then this is a good site.

Comments: This is a great reference site for persons wanting to create their own counterfeit certificates. Artists are their main target.

Rating: ★ ★

**So... You haven't heard of us!
Well we haven't heard of you either!**

Exhibit B ~ Columbia State University Portfolio Ideas

you can earn a degree for buying Persian rugs. Not so. We suggest, for instance, that a person who makes a study of Persian art and culture, preparatory to buying carpets, could probably earn some portfolio credit for the out-of-classroom endeavor. Here, then, is a sample list only. You may add to this list with as many other subjects as you wish, either on the lined blank portfolio pages enclosed for your convenience. You may put as few or as many as you would like for us to evaluate. You may also add more detail to any subject you desire to help us decide how much credit you'd be allowed.

SAMPLE LIST ONLY TO GIVE YOU SOME IDEAS

- | | | |
|--|--------------------------------------|--|
| Playing tennis | Preparing for natural childbirth | Leading a church group ✓ |
| Taking a body-building class ✓ | Selling real estate | Studying gourmet cooking |
| Learning shorthand | Building model airplanes | Travelling through Belgium |
| Writing a book (space) | Starting a small business | Navigating a small boat |
| Decorating a home or office | Buying a Persian carpet | Watching public television |
| Bicycling across Greece | Attending a convention ✓ | Being a summer-camp counselor ✓ |
| Writing advertisements | Interviewing senior citizens | Living in another culture |
| Attending art films | Repairing a car | Performing magic |
| Negotiating a contract | Welding and soldering ✓ | Designing and waving a rug |
| Appraising antiques | Editing a manuscript | Planning a trip |
| Visiting a museum | Writing a speech ✓ | Volunteering at the hospital |
| Playing golf | Attending a great books group | Designing and sewing clothes |
| Reading the Bible ✓ | Having intensive talks with a doctor | Teaching a musical instrument |
| Operating a printing press | Leading a platoon | Learning Braille |
| Planning a balanced diet ✓ | Eating in exotic restaurants | Running a store |
| Teaching Sunday School ✓ Sabbath | Reading college level books ✓ | Learning sign language |
| Hooking a rug | Training an apprentice | Being an apprentice |
| Making a speech ✓ | Learning yoga | Laying bricks |
| Developing film | Being Dungeon master | Negotiating a merger |
| Doing circle dancing | Learning calligraphy ✓ | Applying statistics to gambling |
| Studying first aid or CPR ✓ | Taking care of sick animals | Studying/speaking a foreign language ✓ |
| Listening to Shakespeare's plays on tape | Organizing a Canadian union | Researching international laws |
| or seeing on stage ✓ | | |
| Devising a marketing strategy | Designing a playground | Planning a garden |
| Attending a seminar ✓ | Reading the newspaper | Designing a home |
| Reading about the Civil War | Playing the piano | Studying religion ✓ |
| Riding a horse | Taking ballet lessons | Helping a dyslexic child |
| Writing press releases | Pressing flowers | Keeping tropical fish |
| Acting in little theater | Writing for the local newspaper | Running the PTA |
| Taking photographs | Flying an airplane | Designing a quilt |
| Programming a home computer ✓ | Building a table ✓ | Developing an inventory system |
| Painting a picture ✓ | Helping in a political campaign | Playing a musical instrument |
| Playing political board games | Serving on a jury | |

Please submit these portfolio pages of your life experiences with your school application so we may evaluate it along with your other credits if applicable. Just put one number regarding the time you spent on each subject in only one of the time columns, e.g.:

Example on Filing Out Portfolio

SUBJECT	HOURS	DAYS	WEEKS	MONTHS	YEARS
Writing a book					2
Teaching Sunday school			3		
Learning yoga				6	
Learning sign language		6			

"Printers"

Fakedegrees.com

www.fakedegrees.com

Cool Degree

<http://www.cooldegree.com>

Instant Degrees

<http://www.instantdegrees.com>

Your Degree Now

<http://www.yourdegreenow.com>

Closed U.S. College

<http://www.closedcollege.com>

Phony Diplomas

<http://www.phonydiploma.com>

"Institutions"

Concordia College & University

<http://www.concordia-college.net>

Lacrosse University

<http://www.lacrosseuniversity.com/>

Trinity College & University

<http://www.trinity-college.edu>

Kennedy-Western University

<http://www.kw.edu/index.asp>

University Services Corp

<http://www.degrees-r-us.com>

American Coastline University

<http://www.amercoastuniv.edu>

Vernell University

<http://www.vernelluniversity.org>

"Accreditors"

Association for Online Academic Excellence

<http://www.aoaex.org/index2.html>

Distance Graduation Accrediting Association

<http://accredit.t2u.com>

Professional Board of Education

<http://www.pboe.org/info.htm>

Accrediting Commission International

<http://www.accredtnow.com>

National Board of Education

<http://www.nationalboardedu.com/Accreditation.htm>

Yolanda Rickford
Operator's Signature

10/2/03
Date

fakedegrees.com

■ fakedegrees.com is now the only site that provides you with an On-line Certificate Creator. With our exclusive tools and the partnership with one of the best on-line certificate merchants we can provide our members with the largest range of custom-made degrees, diplomas and certificates that you can preview online.



Complete the following steps to access the Member's Area |

REGISTER

Just complete the Registration form and pay the Joining Fee. Your login will be created online and you will have immediate access to the Members Area.

LOGIN

When you have your username and password, then click here for access. You can start creating your custom-made degree now.

Fact |

● 80 % of our new memberships are from referrals by our current or past members.

■ Our Certificate Creator has obtained a lot of attention and we will continue to ensure that these services are available to our members and clients. The Certificate Creator guides you through a few simple steps so that you can create your own certificate and preview it.

Statistics |

● Top 10 Universities per Country/Region. Use the Search feature to find a university.

United States	40%
Neutral Zone	18%
Sweden	11%
United Kingdom	8%
Taiwan	6%
Canada	5%
Denmark	4%
China	3%
Australia	3%

<http://www.fakedegrees.com/fakedegrees/main.asp?>

1/6/2003

Best Products on the Internet

Order Today!!

Verify your degree with our Registrar

Buy an Authentic College Diploma!!

**Special This week: Free Authentic Padded Diploma Cover
With All Rush Orders**

We can create a fake diploma and fake degree of the highest quality. These fake diplomas are created from the same high quality parchment paper that the major universities use. Impress your friends and colleagues, and put a college diploma on your wall. These impressive diplomas are shipped ready to hang in your home, or at the office. All orders are shipped within 21-days or less (usually 7-10 days) via Priority Mail or EMS. We have been in business the longest, and we are superior to other sites. Do not settle for a cheap degree that is printed on an ink jet printer. We print all documents on an off set printing press, to achieve professional printing results. Take advantage of our two for one sale and order today! All major credit cards accepted.



Beware of the \$ 39.00 Degree, because you get what you pay for. We offer the Best Quality Degrees.

Rush Delivery now available! Shipped within 72-hours!

VIEW MORE DIPLOMAS HERE

St John's University

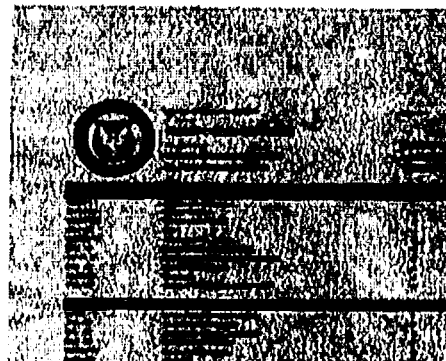
New Haven, Connecticut

The Trustees of the University on the recommendation of the faculty
and by virtue of the Authority in them vested have conferred on

Your Name Here

The degree of

Bachelor of Science



<http://www.cooldegree.com/frame2.htm>

1/6/2003

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Operator's Signature

10/2/03
Date

instantdegrees.com

Home

Get your degree

Find out more about our service

Faq

Contact us

Affiliate Login

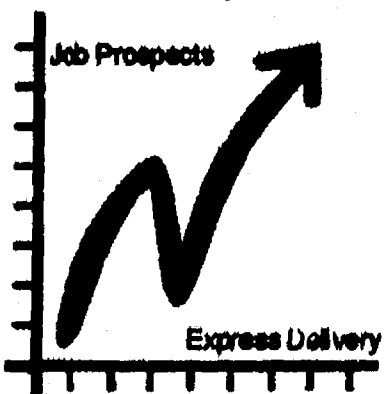
Become an Affiliate

Legal Loopholes Exposed

College Degrees

Bachelors, Masters & Doctorates

Boost your CV, Resume or Prestige **NOW!**



1. All degrees are registered
2. Legal and Verifiable
3. No coursework required
4. Express Dispatch

Benefit by getting a Bachelor, Master or Doctorate College Degree in a matter of days with no coursework.

Legal Loopholes Exploited

Tired of being passed over for promotions because you don't have a degree? Discover a little known secret to enhance your employability and prestige.

Instantdegrees.com has the ultimate solution for anybody who needs to get a degree instantly with no attendance requirements or hassle of any kind.

Student Transcripts and Records are also available.

To get your college degree, [click here](#).

If you want to:

Get a College degree legally in a matter of days.

Ensure the degree is verifiable. i.e. if a prospective employer contacts the institution to verify your credentials.

Do **NO COURSEWORK** whatsoever but you need a degree right now!

Pay 10 times less than other services. We can get a degree for as little as \$100 USD.

Can we help?

Yes

Yes

Yes

Yes

More Advantages of our service

A flawless Customer Service Record

We want you to feel comfortable using our service. To verify instantdegrees.com is a responsible CCNOW merchant with a flawless customer service record, please don't hesitate to contact CCNOW. support@ccnow.com

You are dealing with the experts

<http://www.instantdegrees.com/main.htm>

1/6/2003

Exhibit C ~ Page 5
Sample Website

Get your Degree in 10 Days!

This is not a real degree. It is a fake degree.

Get your degree in 10 days or less! No muss, No fuss.

Fake Degrees are also available, if you do not want a real degree.

You may obtain a **REAL** diploma, not a **fake** diploma from a diploma mill, not a counterfeit diploma, but a real College or University degree, from a legally chartered institution. To qualify, you must have at least three years of either, class room education, or work experience, or a combination of the two.

Three sound reasons to get your college diploma here rather than a fake degree from an on-line diploma mill.

1. Others can verify your college record with a toll-free call.
2. The U.S. University is listed in the phone book.
3. Course and Grade Transcripts are from an accredited University.

GO DIRECTLY TO PRICES/ORDER FORM

If you have three years of verifiable experience, in the subject of your degree (Business Administration for example), or any other non-medical field, then you ARE qualified to receive a Bachelors Degree!



American Express

Discover Card

<http://www.yourdegreenow.com/>

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Operator's Signature

Yalosta Rickford

Date

10/2/03

Buy a Replacement college Diploma, fake diploma, fake degree

Page 1 of 2

Exhibit C ~ Page 6
Sample Website



~~Buy a fake college diploma & transcripts from a closed college.~~

ClosedCollege.com

**Buy a high quality replacement
college diploma.**

[Click here for more information.](#)

TRANSCRIPT VERIFICATION SERVICE NOW AVAILABLE!

We will mail sealed transcripts to where you need them.

**Don't get scammed! There are many copy-cat sites, but they do not accept
cards and they do not deliver. We are the original closed college replace
service.**



<http://www.closedcollege.com/>

1/6/2003

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Operator's Signature

Yolanda Rickford

Date

10/2/03

**Exhibit C - Page 7
Sample Website**

Over the past twenty years, hundreds of private universities and colleges have been forced to close due to financial difficulties, leaving alumni out in the cold. Larger Regional Institutions have seen their student enrolment increase by 200% because they have the State and Federal backing to keep ad campaigns all over the media.

Lets face it, the time for small college and universities is coming to an end, and unfortunately, this leaves class rooms full and tuitions high. If you were fortunate enough to attend a private college with small classes and one-on-one time with your professor, then consider yourself to be one of the lucky ones. If the college or university you attended has been closed, it may be difficult or impossible to obtain a replacement diploma and transcripts. Since the school you attended is now closed, how else will you prove that you ever attended college at all, with no diploma or transcripts to prove your academic achievement?

After all, since the school you attended closed, a potential employer cannot verify your degree without seeing your diploma or transcripts. It's not as if they can call or write anyone to get confirmation of your attendance. Sure, you could direct them to the State Education Department, but in most cases, it would takes months, if not longer to find your specific student information; and don't be surprised to hear, in many cases, that information no longer exists. This is a better option than buying a fake diploma or fake degree.

Once a school closes, it's similar to a business closing. Records get lost, misplaced, etc. and the custodian has another job in another state or country. This is how we can help you. We can make a replacement diploma and transcripts and help you cut through the red tape. Our replacements are authentic and are suitable for framing, etc. In some cases, replacements might not be exact, but having a close replica replacement is better than nothing at all. This is a better option than buying a fake diploma or fake degree.

Simply complete the order page, and specify what school you attended, and all of the other information listed on the order page, and that is it. We will ship your authentic replacement diploma within two weeks. Again, This is a better option than buying a fake diploma or fake degree.

Why buy a fake degree or fake diploma, when you can get a replacement degree and diploma from www.closedcollege.com?

featured on

[Home](#) [Closed College List](#) [Samples](#) [FAQ](#) [Order](#) [Contact Us](#)

<http://www.closedcollege.com/>

1/6/2003

Yolanda Rickford
Operator's Signature

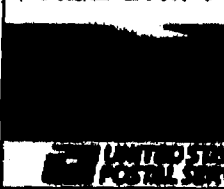
10/2/03
Date



Phony Diplomas

CREATE PRICES QUICK TURNAROUND EXCEPTIONAL QUALITY

FREE SHIPPING



Home | My Account | View Cart | Contact Us | Help | Customer Service
Diploma Styles | Disclaimer | Emblem Options | Frame Options | Paper Options
Shipping & Packaging | Privacy Policy | Transcripts | Verification Service | Order Fc

Click on an image below for order information.

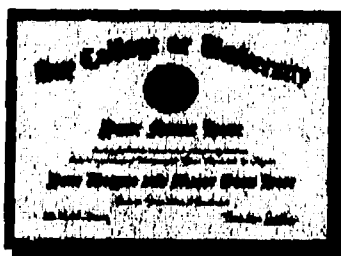
Good



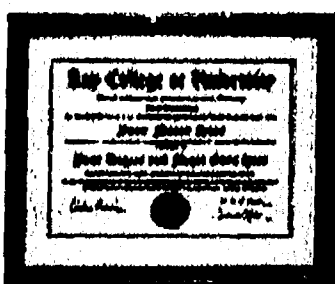
Better



Best

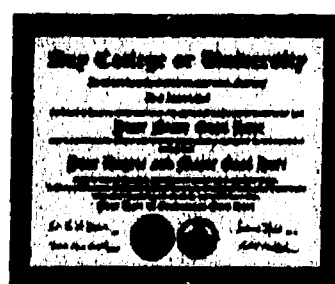


- 8.5x11" Document
- Any Design
- Embossed & Raised Gold Foil Seal
- Clear Protective Sleeve
- Two Signature Lines



- School Name
- School State
- Your Name
- Degree
- Major
- Date of Graduation

- 8.5x11" Document
- Any Design
- Embossed & Raised Gold Foil Seal or Full Color State Seal
- Four Signature Lines



- 11x14" Document
- Any Design
- Embossed & Raised Gold Foil Seal and Full Color State Seal
- Four Signature Lines



Send Page to Friend

<http://www.phonydiploma.com/?source=Overture>

1/6/2003

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Yolanda Rickford
Operator's Signature

10/2/03
Date

Welcome to Concordia College.

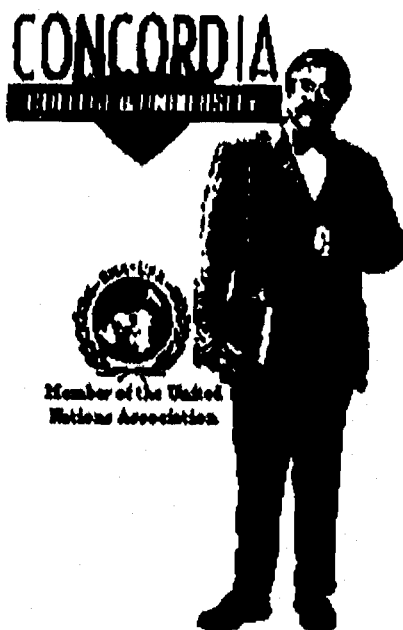


Exhibit C ~ Page 9 Sample Website

- Earn your accredited and verifiable de graded transcripts in less than 12 hou the University's **FREE** academic evalu prior education and professional expe
- More than 150 fields of study availabl
- No exams, no residency requirements

CLICK for a quick summary of Concordia acade

Concordia C&U degrees are accredited and recognized by:



and in the Republic of Liberia by the national Education

I received my Concordia College degree and tra already landed a job paying \$19000.00 MORE i tested me on the new job and I flew through wit I had the knowledge and background just not th you really helped with my dream! Thank you!
- Jim H.

Did YOU know that you can earn your accredite Bachelor's, Master's or even Doctorate degree, already existing professional or academic exper

Without residency requirements, without ever hi classes.

You do not even have to take a leave of absenc current job or change your schedule while you p professional advancement you deserve.

Scroll down or get started here.

You may complete your degree from anywhere in the world.

Concordia College & University provides a viable alternative for many working adults who cannot afford the time away from jobs and families required, or the expenses dictated by traditional universities.


We provide the opportunity, using your professional expertise, skills, knowledge and life experience, to earn your Bachelor's, Master's or Doctorate degree fast and on your own terms.

If you are an adult with a high school diploma and a minimum of three years of experience in the field you are seeking a degree in, Concordia College can help.

Concordia College & University removes the obstacles that



<http://www.concordia-college.net/pages/145824/page145824.html?refresh=1041550406645> 1/6/2003



Innovation in Education
LACROSSE
UNIVERSITY

The Global Leader in Distance Learning

Lacrosse University was founded to fulfill the educational needs of professional and working adults who wish to expand their formal education within their field of expertise. In addition to recognizing prior learning, we offer a fresh and unique approach to traditional subject matter. By maintaining flexible schedules, we can facilitate the educational process to fit the needs of all of our students.
[more...](#)

Lacrosse University's mission is to provide career-oriented, working adults with a practical alternative to traditional residential universities. A primary goal of Lacrosse University's program is to select a rich diversity of students with various work and life experiences. There are no required prerequisites for prospective students other than four years of work experience. Therefore, students with all types of backgrounds are encouraged to apply. Previous academic performance, work experience and recommendations are some of the factors considered by Lacrosse University administration.

[Click here for a list of some of the companies that employ or have employed students attending Lacrosse University. Many of these companies provide the financing necessary for these students to obtain both graduate and undergraduate degrees.](#)
[more...](#)

<http://www.lacrosseuniversity.com/>

1/6/2003

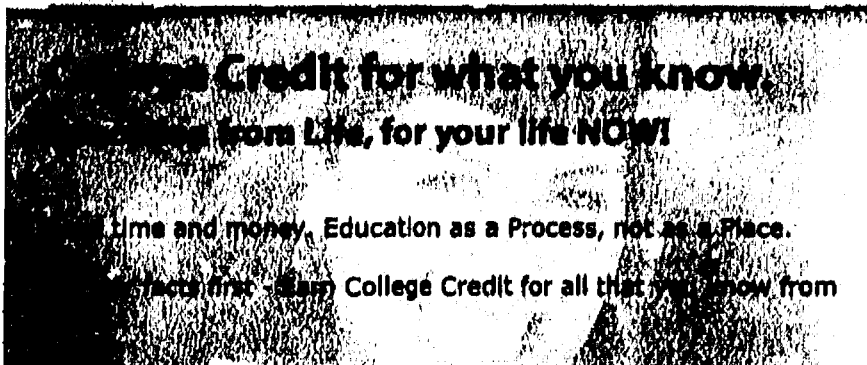
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10/2/03
Date



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College Credit for what you know. Degrees from Life, for your life NOW!

Time and money. Education as a Process, not as a Place.
No textbooks. No class. College Credit for all that you know from
your life and now learning takes place is no longer a mystery to
educators. We live in a global, mobile world where learning is
found in the family, at work, in the media, with friends and
through personal initiatives, such as travel and self-study.

Trinity College and University gives qualifying adults the
opportunity to convert what is learned in life into college degrees,
whether that knowledge is from professional or other
accomplishments, work, religious or military training or other
sources. You may have qualifications now to earn a college
degree or college credits by our assessment of your prior
learning, testing or portfolio. Our evaluation and assessment may
lead to the award of a degree or perhaps a Certificate in certain
specified areas of study.

Prior Learning Assessment Application

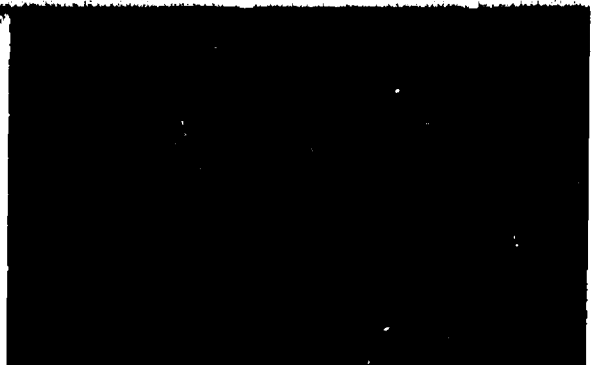
Adult students report that the process of completing our online
form - **APPLICATION** - identifying, articulating and documenting
their learning from life - is a positive experience that serves as
encouragement for them as they identify and realize all that they
learn from work and life experiences. While the process of
documenting college-level knowledge is, admittedly, tedious,
adults with qualifications often find it invigorating. If you do not
have substantial learning achieved through work and life
experiences, you will probably find that our process is not of
assistance to you. **THERE IS NO CHARGE FOR SUBMITTING
THE APPLICATION FOR ASSESSMENT!**

A Pioneer in the Telematic Age

Trinity College and University is one of the earliest distance
learning universities founded to serve adults on the Internet.
While we do not claim to have invented the concept of Prior
Learning Assessment (PLA) - the granting of college credit for
what is learned from life - we certainly contributed to the
evolution of this process. We seek to make available learning
opportunities for qualified adults.

Education as a Process, not as a Place

The Increasing globalization of work is making age-old teaching
methods irrelevant. Today, adult students, especially, need to

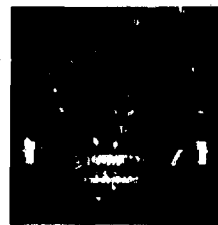


UNDERGRADUATE PROGRAM



EXECUTIVE MBA PROGRAM

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an agent



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<http://www.trinity-college.edu/>

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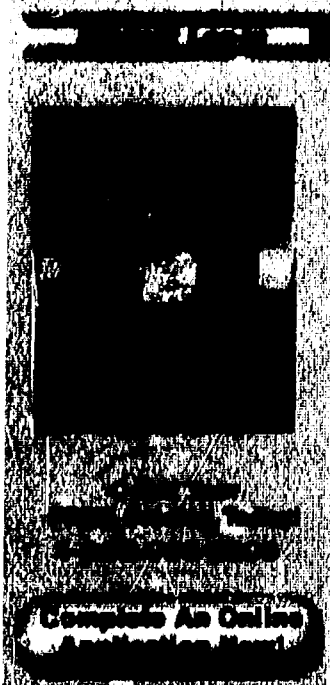
Salvatore Rickford
Operator's Signature

10/2/03
Date

KW

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KW

[Home](#) | [Admission](#) | [Education](#) | [Career](#) | [Financial Aid](#) | [Home](#) | [Free C](#)

IN A COMPETITIVE ECONOMY THE DEMAND FOR PROFESSIONALS WITH DEGREES

So states a recent United States Department of Labor study. In today's knowledge-based economy, the pay gap between those who have a college education and those who don't has widened from 50% in 1980 to an estimated 111% today. At Kennedy-Western University, your previous education, as well as work experience, immediately counts toward earning your degree...and you can accomplish this in an abbreviated period of time. Concerned about time? Don't worry, the program is designed for those with busy professional schedules. The result is you earn your Bachelor's, Master's, or Doctorate degree without attending class.

Call us now for a free catalog at 1-800-969-6906 24 hours a day
or for our international clients fax us at 1-805-379-1092

ENROLLMENT NOT AVAILABLE TO CALIFORNIA RESIDENTS

<http://www.kw.edu/home.asp?Action=flash>

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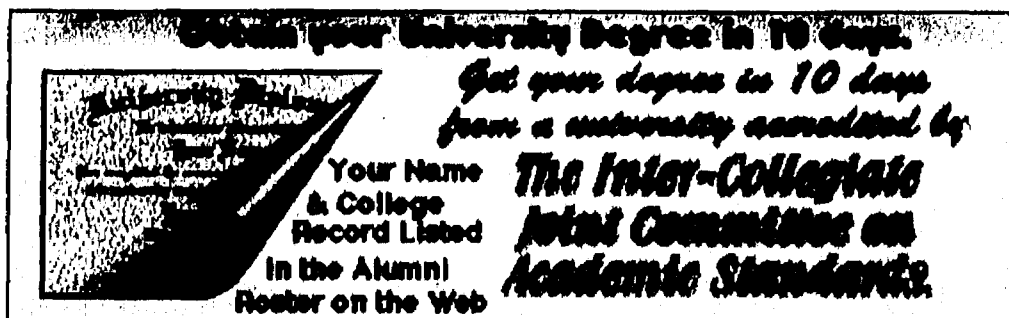
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University Services, Corp.

Exhibit C ~ Page 13
Sample Website



Avoid Phony Diplomas and Fake Degrees.

Get a real college degree in 7 days, based on your life and work experience. Three years experience in a field qualifies you for a degree.

Our diplomas are printed on parchment paper. Both the transcripts and the diplomas carry an embossed seal.

If you have three years of verifiable experience, in the subject of your degree (Business Administration for example), or any other non-medical field, then you ARE qualified to receive a Bachelors Degree!

GO DIRECTLY TO [PRICES/ORDER FORM](#)

Three sound reasons to get your college degree here rather than a fake degree from an on-line diploma mill.

1. Others can verify your college record with a toll-free call.
 2. The U.S. University is listed in the phone book.
 3. Course and Grade Transcripts are from an accredited University.
-

<http://www.degrees-r-us.com/>

1/6/2003

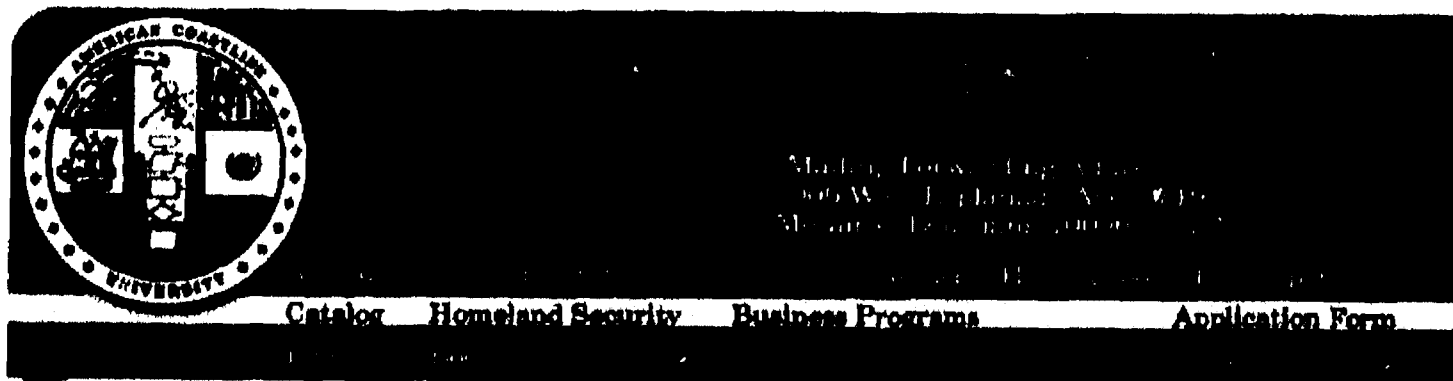
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ACU is an agent of and branch division of the International University Of Fundamental Stu

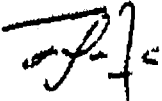
**LETTER OF AUTHORITY TO GRANT ACADEMIC CERTIFICATES,
DIPLOMAS AND DEGREES AS A BRANCH DIVISION OF IUFS.**

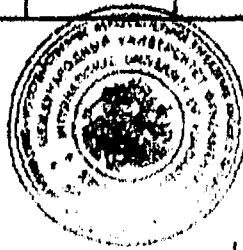
IT IS WITH GREAT PLEASURE AND HONOUR THAT I CONFER THE
AUTHORITY TO AMERICAN COASTLINE UNIVERSITY TO ACT AS AN
AGENT OF AND A BRANCH DIVISION OF THE INTERNATIONAL
UNIVERSITY OF FUNDAMENTAL STUDIES (IUFS).

ALTHOUGH AMERICAN COASTLINE UNIVERSITY SHALL PROCESS
PAPERWORK THROUGH THE US PROCESSING CENTER, THEY SHALL
MAINTAIN THEIR BASE OF OPERATIONS WITHIN RUSSIA.

AS A BRANCH DIVISION OF IUFS, AMERICAN COASTLINE
UNIVERSITY GOVERNMENT REGISTRATION # 76034 IS FULLY
ACCREDITED BY THE STATE COMMITTEE OF SCIENEC AND
MINISTRY OG HIGHER EDUCATION OF THE RUSSIAN FEDERATION
LICENSE # 4058-D77 AND MEMBER OF THE INTERNATIONAL
ACADEMY OF INFORMATION, COMMUNICATION, CONTROL IN
ENGINEERING, NATURE AND SOCIETY #015.

AUTHORITY CONFERED THIS FIRST DAY OF MARCH 2002.

The Rector of IUFS		Dr. Shanti P. Jayaseka
--------------------	--	------------------------



<http://www.amercoastuniv.edu/accredit.htm>

1/6/2003

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VERNELL

UNIVERSITY

HOME
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DISTANCE
EDUCATION
TUITION
FINANCIAL AID
CAREER
PLANNING
REGISTRAR
ALUMNI

*"Vernell University Offers Traditional Enrichment
Through Education."*



Message from the University President

Dear Visitor,

Welcome to Vernell University's Web site. Whether you are a prospective student, an alumnus or are simply curious about the College, this Web site has been created with you in mind. Here you will find information about admission to the university, about our research programs, and items of special interest to alumni.

This web site reflects our core values and goals for the institution: educational excellence for all students at Vernell University and the world; economic development through research and outreach; and a commitment to diversity and intellectual rigor.

Through its three primary missions of teaching, research and outreach, Vernell is the intellectual center and has been recognized by many as a fantastic research and doctoral-degree granting institution.

I invite you to explore Vernell University through this web site. You will discover that Vernell is a great institution offering a strong education. You will find evidence that teaching and learning are top college priorities.

<http://www.vernelluniversity.org/>

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Date

10/2/03

The Association for Online Academic Excellence

FRAUD ALERTS NEW ALERT - January 6, 2003

About Us

Founded in 1997, the Association for Online Academic Excellence (AOAE) professional accrediting association established to uphold and maintain h standards for all levels of online postsecondary education.

Though distance learning is thought by some to be significantly changing education, it is not a new phenomenon. Its predecessors are the correspo courses that have spanned this century, providing education for those learners who could not pursue a traditional education. Yesterday's correspondence courses depended on written materials transmitted between teacher and learner by mail; today's education courses depend on the multitude of constantly changing communication technologies that can transmit instruction and relay materials between learner and teacher.

These technologies have taken shape at a very rapid pace, erasing traditional barriers of time, space and place and represent the capacity to fundamentally change the standard for transmitting knowledge and skills master to learner. For reasons of access, economy, effectiveness and cor online learning is sweeping higher education and, in the view of some, ch role of traditional learning to a marketplace that some institutions would to enter. Whether one is for or against distance learning, one cannot esc impact.

Nearly half of the college students in this country are of the age group or of as non-traditional. They are adults, 80% of whom work full-time and t primarily coming to college for many reasons, including economic advanc accomplishment of educational degree goals and personal enrichment. M these students are attracted by the convenience and flexibility of online e programs -- a perfect fit for their busy lives. They are not alone, howeve indicates that many students of a more "traditional" age find distance lea attractive and that the population seeking postsecondary education is gr faster than the current institutions ability to meet the demand.

Since the accrediting process serves to validate an institution's commitm quality assurance and continuous improvement, the purpose of the AOAE provide a level of acceptability of college degrees which will undergo muc same scrutiny as the evaluation of conventional campus-based programs

Accreditation by the AOAE provides assurance to the public, in particula

<http://www.aoaex.org/index2.html>

1/7/2003

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DISTANCE GRADUATION ACCREDITING ASSOCIATION

Accreditation of State Registered Online Institutions of Higher Learning



The DISTANCE GRADUATION ACCREDITING ASSOCIATION (DGAA) is an international professional accrediting association providing employers with a resource of acceptability of college degrees attained through non traditional means, such as the Internet or correspondence.

Accreditation by DGAA is not an analysis of individual university academic programs, but a measure of the acceptability of the college degree by major corporations worldwide.

Colleges and universities that gain accreditation by the DISTANCE GRADUATION ACCREDITING ASSOCIATION are mostly untraditional institutions, determined to provide qualified degreed students that meet or exceed those of more traditionally accredited universities.



To be accredited by the DISTANCE GRADUATION ACCREDITING ASSOCIATION, an institution must provide full distance degree programs. Whether the institution offers traditional campus-based learning is not relevant: determination of accreditation for these institutions is based on

<http://www.globalaccreditation.org/pages/204694/index.htm>

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PROFESSIONAL BOARD OF EDUCATION

Time

The time in completing our review process varies but it is approximately 3 to 6 months length. It can require an on-site review of your location by our specialists.
* 1 to 3 months for Individual members.

Fee

For Organizations:

One-time application fee of \$100.00 (Nonrefundable) submitted with application.

\$1900.00 fee submitted upon approval of application. Needs to be submitted with required paperwork.

Total fee for an organization is \$2000.00. If an on-site review should become necessary a \$2000.00 additional fee will be required.

Individuals:

For individual health care practitioners of a specialized field the fee is \$499.99 submitted with application. \$100.00 is nonrefundable if application is not accepted for accreditation. Balance will be refunded. 3 Business references verifying credibility is required.

[Click here for application form.](#)

Review Process

A partial list of material required:

- Copies of all course material - "Course Curriculum"
- Copies of all tests from last 6 months (passed and failed)
- Copies of all brochures and/or printed materials (advertising)

<http://www.pboe.org/info.htm>

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Accrediting Commission International™
"Quality Non-governmental Accreditation"

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John F. Scheel, Ph.D. - President
Telephone (501) 882-3361
Email scholar@accreditnow.com



Accrediting Commission International is the world's largest non-government school accrediting association. ACI accredits over 225 schools in 38 of the United States and in 9 other countries. School and Teacher Certifications are our speciality.



There is only 71 days, 13 hours, 25 minutes and 51 sec until the **Annual ACI International Conference**

March 20-23, 2003

<http://www.accreditnow.com/>

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10/2/03
Date

Exhibit C ~ Page 20
Sample Website

**Accreditation of Online Educational
Organizations**

HOME CONTACT

**NBOE is the only privately-owned legally
authorized accreditation agency approved by
the Education Minister Of The Republic of
Liberia.**

**The National Board of Education, Inc, NBOE
has full legal authority to grant full
Government Recognition and Accreditation to
schools and other educational organizations.**

**How will NBOE Accreditation Benefit Your
School?**

Approved NBOE Accredited Members are granted
Government Recognition, which (other than US
RA) is the **only legal authority to grant
degrees.**

As an approved NBOE Accredited Member, your
school may grant legally recognized degrees up to
the Doctoral level.

NBOE Accreditation is open to virtual and distance
learning programs, accelerated degree program
providers, non-traditional universities and colleges,
religious and professional schools, seminaries, and
other organizations offering high-quality
educational services through correspondence,
computer based training (CBT), home school
networking, video, closed circuit television, or by
utilizing new technology and/or other innovative
teaching or assessment methods.

**NBOE is the only privately-owned legally
authorized accreditation agency approved by
the Education Minister Of The Republic of
Liberia.**

Because NBOE is not a member of any association
of universities, their accreditation process is
objective, fair and impartial.

Why Is Accreditation Important?

Accreditation is a process that grants recognition
to organizations that meet certain standards and
assurance to the public that the organization will
provide the quality of educational programs it
claims to offer.

<http://www.nationalboardedu.com/Accreditation.htm>

1/7/2003

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10/2/03
Date

Accreditation

Page 2 of 3

Exhibit C ~ Page 21
Sample Website

Accreditation consists of a peer review using criteria of **Generally Accepted Accreditation Principles (GAAP)** as indicators of quality.

The NBOE Accreditation process combines GAAP with an allowance for, and an appreciation of the uniqueness of each organization.

NBOE accreditation serves to strengthen and support higher education programs that are worthy of public confidence.

Each NBOE Accredited Member is expected to accept and fulfill the responsibilities of accreditation to assure standards of quality and maintain a commitment to excellence.

The Accreditation Process

Accreditation begins with submission of an application for NBOE review.

The review process can include an evaluation of the application content by experts, state departments of education, federal agencies, Better Business Bureaus, and/or other official bodies, and may include on-site inspection conducted by peer group evaluators to verify information.

Some requirements may be waived for certain organizations based on their established reputations and/or historical background.

NBOE accreditation is based upon approval of the method of education, as opposed to grade levels, subject matter, or geographic location.

Acceptance of degrees or credits from NBOE Accredited Members is determined by the policy of the receiving organization, such as an employer, college registrar, etc.

Accreditation of any type or through any government or private agency is not a guaranty of automatic acceptance of any credential or transfer of credit to any college or university.

The Standards applied by NBOE are:

<http://www.nationalboardedu.com/Accreditation.htm>

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Exhibit D
Hotmail Solicitation

UNIVERSITY DIPLOMAS

Obtain a prosperous future, money earning power,
and the admiration of all.

Diplomas from prestigious non-accredited
universities based on your present knowledge
and life experience.

No required tests, classes, books, or interviews.

Bachelors, masters, MBA, and doctorate (PhD)
diplomas available in the field of your choice.

No one is turned down.

Confidentiality assured.

CALL NOW to receive your diploma
within days!!!

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or

1-312-683-5205

Call 24 hours a day, 7 days a week, including
Sundays and holidays.

12/23/2002

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10/2/03
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Diploma Mills—Past, Present, and Future

During the AACRAO Annual Meeting in Seattle in April 2001, I was working at the AACRAO booth when I began speaking with a conference goer about diploma mills and began to tell the story of "DIPSCAM" and the FBI's investigation into phony degrees. As I told the story, the listener would occasionally correct some points of the story. Finally, I asked the listener if he had any direct knowledge of the FBI's work in this area, and he admitted that he was the FBI's Special Agent in charge of the investigation that many of us have heard about for years. This was my personal introduction to Allen Ezell. I hope you will find his accounting of "DIPSCAM" as interesting and as troublesome as I have found it to be.

—Dale E. Gough, Director of International Services, AACRAO

What is a Diploma Mill?

Various definitions for diploma mills have been given over the years; however, the Director of the U.S. Department of Education has previously defined a diploma mill as:

"an organization that awards degrees without requiring its students to meet educational standards for such degrees; it either receives fees from its so-called students on the basis of fraudulent misrepresentation, or it makes it possible for the recipients of its degrees to perpetrate a fraud on the public."

This is the definition used when I was a Special Agent for the Federal Bureau of Investigation (FBI) in charge of Operation Diploma Scam (DIPSCAM) from 1980-1991. I believe this definition is still viable today even with the advent of the Internet.

DIPSCAM

The Charlotte, North Carolina, office of the FBI conducted a series of investigations from 1980-1991 regarding alleged diploma mills operating throughout the United States and abroad, resulting in 39 convictions and the closing of over 50 purported colleges and universities.

It all began with a complaint that Dr. Alfred Q. Jarrette, president and founder of Southeastern University in Greenville, South Carolina, was selling degrees and transcripts. The citizen then purchased several backdated degrees with accompanying transcripts, which he then made available to the FBI. This information, along with the degrees and transcripts, were reviewed by the United States Attorney's Office for the Western District of North Carolina, which in turn authorized the FBI to institute an investigation.

This citizen then introduced me to Dr. Jarrette, with whom I negotiated for the purchase and backdating of bachelor, master, and doctorate degrees. An amount was agreed upon and dates were selected for the respective degrees. I then obtained a cashier's check for the total amount and mailed it to Dr. Jarrette.

Thereafter, another FBI Agent (Ron Rollins) was introduced to Dr. Jarrette, and he too purchased several degrees and transcripts. At this point, the Assistant United States Attorney handling this matter wanted to be in a position to later show a jury just how far Dr. Jarrette would go to perpetrate this fraud. So officials of North Carolina National Bank (now Bank of America) corresponded with Southeastern University and indicated that Ezell and Rollins had applied for job positions, and that the bank desired verification of their respective degrees. Dr. Jarrette then verified these degrees with NCNS and made glowing remarks about these two "graduates."

At this same time, Dr. Jarrette invited his two new graduates to come to Greenville and be photographed in cap and gown with him at his university. Thus, we traveled to Greenville and visited with Dr. Jarrette at Southeastern University. The "University" occupied the front two bedrooms and living room in his residence. Dr. Jarrette took us on a tour, during which he proudly exhibited the filing cabinets containing all the student files of his "graduates," including ourselves. He proudly boasted of his many graduates who were then employed by the federal, state, and local governments. Dr. Jarrette then offered us the opportunity to raise funds on behalf of Southeastern University and to keep one third of the revenues. After this visit, we returned to Charlotte to review our observations with the Assistant United States Attorney.

Since the Assistant United States Attorney desired to show the criminal nature of Dr. Jarrette's entire operation, a third FBI

Otto Allen Ezell, Jr., is an Assistant Vice President and Senior Investigator with First Union Corporation in Tampa, Florida. Upon his retirement from the Federal Bureau of Investigation (FBI) in December, 1991, after a 31 year career, he joined the Special Investigations Unit (now Corporate Fraud Investigative Service). He is currently in the process of co-authoring a book on diploma mills with Dr. John B. Bear, author of Bear's Guide to Earning Degrees by Distance Learning.

WINTER 2002 CSU JOURNAL 39

Agent was introduced. He negotiated a \$5,000 fee for the purchase of a master's degree in Theology from Southeastern University Theological Seminary. A date and time was agreed upon for the delivery of this degree.

On May 4, 1981, all three FBI Agents arrived at Southeastern University, not with \$5,000, but with a federal search warrant. The building was searched and all student files, correspondence, blank degrees, transcripts, seals, etc. were taken. Dr. Jarrette was given a receipt for the seized items and the FBI team departed for Charlotte.

The following morning, South Carolina law enforcement officials called to inform us that after we had departed Greenville, Dr. Jarrette committed suicide.

We had not yet opened the boxes of records taken from Southeastern University. When we reviewed these documents, we determined that Southeastern University, in its eleven-year existence, had 620 "graduates" of which 171 were employed at the federal, state, and local government levels. Some of these "graduates" were even high-ranking officials in Washington, D.C. These names were later disseminated to the appropriate Inspector Generals of the respective agencies, and to various State Attorneys General. This was the beginning of DIPSCAM.

As a result of the large quantity of school records seized, DIPSCAM created a database with over 12,000 names of "graduates." As each case was adjudicated, a listing of the "graduates," along with home address, type and date of degree, amount paid, and place of employment was placed in the court record. This list became a "public record" and was available to universities and the media.

Of all the cases brought forward in United States District Court, only one case resulted in a jury trial. This trial lasted two and a half weeks and produced over 100 witnesses, including testimony from officials of AACRAO, COPA, and several registrars from legitimate universities. For the other cases, the operators of the diploma mills were prosecuted in United States District Court, and numerous "graduates" were prosecuted in state courts as a result of the "graduate" list becoming public record.

DIPSCAM and the resulting search warrants, arrests, convictions, related prosecutions, and publicity (along with Congressional hearings) resulted in a new awareness in the academic and business community of the magnitude of the problem. Various businesses and government agencies have established procedures whereby the educational credentials of current/new employees are now checked to determine their legitimacy.

Although DIPSCAM has ceased to operate since 1991, several FBI offices have instituted independent investigations of large-scale diploma mill operations. These are labor intensive investigations involving the review of large quantities of seized documents. It is truly a cooperative venture between the FBI, the United States Attorney's Office, and the United States District Court. It takes a team effort to stop a diploma mill.

Additionally, several State Attorneys General have utilized "sting" operations in order to obtain the necessary evidence to clean up their own states of these entities. In particular, the

Attorney General of Missouri established its own diploma mill (Eastern Missouri Business College) and even arranged for a storefront-type office for the one time its "accrediting" entity would inspect the facility. This resulted in the Attorney General obtaining a cease and desist order against the International Accrediting Commission for Schools, Colleges and Theological Seminaries, which "accredits" about 130 entities.

RECIDIVISM

Generally, once the diploma mill operator had been the subject of an undercover operation, indicted by a Federal Grand Jury, arrested, and had his case adjudicated in court, he normally goes "out of the business." However, there are a few who are believed to have continued to operate diploma mills from inside federal prison via outside mail drops, answering services, and sometimes, with assistance from confederates.

History of Diploma Mills

Diploma mills have existed since the inception of colleges and universities, with the earliest recorded to be Richmond College in Jefferson County, Ohio, which was chartered in 1835. Then with the advent of an efficient postal system, and the growth of the Internet, diploma mills have grown in scope. Historically, a locally owned and operated diploma mill (possibly a one-man operation) was able to victimize persons—both students and businessmen—throughout the world. Today, many such operators have seized upon the Internet as a means to truly reach a world-wide audience, especially with "virtual universities." In light of this, I have been contacted by Congressional investigators regarding certain Internet-operated diploma mills to address this nationwide problem and to craft legislation which would put an end to these operations.

Are Diploma Mills a Threat Today?

Yes, and now more than ever before, diploma mills are everywhere. With the advent of the Internet, this has become a global money making operation. There are even diploma mills using "spam mail" to locate prospective "students."

They are such a threat today that the Better Business Bureau (www.bbb.com) has published a warning on its Web site: "Is the Internet Becoming a Haven for diploma mills?" The BBB then states, "As the concept of earning a degree without leaving home becomes more accepted, the most virtual of virtual universities—better known as digital diploma mills—are gaining enrollees. Many fraudulent diploma mills are capitalizing on the growth in popularity of distance learning opportunities and are using the freedom of the Internet to lure students in to their 'programs.'"

Diploma mills are a serious threat to our educational standards because:

They damage, due to misunderstandings in the public mind, the legitimate educational institutions;

Overall, they "devalue" an earned degree from a legitimate institution;

Often, they confuse the public, as some diploma mills are established in the same name as legitimate colleges and universities;

They defraud those who honestly believe they have received recognition from a legitimate institution of higher education;

They deceive employers, customers, clients, and patients who believe they are dealing with a professional who has received the formal training and education as evidenced by the degree; and

They lower prestige abroad by deceiving foreign students.

Educational institutions abroad are governed by national legislation; thus, foreign students believe that all educational institutions in the United States are similarly controlled. Instead, appropriate legislation and controls are left up to the individual states.

Several larger domestic diploma mills have "targeted" South American and Middle Eastern countries and even recruited local brokers in those areas in an effort to increase their number of "students" from those countries. These diploma mills have even had their school literature, bulletins, etc., printed in the local languages.

Scope of the Problem

THE PROBLEM OF DIPLOMA MILLS IS NOT UNIQUE TO THE UNITED STATES

Diploma mills as operated in the United States defraud individuals throughout the world. Previously, several of these U.S.-based diploma mills purported to be operating in various foreign countries. For example, Norman Bradley Fowler was convicted for operating Loyola University, Paris, France; Roosevelt University, Brussels, Belgium; DePaul University, Paris, France; University of England at Oxford, London, England; Cromwell University, London, England; and Lafayette University, Amsterdam, Netherlands. The addresses for these schools were nothing more than "convenience addresses," whereby incoming mail would be re-mailed weekly to another foreign address or re-mailed back to the United States.

On the other hand, diploma mills operated in other countries, particularly the United Kingdom, exist to sell diplomas to foreigners only, thus not violating statutes in their country. This is especially true today, as a host of institutions are being operated from "boiler rooms" (telemarketing rooms) in the United Kingdom and are using "spam mail" as their main medium for advertising. Their printing presses are in Jerusalem; wire transfers go to an account in Cyprus; credit card payments are processed in Romania; and degrees and transcripts are shipped in the United States from Baldwin Park, California, using a return address of a mail drop in Beverly Hills, California (where there have been nineteen diploma mills and fictional accreditation entities using this same mail drop).

Since 1997, unknown persons have operated the following entities in the above fashion:

University of San Moritz
Glencullen University
Brentwick University
University of Palmers Green
University of Wexford
University of Devonshire
Shelbourne University
Harrington University
University of Ravenhurst
Thornewood University

Solicitations claim that a degree (with supporting transcript, verification, letters of recommendation from two professors, etc.) may be obtained within 30 days with no classroom attendance required. The name and telephone number of the "registrar" for the unnamed university is indicated thereon (see below). When the prospective student calls the "registrar" in the United States (telephone numbers have been from Arizona, Florida, Illinois, Michigan, New York, and Texas), a recording requests that the caller leave his or her day/night telephone numbers, and that the caller will be contacted within 48 hours.

Shortly thereafter, the "registrar" returns the call. In a slick presentation (you can hear others on the telephone in the background) he tells you the name of the university, and he (only once was I called by a female) flatly tells you they are a "diploma mill." They have no campus, no faculty, etc., but are offering you a degree from their institution, with transcript, and letters of recommendation from two professors, for \$2,495. However, if you agree to purchase the degree right now, then you qualify for a \$500 "instant scholarship." The degree will be yours to "try out" for one year, during which time you can change your major, GPA, etc., at no charge. Further, the university will "verify" your degree to anyone you so choose. If you indicate you are skepti-

University Degree Program

Graduate without attending classes or taking a leave of absence from your current job. Prepare for the professional advancement you deserve. **CALL 1-713-866-6227**

This University Degree Program removes the obstacles that cause adults to abandon all hope. You may know employers continually hire, promote and reward raises to new employees. They may have ZERO skills or experience, but they are continually promoted just because they have this piece of paper. The degree earned by our students enables them to qualify for career advancement and personal growth. This accreditation also breaks down the walls that prevent you from receiving the more fulfillment and proper compensation. With our service, you are provided with an official graded transcript. Duplicate transcripts will be filed in the graduate's permanent record with our colleges. Degree verification and official transcripts will be provided in writing when requested by employers and others authorized by the graduate. Our College and University transcripts meet the highest academic standards. Our University issues a degree printed on a premium diploma paper, bearing the official gold raised college seal.

*Your degree is closer than you think.
No one is turned down.*

Confidentiality is assured, and we are awaiting your call today! **CALL 1-713-866-6227** Call 24 hours a day, 7 days a week, including Sundays and holidays.

If you can't call - we can't help you.

If your phone is currently tied up, please print this page now!

FIGURE 1. EXAMPLE OF "SPAM MAIL"

Yalosta Rickford
Operator's Signature

10/2/03
Date

Exhibit E - Page 4

cal of dealing with them, they are more than willing to fax you a sample copy of what your transcript will look like. [I have received identical SAMPLE transcripts from Brentwick University, Harrington University, University of Devonshire, and University of Ravenhurst, in the student name of Adam Smith, dated June 14, 1997, reflecting a 3.80 GPA.] With the faxed transcript, they also send an authorization form so you can charge your degree to your credit card. Or, they will give you detailed instructions on sending payment via Western Union "Fast Pay." If you do not "bite" immediately on this great offer, they will continue to call you (and e-mail you), and lower the price of the degree to \$800 (half now/half later). Only once did they directly ask me exactly how much money I had on hand. Additionally, you are given the Internet address for the entity from which they claim accreditation/recognition, the European Council for Distance Learning (ECDOL).

During the sales pitch by the "registrars" for the above institutions, they each indicate they have been operating since 1983, and no degree has "backfired" on any student. Buyers are told that details regarding degree verification will accompany the degree. Only on one occasion did the "registrar" for Thornewood University indicate that after I became a graduate, I could then refer potential students to them for \$200 for each degree sold.

The aforementioned operation uses computers to store all customers' names, addresses, telephone numbers, date, type of degree being sold, and price. Thus, when an individual calls the telephone number indicated on the spam mail and records a name and telephone number for a return call, the operators of these diploma mills then check these telephone numbers against their database. Then, when they return the call, they have all of the above information in front of them and know what persons they have previously spoken to at this telephone number. [Be careful when using more than one name from the same telephone number.]

During these sales pitches, the registrars ask for the telephone number for your fax machine, then send you a letter confirming your telephone conversation, and enumerating exactly what you will get for your money. One of these confirmation letters is on the next page.

Previously, verification of degrees purchased was available by mail and telephone through the diploma mill, with the same ease throughout the world, irrespective of where the diploma mill was based. Today, those diploma mills that are Internet-based inform the "potential graduate" that upon graduation, he or she will be given the address for the university's "secure Web site" where the "graduate's" name will be listed. He or she can then give this Web address (and password) to anyone wishing to verify the degree.

Additional Threats

Compounding the problems of the traditional "diploma mill" are the enterprising individuals who operate "Replacement Degree Services" or "Novelty" companies from which one can purchase a degree purportedly issued by a legitimate college or university, all without having attended/graduated from the institution. During DIPSCAM, we had three such operations: Alumni Arts, Associated Enterprises/Regency Novelty Enterprises, and University Novelty Company. During an 18-month period, Alumni Arts sold 2,311 degrees in the names of legitimate, accredited colleges and universities, and grossed approximately \$100,000. Alumni Arts offered degrees only (no transcripts) from over 320 colleges and universities, whereas Associated Enterprises offered degrees from "in stock" colleges and universities, along with degrees from any college of your choice. It was from this operation that we purchased a degree from the alma mater of our Chief Judge. Later, an operation called Unlimited Success Strategies Incorporated (USSI) dba Buy A College Degree (BACD), came to light after a counterfeit degree from the University of Notre Dame came to light. Notre

Dame officials immediately took action and involved the United States Attorney's Office and FBI. The individual responsible for this operation, Jay Cramblit, later pled guilty in federal court for violating the Copyright Statute (Title 18, Section 2320, U.S. Code). This was the first time I had observed this statute being used in the fight against diploma mills and replacement degree services. What made BACD unique, in addition to degrees and transcripts, was that they also offered rings, ties, blazer crests, miniature football helmets, etc.

Currently, we have available on the Internet numerous

University of Ravenhurst

Student Name: ADAM SMITH
Student ID: 12345678
Degree Program: BACHELOR OF BUSINESS ADMINISTRATION
Graduation Date: JUNE 14, 1997

FIRST QUARTER FIRST YEAR				SECOND QUARTER SECOND YEAR			
ACC 101 FINANCIAL ACCOUNTING	3.0	A-	11.1	LAW 101 BUSINESS ASSOCIATIONS	3.0	A	12.0
ECO 101 MICROECONOMICS	3.0	A-	11.1	MGT 101 PRODUCTION & OPERATIONS MGMT	3.0	A-	11.1
MTH 101 INTRO MANAGERIAL STATISTICS	3.0	A	12.0	BUS 101 CASES IN COMPETITIVE STRATEGY	3.0	A	12.0
ENG 101 EFFECTIVE WRITING SKILLS FOR MANAGERS	3.0	B	9.0	MGT 101 MEASURING & MANAGING VALUE	12.0		46.2
	12.0	ATTN	43.2 G.P.		48.0	ATTN	178.7 G.P.
THIRD QUARTER FIRST YEAR				FOURTH QUARTER SECOND YEAR			
ACC 201 MANAGERIAL ACCOUNTING	3.0	A	12.0	ECO 201 MONETARY POLICY & MARKETS	3.0	A	12.0
BUS 101 ORGANIZATIONAL BEHAVIOR	3.0	A	12.0	MGT 201 FINANCIAL STATEMENTS & PERFORMANCE APPRAISAL	3.0	A	12.0
MTH 201 ADVANCED MANAGERIAL STATISTICS	3.0	A	12.0	MGT 201 FINANCIAL STATEMENTS & PERFORMANCE APPRAISAL	3.0	A	12.0
ENG 201 EFFECTIVE WRITING SKILLS FOR MANAGERS	3.0	B	9.0	MGT 201 FINANCIAL STATEMENTS & PERFORMANCE APPRAISAL	3.0	A	12.0
	12.0	ATTN	43.2 G.P.		48.0	ATTN	178.7 G.P.
FIFTH QUARTER FIRST YEAR				SIXTH QUARTER SECOND YEAR			
ACC 301 FINANCIAL ACCOUNTING	3.0	A	12.0	ECO 301 MONETARY POLICY & MARKETS	3.0	A	12.0
ECO 301 MONETARY POLICY & MARKETS	3.0	A	12.0	MGT 301 FINANCIAL STATEMENTS & PERFORMANCE APPRAISAL	3.0	A	12.0
MTH 301 ADVANCED MANAGERIAL STATISTICS	3.0	A	12.0	MGT 301 FINANCIAL STATEMENTS & PERFORMANCE APPRAISAL	3.0	A	12.0
ENG 301 EFFECTIVE WRITING SKILLS FOR MANAGERS	3.0	B	9.0	MGT 301 FINANCIAL STATEMENTS & PERFORMANCE APPRAISAL	3.0	A	12.0
	12.0	ATTN	43.2 G.P.		48.0	ATTN	178.7 G.P.
SEVENTH QUARTER FIRST YEAR				EIGHTH QUARTER SECOND YEAR			
ACC 401 FINANCIAL ACCOUNTING	3.0	A	12.0	ECO 401 MONETARY POLICY & MARKETS	3.0	A	12.0
ECO 401 MONETARY POLICY & MARKETS	3.0	A	12.0	MGT 401 FINANCIAL STATEMENTS & PERFORMANCE APPRAISAL	3.0	A	12.0
MTH 401 ADVANCED MANAGERIAL STATISTICS	3.0	A	12.0	MGT 401 FINANCIAL STATEMENTS & PERFORMANCE APPRAISAL	3.0	A	12.0
ENG 401 EFFECTIVE WRITING SKILLS FOR MANAGERS	3.0	B	9.0	MGT 401 FINANCIAL STATEMENTS & PERFORMANCE APPRAISAL	3.0	A	12.0
	12.0	ATTN	43.2 G.P.		48.0	ATTN	178.7 G.P.
380 G.P.A.							

FIGURE 2. SAMPLE TRANSCRIPT

University of Rabenhurst

"Your Home or Office is Our Campus"

Correspondence Address: Printeng 84
10150X Amsterdam, Netherlands

PHONE: 1-713-866-4087 or 31-20-5241373
FAX: 1-830-236-8888 or 31-20-5241373
EMAIL: reventhust@europe.com

TO: Robert B Jackson
FROM: Kenneth Scott
DATE: December 6, 2001

Dear Robert,

Further to our recent telephone conversation, I am pleased to be able to confirm the following:

You will receive a Bachelors degree in Accounting, graduation date: September 1, 2001.

You will also receive a Masters degree in Accounting, graduation date: September 1, 2001

Your degree package will include:

- Your diploma
- A laminated, wallet-sized replica of your diploma
- Honors of your choice
- Transcript
- Letters of recommendation

In addition, and most importantly, you will receive unlimited support from us, which includes verification of your credentials to prospective employers.

Your total investment, including your \$1200 discount for registering immediately, is \$2100 USD.

Here are the instructions for making payment with your credit card via Western Union. Western Union will accept payment by MasterCard, Visa, or Discover.

1. Simply dial Western Union at 1-800-225-5227
2. IMPORTANT - Ignore the recording.
3. DO NOT PRESS ANY PHONE BUTTONS.
4. Wait about 15 seconds. A representative will answer.
5. When the person answers they will give you their name and employee number. Write down the name and employee number.
6. Tell the person that you would like to use your credit card to send \$2100 USD to London, United Kingdom.

The person to send the money to is:

FIGURE 3. CONFIRMATION LETTER

companies offering CDs for sale containing templates for all forms of identification (birth certificates, state identification cards, drivers licenses, social security cards, alien registration cards, etc.) in addition to college degrees and transcripts. Further, they will even sell you a "transcript generator" which will calculate the GPA for your transcript. On one such Web site, webspawner.com, I indicated United States, then Florida, at which time it gave me a listing of the 25 institutions for which degree templates were available for sale. Some of the current Web sites openly identify themselves as "diploma mills" and quickly explain they are only printing shops, and thus only print degrees. Some go on to explain they will not produce a degree from an accredited institution, but it is up to the buyer to determine who is/is not accredited. Thus, the printer takes the buyer's word and prints what is ordered. Other Web sites only offer degrees from "closed colleges" and offer a list of such institutions. Although some believe any entity with ".edu" in its Internet address must be real and legitimate, there are no qualifications whatsoever for ".edu" Web addresses.

In light of the events of September 11, 2001, and the various uses of false identification, etc., I expect new legislation will be forthcoming to outlaw some of the materials currently available for sale.

I invite you to review the following Web sites:

instantdegrees.com
universityamerica.edu
cooldegree.com
graduatenow.com
fakediplomas.com
degree.freemove.co.uk
diplomamakers.com
idtemplates.com
prestigious-images.com
degrees-r-us.com
blackmarket-press.com
universitydegree.com
unwf.com
wwwu.edu
concordia-college.net
capitoluniversity.com
geocities.com
afreescholarship.com (Americus University)

State Education Statutes

It is difficult to define exactly what a diploma mill (or degree mill) is, because as one author put it, "One man's degree mill is another man's alternative university." The difficulty in defining a diploma mill/degree mill, without infringing upon distance education, alternative education, or non-traditional education also applies to the various states in their writing a law that makes a clear distinction between legitimate schools and mills.

Since higher education is not controlled by federal legislation per se, it is the responsibility of the individual states to regulate and control public and private secondary and postsecondary educational institutions. There are at least 50 different views and interpretations (ranging from conservative to liberal) as to exactly what is a diploma mill. Do we regulate it? If so, how?

I like the approach Oregon is taking. Oregon Revised Statute 348.609 states "any degree from an unaccredited institution is considered an invalid credential unless the Office of Degree Authorization—Oregon Student Assistance Commission has evaluated the institution. Additionally, Oregon prohibits the offering of diploma mill degrees in or from the state. Oregon makes it both a civil and criminal violation to use an unaccredited degree or credential. The Web site maintained by the Oregon Student Assistance Commission, Office of Degree Authorization (www.osac.state.or.us/oda) has a diploma mill section and even maintains a list titled, "Degrees from these institutions are illegal for use in Oregon."

If every state prohibited the use of diploma mill degrees, it would assist in reducing the demand for such degrees. This is a straight-forward approach that requires a minimum amount of regulation. This would make the diploma mill degree useless in the business world. The only way to stop these criminal operations is to reduce the demand and simultaneously attack each diploma mill when it begins operation.

State laws range from those states which have no laws governing private postsecondary educational institutions to those states which require registration, approval, and authorization. Even those states which have lax regulations are tightening up, but particular attention should be paid to those entities located in Colorado, Hawaii, Louisiana, New Mexico, and Wyoming.

"Registration" merely requires the entity "register" with the appropriate agency, board, commission, or department so that the board will have a record of those entities doing business in that particular state. This registration may include the name of the institution, its physical address, telephone number, incorporation details, identity of its officers, faculty, courses offered, number of students, etc.

"Approval" means that the entity has registered with the board and meets whatever state requirements, if any, and thus has been "approved" to operate in this particular state. These requirements may require a qualitative review and assessment of the institution through the use of an institutional self-study and a comprehensive on-site evaluation by a qualified visitation committee: (1) that the institution has the necessary resources and capabilities to afford students, and to require of students, the completion of a program of education preparing them for a degree; (2) that the curriculum is consistent in quality with curricula offered by established accredited institutions; and (3) that the courses achieve their professed objectives, with verifiable evidence of the students' achievement being comparable to that required of graduates from accredited institutions.

"Authorized" means that the entity has registered with the board and has gone through an application process, probably a comprehensive on-site review conducted by state authorities, and that the institution complies with formal standards relating to: institutional objectives; administrative methods; curriculum; instruction; faculty, including their qualifications; physical facilities; administrative personnel; procedures for keeping educational records; tuition, fee, and refund schedules; admissions standards; scholastic regulations and graduation requirements; degrees offered; and, financial stability.

For most private degree-granting institutions, the category of "authorized" is the only realistic and reasonable means of beginning operations. Many institutions later move to approval or accreditation of their degree programs. In several other states, provisions were made in legislation exempting colleges or universities operated by a church or religious denomination. (The purpose for such exemption is the separation of church and state.)

Therefore, as a base of operation, criminals seek those states (or countries) which:

- Have no laws governing private colleges;
- Only have registration provisions;
- Have religious exemptions to the state statutes;
- Are either liberal in their laws or just don't have enforcement provisions built into existing legislation; and/or
- Do not forbid the sale of degrees to residents of other countries.

There are several alternatives to the above. Namely, establish a diploma mill at a private mail facility in a foreign country and

have all mail received (including student checks) forwarded to the United States. Thus, the purported institution is supposedly located in a foreign country; however, for all practical purposes, it exists within the United States and is thus subject to the appropriate state legislation. Or just establish the institution in a state with no (or little) law or regulation, and via a mail drop/answering service (with mail forwarding), operate this ghost school from any other state within the country.

An excellent example of this is Columbia State University. It advertised B.A., M.A., and PH.D. degrees and listed a toll-free telephone number. Columbia State University literature indicated it was located at 3500 N. Causeway Blvd, Suite 160, Metairie, Louisiana, when in fact it was operated from a building in San Clemente, California. CSU literature even included a 150-page book titled, *Accredited College Degrees by Correspondence*, which listed the "Editor's Picks - 5 Best School Choices" and the "5 Worst Schools." Of course, Columbia State University was listed as the editor's #1 school, followed by #2 Brigham Young University. Thus, Columbia State University sought legitimacy by placing themselves next to a nationally known, accredited institution.

Operation of a Diploma Mill

The amount of planning and preparation that goes into the operation of a diploma mill in large part depends on the criminal himself and the type of operation he is setting up. It will range from the one-man post office box "briefcase" school, to the business type office, to the "college" with an actual campus, library, classrooms with various employees, several instructors, etc. Some diploma mills are designed to be a "by mail" only operation; thus no physical facility is required.

Typical logistics include:

- Incorporation/registration
- Opening a checking account
- Creation of Web site
- Rental of office space
- Installation of telephone; printing of stationery
- Applying for "accreditation" by any non-recognized accrediting entity, payment of required fees, and receipt of "membership" or status documentation from this entity. A copy of this document is then included in all brochures
- "Rental" of accreditation from a fellow criminal in the absence of legitimate accreditation
- Developing the brochure, literature, forms, programs, and Internet "virtual tour"
- Advertising/spam mail
- Solicitation of students—using all media forms and the Internet

Trappings of Legitimacy

The diploma mill will do everything in its power to appear legitimate, from presenting an award (plaque or degree) to a local government official (and later publishing this photograph in its literature) to condemning "diploma mills" (its competition). Some entities even publish unauthorized advertisement by traditional accredited colleges and universities side by side with their own advertisements.

Some diploma mills offer scholarships, grants, tuition payment plans, hats, pennants, pens and pencils, school rings, and diplomas which on some occasions are produced by the same companies who manufacture the same items for legitimate colleges and universities. Some of these entities also offer a "free video" to registered students. Generally, this video contains no footage of their facilities, faculty, or students. This video is another means by which they convince the student of their legitimacy.

Almost all diploma mills either create their own "accreditation" association or utilize the service of an existing "accreditation" association to, in turn, "accredit" their diploma mill. Sometimes they claim in their advertising to be "fully accredited," "nationally accredited," or "accredited worldwide." As an alternative, schools will go to great lengths to state that accreditation is not necessary, that they receive legitimacy by the success of their graduates, etc.

Some diploma mills even establish an "Alumni Association" for its graduates. This, along with a copy of a form letter from its "accrediting agency," lends additional credibility and respectability to this entity. None of this is accidental—this is all designed to deceive.

Are Its "Students" Really "Victims"?

There are several classes of persons who fall "victim" to diploma mills, and these range from (1) the true victim; (2) the slightly suspicious person; and (3) the knowing "victim."

Some of the individuals who respond to advertisements by diploma mills are truly "victims." These persons genuinely believe in the concept of "credit for life experience" (non-traditional education), and are not at all suspect of the advertisements or the literature they receive. This person probably has a significant number of years of work experience which he or she believes will equate to a significant number of credit hours towards a legitimate degree. The "true victim" never realizes that the business only exists on paper (or in virtual reality), or at a convenience address or answering service, and that the diploma mill may even be operated by someone located thousands of miles away.

The "slightly suspicious victim" may have taken the time to contact the appropriate State Department of Education officials regarding the status of the diploma mill, may have contacted the accrediting entity from which the school claimed accreditation, and similarly may have even contacted the Better Business Bureau regarding complaints, etc. After such research, the school appears to "check out," and this person unwittingly becomes victimized.

The last category is the "knowing victim." This person probably realizes exactly what he or she is getting into, and may even have been solicited by officials of the diploma mill. This person probably realizes this is not a legitimate non-traditional educational institution, but that it is in essence a glorified one-man operation. On the other hand, this class of victim believes that his or her ultimate use of the degree and transcript will financially outweigh its "cost."

Use of Diploma Mill Papers

By Its "Graduates"—Third Party Fraud

The diploma mill "graduate" may or may not know the credentials he or she is presenting are from a diploma mill, but if the person to whom the credentials are presented relies on these credentials, then "Third Party Fraud" has occurred.

Third Party Fraud is when the student knows he is purchasing a degree and transcript from a diploma mill; the diploma mill operator knows what he is selling; however, the employer (or you and I, along with the public at large—the "third party") does not know the worthlessness of these credentials. Thus, a triangle has been established, with the third party being the person/entity to which these worthless credentials are presented as genuine, earned academic credentials.

"Third Party Fraud," or the defrauding of others (normally employers, business associates, customers/clients, licensing boards, etc.) occurs when diploma mill diplomas and transcripts are presented as (or listed as) legitimate educational credentials. Sometimes the person using these worthless credentials will even indicate the specific period (1990-1994) during which he/she "attended" this purported college or university.

In the broadest sense, these worthless credentials may not be used directly, but indirectly. These credentials may just be hung on a wall in the office of a professional or business person to be viewed by those within these premises and those customers/clients who routinely come into this office.

Detection of Diploma Mill Paper by Educational Institutions and the Business Community

The Congressional Subcommittee holding public hearings in 1984 and 1985 (AACRAO President Bruce Shutt of the University of Georgia testified) documented the widespread use of fictitious educational credentials throughout the United States. The Subcommittee estimated that about 500,000 Americans have secured, or are employed today based on credentials they purchased, but did not earn. This included 10,000 doctors, or one in every 50 physicians, practicing with falsified or questionable credentials. This does not include about 30 million Americans, or one in three employed Americans, who may have been hired on the basis of a resumé that has been altered or embellished.

The Subcommittee's findings are as true today as they were then. They found that fraudulent credentials are:

- Easy and cheap to obtain;
- Increasing in numbers;
- Not confined to a particular occupation or national region;
- Stimulated by current educational employment trends (increased competition for fewer jobs, thus credentials are critical); and
- Not easy to detect or deter due to current regulatory, enforcement and licensing exams.

Normally, the prime areas of falsification are:

- To show academic degrees that have not been earned;
- To report as completed, a major or area of concentration for which some requirements were not satisfied;
- To falsify reference to age;
- To qualify for financial aid by altering dates of attendance;

- To show coursework not taken;
- To alter grades in hope of enhancing employability; and
- To present someone else's academic record as one's own by changing the record's identity.

With this widespread use of fictitious educational credentials, it is incumbent upon the recipient/user of these educational credentials to verify the legitimacy of these records, to determine if they are in fact from legitimate accredited entities, and then to verify they are true, accurate, and official.

Badges of Fraud/Red Flags of a Diploma Mill

A basic checklist for users of academic records and transcripts is as follows:

- Was the document mailed directly from the registrar at the issuing institution?
- Was the envelope postmarked in the city where the institution is located?
- Did the envelope have an institutional postage meter mark rather than a stamp? Are the city and state of the postmark correct?
- Does the document have a recent date of issue?
- Is there a registrar signature and university seal? Are they clear and authentic?
- Is the lettering on the envelope, letterhead stationery, and transcript clear?
- Is the color of ink correct and consistent?
- Do the documents themselves appear to be professional or homemade?
- Do any "broken lines" appear? This may indicate a cut/paste/copy job.
- Is the seal crisp, clear, and legible? Is the seal identical to others you have observed from this same institution?
- Overall, does the age of the graduate correspond with GPA and courses listed? Is it too good to be true?
- Is the postmark on the college or university literature/catalog identical with the return address on this same literature?
- The above "buzz words" probably mean nothing at all, especially if the school is operated from or purports to be located in a state that has no laws.
- Do they offer short-cut programs and courses leading to "credentials" disproportionately high in status?
- Does the catalog or literature from this college or university contain a picture of the "degree" or "transcript" as issued by this "school"?
- Does this college or university offer "backdated" degrees?
- Is this college or university "accredited," if so, by whom?
- Is the accreditation by one of the recognized national or regional accrediting associations?
- What is the relationship between the non-recognized accrediting agency and the college or university? Are they operated by the same or related persons? How long has this non-recognized accrediting agency been in existence? Where is it located? Does it have a real office with live staff? Or, are the phones always answered with a recording, thereafter listing those schools which it accredits?

- Does this school offer "commissions" (finder's fees) for new students? Does it use "brokers" to recruit new students?
- Is this college or university incorporated, if so, as a nonprofit or profit-making organization?
- How long has the college or university been in existence?
- Does the college or university have a physical facility?
- Is this facility located at the same address to which you correspond?
- What is this facility? Is this just an office or is it a campus or learning facility?
- Does the college or university list its faculty in its literature or catalog? Are these individuals actually members of the faculty of this college or university?
- Do the faculty members possess traditional or nontraditional degrees? Are these degrees from the same (or a related) institution?
- One person's name appears repeatedly as performing a wide variety of functions.
- Do the transcripts from this college contain courses and grades which courses the student never took, has no knowledge of, or limited knowledge in those fields?
- Have degrees, as issued by this college or university, previously been accepted by legitimate accredited colleges and universities? If so, request a listing.
- Does the literature from this college or university contain the following "buzz words?"
 - pursuing accreditation
 - licensed
 - authorized
 - (State) authorized
 - recognized
 - chartered

Federal and State Statutes

The following are the various federal statutes that have been successfully used in the prosecution of operators and employees of diploma mills:

UNITED STATES CODE

Title 18, Section 2 - (Aid and Abet)

To assist, counsel, command, induce, or procure an offense against the United States.

Section 371 - (Conspiracy)

Two or more persons conspire to commit any offense against the United States, and one or more of such persons does any act to effect the object of the conspiracy to put the plan into action.

Section 1028 - (False Identification)

Knowingly and without lawful authority produces/transfers/possesses with intent to use, an identification document or a false identification document.

Section 1341 - (Mail Fraud)

The use of the United States mail system in any scheme or artifice to defraud (the mail matter does not have to travel interstate).

Section 1343 - (Fraud By Wire)

Any wire (telephone/computer), radio, or television communication in interstate or foreign commerce for the purpose of executing any scheme or artifice to defraud.

Section 1956 - Laundering of Monetary Instruments (Money Laundering)

A financial transaction involving the proceeds from an unlawful activity; to conceal, disguise the nature or source of ownership of these proceeds.

Section 1957 - Money Laundering

Engaging in monetary transactions in property derived from specified unlawful activity; engaging in a monetary transaction in criminally derived property greater than \$10,000.

Section 2320 - Trade Mark Violation

Traffic in goods or services and knowingly uses a counterfeit mark.

Section 982 - Criminal Forfeiture

Used in conjunction with Sections 1956 and 1957, whereby the court can order the person to forfeit to the United States any real property involved in or traceable to the offense.

Title 26, Section 7201 - Tax Evasion

Any attempt to evade or defeat tax.

STATE STATUTES

These are not listed here because they vary in each state. These statutes range from governing the formation/incorporation/operation of any entity bearing the name "college" or "university," to the qualifications for any entity that grants academic credit and awards degrees. Additionally, various states have statutes forbidding the obtaining of academic credit by fraudulent means, forgery of transcripts and diplomas and the use of these altered/forged documents; and the counterfeiting of any degree purportedly issued by a state institution. Other state statutes normally exist in the area of false pretense and deception.

Deterrents to Diploma Mills

I believe this approach should be taken—eliminate the source and devalue the product.

Stop the diploma mill when it first opens. If it sells degrees and transcripts of your college or university (or templates containing your blank degrees), then consult your university counsel and the Attorney General's Office for prosecution, or as an alternative, issue a cease and desist order.

Ensure that law enforcement understands your desire to obtain a listing of any and all persons who purchase degrees in the name of your institution should they execute a search warrant on this type of operation. A successful way of making this information available is for law enforcement to enter a list of all purchasers along with their addresses and type of degrees purchased into the court record, thus making this list a "public record" and available both to the university and to the press. Publicity and the resulting humiliation for the purchasers serve as a strong public deterrent.

With diligence on the part of ordinary citizens, higher education professionals, and law enforcement officials, the problem of the diploma mill can be addressed, and hopefully eradicated in the near future.

Testimony regarding

HB 1068

Prepared for

SENATE EDUCATION COMMITTEE

February 26, 2003

by the

**STATE BOARD
FOR
VOCATIONAL AND TECHNICAL
EDUCATION**

**Wayne Kutzer
State Director & Executive Officer**

**Debra Huber
Administrator, Educational Equity and
Private Postsecondary Institutions**

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Yolanda Rickford
Operator's Signature

10/2/03
Date

Good Morning,

Mister Chairman,

Members of the Senate Education Committee:

My name is Debra Huber and I am employed by the State Board for Vocational and Technical Education as Administrator for Educational Equity and Private Postsecondary Institutions. The State Board for Vocational and Technical Education is responsible for the administration of Chapter 15-20.4 of the North Dakota Century Code, pertaining to the regulation of postsecondary educational institutions in the state. The purpose of the statute is to establish and maintain sound educational standards and quality business practices for the protection of the citizens of North Dakota.

In 1999, this Chapter was amended, deregulating distance education to North Dakotans, as long as the provider of such education is not considered to be "operating" or, essentially, maintaining a site in North Dakota. Though very practical in nature, the change made it possible for ANY distance education provider, accredited or unaccredited, ethical or unethical, from any state or nation to offer distance education services to the citizens of North Dakota with no oversight whatsoever.

Meanwhile, during the last several years, our Internet environment has given rise to the growth of a new, insidious threat to educational integrity, the "digital diploma mill". Based upon our experience dealing with such entities, the State Board for Vocational and Technical Education proposes the amendment you have before you today, to eliminate any undesirable effects of distance

education deregulation, and to protect the interests of North Dakota's students, employers, and legitimate providers of higher education.

A diploma mill is defined by the US Secretary of Education as "an organization that awards degrees without requiring its students to meet educational standards for such degrees; it either receives fees from its so-called students on the basis of fraudulent misrepresentation, or it makes it possible for the recipients of its degrees to perpetuate a fraud on the public". (*College and University Journal*, Winter 2002).

In the March, 2000 edition of *University Business*, Dr. John Bear, one of the nation's leading experts on distance education and diploma mill activity, estimated there were about 300 unaccredited universities operating in the country. Dr. Bear noted: "It is not uncommon for a large fake school to 'award' as many as 500 PhD's every month. Data show that a single phony school can earn between \$10 million and \$20 million annually."

Bear attributes the growth of the diploma mill industry to: "the closure of the FBI's diploma mill task force, the indifference of most state law enforcement agencies, the minimal interest of the news media, and the growing ease of using the Internet to start and run a fake university." So common have on-line diploma mills become that there are now websites that compare the quality of appearance and speediness of delivery of fake credentials. (Exhibit A: 1 page)

There are basically two types of suppliers of fraudulent credentials. The first is a printing operation that for a fee, will print high quality degrees, diplomas, transcripts, and/or letters of recommendation for the purchaser. The second is

an entity that is set up to emulate a legitimate school of higher learning, but is really in the business of selling credentials at cheap rates based upon "proprietary" formulas for converting life experience into "credit". Typically, these formulas have more to do with receipt of payment than an actual assessment. Attached is a copy of Columbia State University's Experiential Portfolio, "Sample List of Ideas" (Exhibit B: 1 page) that this now defunct diploma mill converted to "credit". Suggestions include everything from pressing flowers to playing board games, which might serve to warn potential students of the kind of academic rigor associated with that "institution". Nevertheless, when the State of Louisiana filed injunctions to close this "institution", it had taken in nearly 16 million dollars from so-called students during a 15 month period from January 1, 1997 to March 31, 1998 - that's more than a million dollars per month!

How easy is it to obtain a diploma mill degree? Senator Susan Collins of Maine recently directed the General Accounting Office (GAO) to find out. Enclosed is the full GAO Report (Exhibit C, 8 pages) containing copies of the fake degrees and transcripts readily purchased in the Senator's name. During the course of the investigation, the GAO found 1200 re'sume's posted on a government-sponsored Internet repository listing degrees from fourteen different identified diploma mills. Two hundred of the individuals listing fake degrees were found by the GAO to hold "positions of trust and responsibility."

In a second sting operation conducted by the GAO on behalf of Senator Collins, a fictitious foreign school, Y'Hica Institute was created, which was certified for participation in the Federal Family Education Loan Program. Then,

three fictitious students, one named "Susan Collins" applied for and received loans in the amount of \$18,500 to attend the fictitious foreign school. (Exhibit D, 2 pages). The GAO investigations confirm Dr. John Bear's assertion that the Internet has paved the way for the proliferation of digital diploma mills issuing fake degrees.

Although many average consumers may be wary of diploma mills, it is unlikely he or she is aware of another phenomenon that has surfaced as a result of the growth of the diploma mill industry: the development of pseudo-accrediting agencies, which are unrecognized by either the US Department of Education or the Council for Higher Education Accreditation, but designed to appear as legitimate as those that are so recognized. Websites hosted by digital diploma mills and unrecognized accrediting agencies (Exhibit E: 21 pages) go to great lengths to appear legitimate. Some go so far as to offer plausible-sounding explanations for why they are not recognized by the US Department of Education, and even "warn" potential students about falling victim to other diploma mills – their competition.

You may be among the many North Dakota residents who have been solicited by these "providers," whether by mail, on television, or on the Internet. Recently, a Minot State University student who conducted an on-line scholarship search subsequently received an internet solicitation by a digital diploma mill. Also, a young North Dakotan from Dickinson, a single parent, was recently promised a diploma in Psychology/Social Work for \$689, that could be completed in as little as two years. My colleagues with free Hotmail e-mail accounts report

having received the enclosed solicitation (**Exhibit F: 1 page**), and I personally have received solicitations at my office, demonstrating the length to which these organizations will go to market their products.

Of serious concern is the global scope of this particular problem. The World Wide Web has made it possible for digital diploma mills originating from anywhere to reach the citizens of this state. Indeed, some countries allow these organizations to operate as long as they do not sell diplomas to local residents! This problem is well described by Otho Allen Ezell, Jr., retired FBI agent, who headed up Operation Diploma Scam or "DIPSCAM" from 1980-1991. "DIPSCAM" resulted in 39 convictions and the closing of over 50 fraudulent educational organizations. An article entitled "Diploma Mills-Past, Present and Future" published by Mr. Ezell in the Winter 2002 Edition of *The College and University Journal* is enclosed for your review (**Exhibit G: 9 pages**). The article not only describes in detail the seriousness and scope of the problem, but offers Agent Ezell's views on what should be done to remedy this situation:

"If every state prohibited the use of diploma mill degrees, it would assist in reducing the demand for such degrees. This is a straightforward approach that requires a minimal amount of regulation. This would make the diploma mill degree useless in the business world. The only way to stop these criminal operations is to reduce the demand and simultaneously attack each diploma mill when it begins operation." (C & U Journal, Winter 2002)

In my day-to-day work with organizations seeking to establish operations in North Dakota, I have been amazed at some of the inquiries we have received.

They range from certain religious based organizations (one claiming to be "accredited by God") to a diploma mill operating from the Caribbean, seeking to expand services to North Dakota. It would be of great service to the citizens of North Dakota if the State Board had legal authority to respond to these inquiries by informing these purported educational institutions that the use of fraudulent credentials is now a Class A Misdemeanor in our state.

To sum: we now live in an environment with unprecedented growth of diploma mills and unrecognized accrediting agencies, designed to perpetuate fraud: either fraud upon unsuspecting students, or unsuspecting employers. The amendment you have before you will protect North Dakota Citizens in at least four ways:

1. The market for false credentials should eventually be eliminated in the state, thereby discouraging unscrupulous providers from preying on vulnerable students -- especially those seeking on-line answers to distance barriers to higher education;
2. Employers will receive protection from those who would seek to deliberately deceive them using false credentials;
3. Legitimate providers of higher learning will benefit by removing diploma mill "competition" from the higher education market, and
4. Job seekers holding legitimate degrees will no longer need to compete with individuals purchasing bogus degrees from a website.

With that, I will be happy to answer any questions you may have.



G A O

Accountability • Integrity • Reliability

United States General Accounting Office
Washington, DC 20548

November 21, 2002

The Honorable Susan M. Collins
Ranking Minority Member
Permanent Subcommittee on Investigations
Committee on Governmental Affairs
United States Senate

Subject: Purchases of Degrees from Diploma Mills

Dear Senator Collins:

This report responds to your request that we investigate issues concerning the proliferation of diploma mills, which sell bogus academic degrees based upon "life experience" or substandard or negligible academic work. Specifically, you asked that the Office of Special Investigations, acting in an undercover capacity, demonstrate how easy it is to purchase a degree from a diploma mill. You also asked us to identify and interview individuals who have purchased degrees from diploma mills and determine whether those individuals have used their bogus degrees to increase income, defraud employers, or gain positions of public trust. We briefed your office on our investigative findings. This report summarizes those findings and includes documents referenced in that briefing.

We conducted our investigation from May 14, 2001, through May 8, 2002, in accordance with investigative standards established by the President's Council on Integrity and Efficiency. We searched the Internet and identified Degrees-R-Us as a diploma mill. Posing as an individual working in the biology and medical technology field, our investigator purchased a bachelor's and a master's degree, as well as a 1-year "degree verification service" from Degrees-R-Us. In addition, we obtained a list of individuals who have purchased degrees from Degrees-R-Us and interviewed several of them to determine how they have used their degrees. We also obtained a list of entities that the Oregon State Office of Degree Authorization has identified as diploma mills and enlisted the assistance of a government-sponsored Internet job recruitment Web site to identify individuals who have listed degrees from diploma mills on their résumés. We then conducted interviews with several individuals who held positions of trust and responsibility in order to determine whether they used their diploma mill degrees to obtain their positions, increase their earning potential, or defraud employers.

In summary, we purchased a Bachelor of Science degree in Biology and a Master of Science degree in Medical Technology from Degrees-R-Us, a diploma mill. Based on the lack of candid responses during our interviews with individuals who purchased

GAO-03-269R Purchases of Degrees from Diploma Mills

degrees from Degrees-R-Us, we were not able to determine whether they benefited financially or otherwise from the bogus degrees. However, our review of résumés and subsequent interviews with individuals who purchased degrees from other diploma mills established that these individuals intended to benefit from their bogus degrees and in some cases might have benefited from them. As a result of our investigation, we referred Degrees-R-Us to both the Federal Trade Commission and the U.S. Postal Service for further investigation.

Purchase of Degrees from Degrees-R-Us

After identifying Degrees-R-Us as a diploma mill, we held numerous discussions in an undercover capacity with its owner. Posing as Susan M. Collins, we first contacted Degrees-R-Us to obtain information regarding the steps to follow in purchasing degrees. Following those instructions, we successfully purchased a Bachelor of Science degree in Biology dated June 13, 1975, and a Master of Science degree in Medical Technology dated June 10, 1988, in the name of Susan M. Collins. The degrees were awarded by Lexington University, a nonexistent institution purportedly located in Middletown, New York. Pursuant to Degrees-R-Us's request, we provided the names and telephone numbers of individuals who could provide references and vouch for Ms. Collins' job experience in biology and medical technology. However, Degrees-R-Us did not contact any of our references. We paid \$1,515 to Degrees-R-Us for the "premium package" (enc. I). The package included two diplomas from Lexington University (enc. II), honors distinctions, and a telephone degree verification service that could be accessed by potential employers wishing to verify information regarding the school transcripts and degrees purportedly conferred (enc. III).

To test the degree verification service, we posed as a potential employer of Ms. Collins. An individual associated with Degrees-R-Us confirmed that Ms. Collins had been awarded a bachelor's and a master's degree from Lexington University.

Lack of Candor Prevented Determination Regarding How Individuals May Have Benefited from Bogus Degrees

We also obtained a list of individuals who purchased degrees from Degrees-R-Us and attempted to interview them. The individuals we interviewed were not candid in discussing why they purchased the degrees or how they used them.

At the time of our investigation, the Oregon State Office of Degree Authorization identified 43 institutions as diploma mills or unaccredited institutions. To determine the reason for which the degrees had been purchased, we requested that a government-sponsored Internet résumé repository query its database to determine if any résumés it contained listed degrees from entities identified by the state of Oregon as diploma mills. We received a database of more than 1,200 résumés that included degrees from 14 of the 43 diploma mills.

We then reviewed each résumé to determine if the job applicant held a position of trust and responsibility. Based on our review, we concluded that approximately 200 individuals held such positions. Of these, we interviewed four individuals who had purchased degrees from entities listed on the state of Oregon's diploma mill list.

Based on our review of the résumés and interviews with the four individuals, we believe that these individuals intended to use the bogus degrees to benefit financially or defraud employers. In this regard, each résumé listed the degrees, and the individuals disclosed to us that they purchased the degrees either to enhance their résumé or to be considered for certain positions.

Referral of Degrees-R-Us to the Federal Trade Commission and U.S. Postal Service

After purchasing the degrees from Degrees-R-Us and testing its degree verification service, we interviewed the firm's owner. We learned that the owner is a disbarred attorney who resides in Las Vegas, Nevada, and who runs the business out of his home using the Internet and relying on mail drops and toll-free numbers. The owner told us that he has sold approximately 100 degrees since starting his business approximately 2 years ago. He explained that he started the business after viewing a television exposé about the prosecution of a diploma mill operator and deciding that he could more successfully operate a diploma mill. Notwithstanding the company's degree verification service, the owner claimed that he sells the degrees for "self esteem purposes" and not to satisfy employment requirements. The owner admitted that although "candidates" are required to provide references vouching for their experience, he does not verify such experience because he assumes that his customers are honest people.

We referred this matter to both the Federal Trade Commission and the U.S. Postal Service for further investigation.

As agreed with your office, unless you announce its contents earlier, we plan no further distribution of this report until 30 days after its date. At that time, we will send copies of this report to interested congressional committees. The report will also be available at no charge on the GAO Web site at <http://www.gao.gov>. If you have questions about the investigation, please contact Acting Assistant Director Andrew O'Connell at (202) 512-7449 or Senior Special Agent Robyn D. Stewart at (202) 512-7475.

Sincerely yours,

Robert J. Cramer

Robert J. Cramer
Managing Director
Office of Special Investigations

Enclosures

Enclosure I

Phone 1-877-272-6288

UNIVERSITY SERVICES

October 4, 2001

Mr. Susan M. Collins
4201 Western Blvd., Apt. #110-917
Arlington, Virginia 22208

Re: LEEDINGTON UNIVERSITY

Dear Ms. Collins:

Enclosed please find the following:

- 1) Bachelor of Science in Biology, dated June 12, 1978 - diploma
- 2) Transcript for a Bachelor's Degree in Biology with a GPA of 3.5
- 3) Master of Science in Medical Technology, dated June 16, 1988.
- 4) Doctor's Ltd Certificate for all 8 semesters on your Bachelor's Degree
- 5) Envelopes from Leedington University

You also ordered the President Program where your records can be viewed at the web site.


To use your record, at the University web site:

- 1) Go to www.leedingtonuniversity.org
- 2) Scroll down page until you get to "Home" and click on it
- 3) At the top of this page click where it says "click here" and when the password box pops up type in your name sensitive password.

Your Password is: smcollins (all small letters)

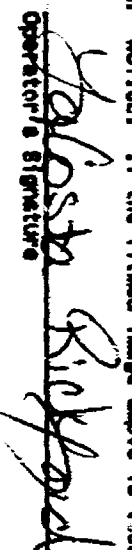
You also ordered the President Program where your records can be verified at the Registrar's Office. The telephone numbers to the Registrar's Office for Leedington University are: 1-800-842-1805 and the New York Exchange Number 844-244-6288.

We appreciate the opportunity to be of service to you. Should you need any further assistance, please do not hesitate to contact us.

Sincerely,

 Karen M. Jendry
 Customer Service
kjendry@leedingtonuniversity.org

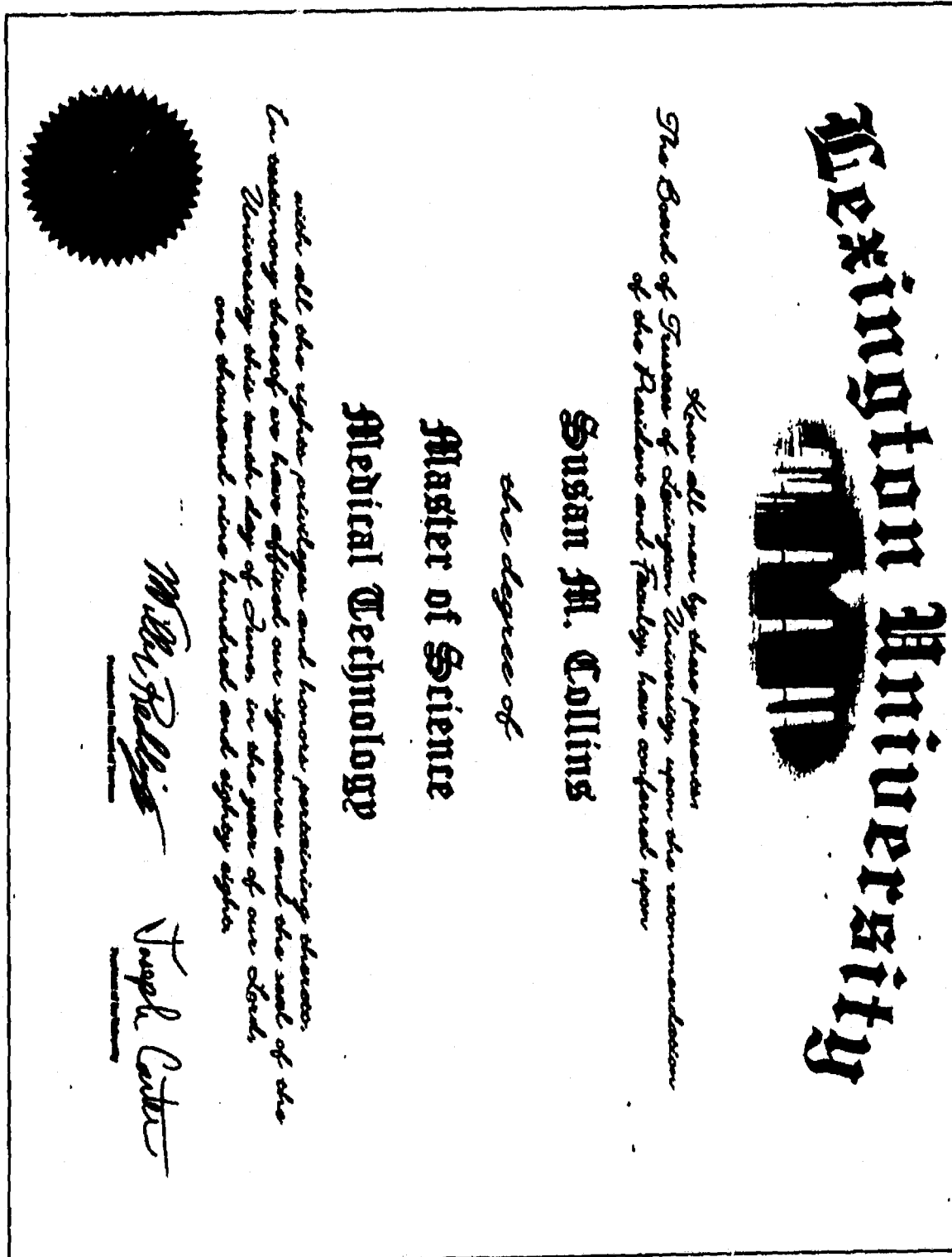
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 Enclosures

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 Operator's Signature

10/2/03
 DATE

Enclosure II



Page 5

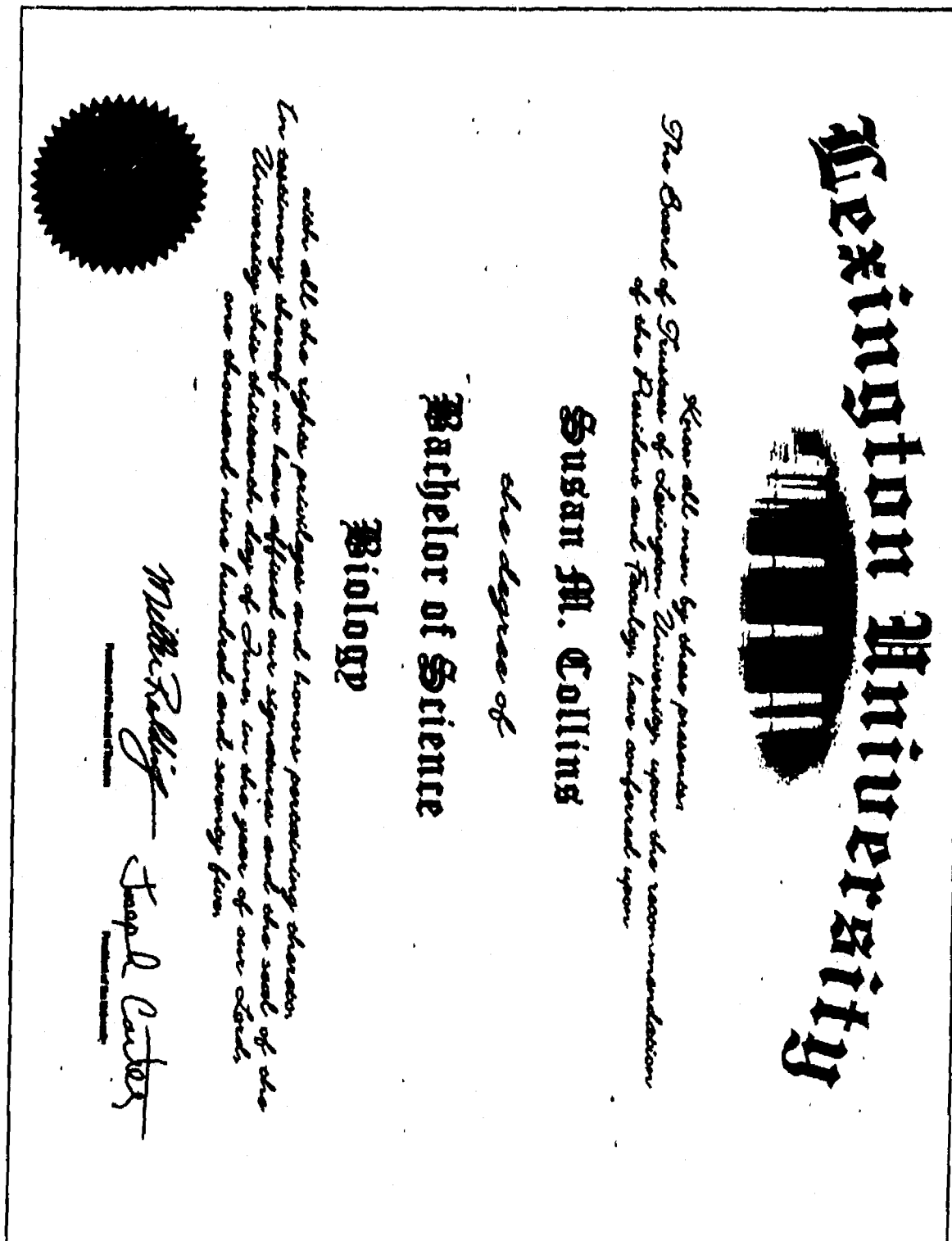
GAO-03-269R Purchases of Degrees from Diploma Mills

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Yolanda Rickford
Operator's Signature

10/2/03
Date

Enclosure II



Page 6

GAO-03-269R Purchases of Degrees from Diploma Mills

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Valosta Rickford
Operator's Signature

10/2/03
Date

Enclosure III

SN: 76-2451

Steven M. Collins
6950 West 91st Court, Apt. #1510
Overland Park, Kansas 66204-1510

College: ☐ Business ☐ Education ☐ Engineering ☐ Health ☐ Humanities ☐ Law ☐ Life Sciences ☐ Physical Sciences ☐ Social Sciences ☐ The Arts ☐ Other

Major: ☐ Biology ☐ Chemistry ☐ Computer Science ☐ Economics ☐ English ☐ History ☐ Mathematics ☐ Music ☐ Philosophy ☐ Political Science ☐ Psychology ☐ Sociology ☐ The Arts ☐ Other

Date: 10/12/03

Code	Description	Quantity	Unit Price	Total Price
101	General	1	10.00	10.00
102	Public Information	1	10.00	10.00
103	Compass	1	10.00	10.00
104	Compass	1	10.00	10.00
105	Compass	1	10.00	10.00
106	Compass	1	10.00	10.00
107	Compass	1	10.00	10.00
108	Compass	1	10.00	10.00
109	Compass	1	10.00	10.00
110	Compass	1	10.00	10.00
111	Compass	1	10.00	10.00
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196	Compass	1	10.00	10.00
197	Compass	1	10.00	10.00
198	Compass	1	10.00	10.00
199	Compass	1	10.00	10.00
200	Compass	1	10.00	10.00
TOTAL		200		2000.00

Overall GPA: 3.0

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Yolanda Rickford
Operator's Signature

10/2/03
Date

Enclosure III

Lexington University

Office of the Registrar

Lexington University
Registrar Records Repository
400 Route 211 East
Middletown, NY 10840

Transcript Layout

ACCREDITATION

Lexington University is a privately owned institution for higher education. It is an approved and fully accredited member of the Southern States Association of Colleges and Schools, the Council for the Accreditation of Higher Education, the American Economic Association, the National Chemical Society, The Western States Psychological Association, the Council on Industrial Management, and the National Standards Committee on Higher Education.

CREDIT AND HOURS

Academic credits are awarded on the semester-hour basis. One semester hour is equal to one credit.

GRADE SYSTEM

The following grades are used in reporting the student's scholastic achievement:

A	Excellent	4.00
B	Good	3.00
C	Average	2.00
D	Passing	1.00 (undergraduate only)
F	Failing	0.00
P	Pass	0.00 (with credits earned)
S	Satisfactory	0.00 (with credits earned)
U	Unsatisfactory	0.00 (no credits earned)

Other Designations (carrying no quality points):

I	Incomplete
O	Total University Withdrawal (or quit)
L	Work in progress
R	Research in progress
W	Withdrawal (individual course)
*	Credits not reported by instructor

COURSE NUMBERING SYSTEM

000-099 Institutional credit
100-299 Lower level undergraduate
300-499 Upper level undergraduate
500-999 Graduate

*Note: Institutional credit counts toward enrollment status but does not count towards graduation or in the computation of the quality point average.

ACADEMIC STANDING

Scholastic status is indicated by one of the following:

Good Standing - Satisfactory scholastic status

Probation - Below acceptable academic standards of the university, but eligible to continue in attendance.

Extended Probation - Approved extension of probation status

Dismissal - (Dismissed for unsatisfactory academic achievement)

TRANSFER CREDIT

Lexington University awards credits for courses completed at other accredited institutions of higher education. Generally, credits are accepted for courses bearing grades of C or higher for undergraduate students, or B or higher for graduate students. Grades and quality points do not transfer, except as part of course work approved under the State System of Higher Education Visiting Student Policy.

OTHER TRANSCRIPT NOTATIONS

Fresh Start

Undergraduate baccalaureate students separated from the university for five consecutive calendar years may apply for Fresh Start. The policy provides for the cumulative grade point average to start anew at the time of readmission. Upon review by the dean, credits only from certain "C" or better courses may be applied as transfer credits to the Fresh Start record.

Repeated Course

An undergraduate student may repeat a course with a D or an F grade. Six (6) repeat attempts are permitted in which the repeated grade replaces the original course grade. Subsequent repeats will be averaged into the student's cumulative quality point average. Graduate students may repeat one course for a maximum of three (3) attempts bearing a grade of D or F for each graduate degree program.

Audited Course

A course taken on an audit basis will not be graded and will not count toward the fulfillment of degree requirements. Since credit hours attempted and quality points will not be awarded for an audited course, it will not affect the student's quality point average.

(601089)

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GAO-03-269R Purchases of Degrees from Diploma Mills

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Date

TwinCities.com

Posted on Tue, Jan. 21, 2003

Congress probe stings education chiefs

LARRY MARGASAK
Associated Press

WASHINGTON - Congressional investigators wanted to learn whether Education Department officials were scrutinizing a loan program for students at foreign post-secondary schools.

They found their answer by inventing the Y'Hica Institute for the Visual Arts in London. Much to the investigators' dismay, the school was a smashing success.

"With relative ease, we created ... a fictitious graduate-level foreign school purportedly located in London England," Congress' General Accounting Office said. "After creating Y'Hica, we obtained certification from Education for the school to participate in the (loan) program.

"Finally, we sought and obtained approval for student loans totaling \$55,000 on behalf of three fictitious students purportedly attending Y'Hica."

To Education Department officials, the school seemed to have all the right credentials for certification into the program: a web site, a school president, a catalogue and students who needed financial help.

The undercover agents even tried to leave a clue to unravel the scheme, identifying one of the "students" as Susan M. Collins.

Sen. Susan M. Collins, R-Maine, was the lawmaker who asked for the investigation. She is now chairman of the Senate Governmental Affairs Committee, and was its ranking minority member when the inquiry began.

Terri Shaw, chief operating officer for the Education Department's Federal Student Aid Office, acknowledged that officials should have verified the school's existence. In this case, the officials "did not completely follow every step of the procedure which resulted in Y'Hica obtaining preliminary approval for one year."

Shaw maintained that officials would have caught the scheme before loan money actually was dispersed because one lender noticed irregularities in the student applications and notified the department.

The department now is conducting onsite visits of all foreign schools applying for eligibility in loan programs, and also is working with the State Department to verify a school's existence.

Nearly 14,000 U.S. students receive federal aid to pursue studies at more than 500 colleges and universities in 41 countries, Shaw said, adding that the department believes study abroad prepares Americans for leadership roles.

The fictitious Susan Collins and the two other "students" each were approved for an \$18,500 loan by two lending institutions under the Federal Family Education Loan Program. The investigators had the payments stopped before any money was sent.

<http://www.twincities.com/mld/twincities/news/politics/4994636.htm?templat.../printstory.js> 2/21/2003

The investigators went through a series of steps to create the school, including submission of counterfeit documents.

Certified financial statements were created for fiscal years 1998 and 1999, signed by a nonexistent accountant residing at a phony London address. A fake letter indicated a real university in the United Kingdom validated Y'Hica's academic program. And a fictitious letter from educational authorities in England stated the school was a nonprofit institution with degree-granting authority.

After the school was certified, the investigators created identities, addresses and telephone numbers for the applicants. They logged on to the Education Department's web site to obtain Personal Identification Numbers and online applications were completed.

The loan applications then were submitted to Nellie Mae Student Lending Inc., the Sallie Mae Servicing Corp. and Bank of America. Only Bank of America became suspicious and rejected the application.

Congress in the past has criticized the Education Department as doing a poor job of managing its multibillion-dollar budget, including student loans. In 2001, the department began using a government database of people who recently found jobs to go after those who had defaulted on student loans.

The department's internal watchdog, the inspector general, reported last fall that investigators spend considerable time tracking down student loan fraud.

In one case, the leader of one fraud scheme and six associates created a fictitious school in New York City to collect federal grants and other assistance. When the scheme was uncovered, the leader was given a six-year prison term and ordered to pay more than \$11 million in restitution.

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<http://www.twincities.com/mld/twincities/news/politics/4994636.htm?templat.../printstory.js> 2/21/2003

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Yalosta Rickford
Operator's Signature

10/2/03
Date

Senate Education Committee

Testimony Provided By:

Michel Hillman, Ph.D.

**Vice Chancellor for Academic and Student Affairs,
ND University System**

February 26, 2003

The State Board of Higher Education supports HB 1068.

This bill addresses the proliferation of fraudulent credentials and the growth of the diploma mill industry, particularly the digital diploma mill industry. The citizens of North Dakota have made an enormous investment in distance delivery technology, and the North Dakota University System has worked diligently to provide high-quality distance education.

Digital diploma mills, in conjunction with unrecognized accreditation agencies, are offering the same degrees for a fraction of the time and cost required to complete a legitimate degree. This results in confusion on the part of a trusting public, which may or may not know how to distinguish legitimate from fraudulent providers. The net result is that all distance education becomes devalued.

In addition to damage created by digital diploma mills, there is a very real threat posed by unscrupulous printing operations. For example, the website fakedegrees.com advertises degrees from NDSU-Bottineau, among other legitimate institutions which have changed names or are no longer in operation (NDSU-Bottineau was changed to Minot State University-Bottineau Campus several years ago). Closedcolleges.com prints illegitimate diplomas from closed but legitimate institutions.

Fraudulent credentials have begun to surface in North Dakota University System campus applicant pools. Academic Vice Presidents have strongly supported efforts to prevent the use of fraudulent credentials.

At its December 2002 meeting, the SBHE voted to support passage of HB 1068 to help protect ND from fraudulent academic credentials. I am available to respond to any questions you may have. Thank you for the opportunity to support this bill.

Testimony on HB 1068
Presented by Cam Leedahl to the
Senate Education Committee
February 24, 2003

Chairman Freeborg and members of the Senate Education Committee:

My name is Cam Leedahl. I am from Leonard. I am a home educator. I am here to testify that there is a problem with this bill. It could render illegal in North Dakota the diplomas and transcripts that I and most home educating parents issue to graduating seniors.

I regret that I did not notice the problem while the bill was still in the House. It took close scrutiny to realize the situation.

Since the chapter being amended is entitled *Postsecondary Educational Institutions*, one would assume that *secondary* education diplomas would not be an issue. However, I would like to show you how this bill includes in higher learning institutions providing instruction in pre-k through 12.

I would like to bring your attention to the Definitions and Exemptions for the chapter that is being amended. I have included a copy of them with the testimony that I have given the committee.

Section 15-20.4-01 defines the terms as used in this chapter. In paragraph seven of the first section, "postsecondary educational institutions" is defined as anyone offering instruction "*primarily* to persons who have completed or terminated their secondary education or who are beyond the age of compulsory high school attendance."

Notice it says "primarily" but not "exclusively." So, it appears that some of these institutions could be providing instruction at the high school level.

In the bill as it is now written, 3.b.(3) says that an "institution of higher learning" may be one which is exempt under section 15-20.4-02. That section, entitled Exemptions, lists

13 different types of schools or programs. The first one listed is, "Institutions exclusively offering instruction at any or all levels from preschool through the twelfth grade."

I don't understand why there is a reference to primary and secondary schools in this chapter, but there it is.

Here we see that one of the definitions of an institution of higher learning could be an institution providing pre-k through 12 instruction. Home education provides this level of instruction, but the problem is, home education is not an institution.

It seems that under this bill, no home education diploma would be recognized unless obtained through an institution. Diplomas issued by home education programs would therefore be illegal.

- Most home educators, including me, do not obtain institutional diplomas for their graduating students. I have graduated two thus far. They were both accepted without reservation into colleges on the merits of the home education diploma and transcript that I issued to them. This is the case with thousands of homeschooled students across North Dakota and the nation. Many colleges, including the North Dakota University System, have guidelines for home educated student admission. The military, as well, recognizes the home education diploma and transcript.

I would like to see a change in this bill that ensures *all legal* options for schooling in North Dakota are included as legitimate sources for a diploma.

Certainly, the purpose of this bill is to weed out illegal programs, not make legal programs illegal.

Thank you.

Cam Leedahl
15470 County Road 2
Leonard, ND 58052
645-2578 camleedahl@aol.com

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CHAPTER 15-20.4
POSTSECONDARY EDUCATIONAL INSTITUTIONS

15-20.4-01. Definitions. As used in this chapter:

1. "Authorization to operate" or like term means approval of the board to operate or to contract to operate a postsecondary educational institution in this state.
2. "Board" means the state board for vocational and technical education.
3. "Education" or "educational services" or like term includes any class, course, or program of training, instruction, or study.
4. "Educational credentials" means degrees, diplomas, certificates, transcripts, reports, documents, or letters of designation, marks, appellations, series of letters, numbers, or words which signify, purport, or are generally taken to signify enrollment, attendance, progress, or satisfactory completion of the requirements or prerequisites for education at a postsecondary educational institution operating in this state.
5. "Entity" includes any company, firm, society, association, partnership, corporation, limited liability company, and trust.
6. "Executive officer" means the director of vocational and technical education.
7. "Postsecondary educational institution" includes an academic, vocational, technical, home study, business, professional, or other school, college, or university, or other organization or person, operating in this state, offering educational credentials, or offering instruction or educational services (primarily to persons who have completed or terminated their secondary education or who are beyond the age of compulsory high school attendance) for attainment of educational, professional, or vocational objectives.
8. "To grant" includes awarding, selling, conferring, bestowing, or giving.
9. "To offer" includes, in addition to its usual meanings, advertising, publicizing, soliciting, or encouraging any person, directly or indirectly, in any form, to perform the act described.
10. "To operate" an educational institution, or like term, means to establish, keep, or maintain any facility or location in this state where, from, or through which, education is offered or given, or educational credentials are offered or granted, and includes contracting with any person, group, or entity to perform any such act.

15-20.4-02. Exemptions. The following education and educational institutions are exempted from the provisions of this chapter:

1. Institutions exclusively offering instruction at any or all levels from preschool through the twelfth grade.
2. Education sponsored by a bona fide trade, business, professional, or fraternal organization, so recognized by the board, solely for that organization's membership, or offered on a no-fee basis.
3. Education solely avocational or recreational in nature, as determined by the board, and institutions offering such education exclusively.
4. Certain education provided through short-term programs as determined by the board.

Page No. 1

5. Education offered by charitable institutions, organizations, or agencies, so recognized by the board, provided the education is not advertised or promoted as leading toward educational credentials.
6. Postsecondary educational institutions established, operated, and governed by this or any other state or its political subdivisions, as determined by the board and any educational consortium that includes one or more of the institutions.
7. Private four-year institutions chartered or incorporated and operating in the state prior to July 1, 1977, so long as the institutions retain accreditation by national or regional accrediting agencies recognized by the United States office of education.
8. Schools of barbering regulated under chapter 43-04.
9. Schools of cosmetology regulated under chapter 43-11.
10. Schools of nursing regulated under chapter 43-12.1.
11. Schools instructing on the manner of conducting games of chance which are regulated under chapter 53-06.1.
12. Schools instructing on the manner of conducting auction sales which are regulated under chapter 51-05.1.
13. Postsecondary educational institutions not operating in this state.

15-20.4-02.1. Voluntary application for authorization to operate. Although a postsecondary educational institution not operating in this state is exempt from this chapter by section 15-20.4-02, the institution may subject itself to the requirements of this chapter by applying for and being awarded an authorization to operate by the board. An authorization to operate, as applied to a postsecondary educational institution not operating in this state, means approval of the board to offer to students in this state educational services leading to educational credentials.

15-20.4-03. Board powers and duties. The board has, in addition to the powers and duties now vested in it by law, the following powers and duties to:

1. Establish and require compliance with minimum standards and criteria for postsecondary educational institutions under this chapter. The standards and criteria must include quality of education, ethical and business practices, health and safety and fiscal responsibility, which applicants for authorization to operate shall meet:
 - a. Before such authorization may be issued; and
 - b. To continue such authorization in effect.

The criteria and standards developed will effectuate the purposes of this chapter, but will not unreasonably hinder legitimate educational innovation.

2. Prescribe forms and conditions for, receive, investigate as it may deem necessary, and act upon applications for authorization to operate postsecondary educational institutions.
3. Maintain a list of postsecondary educational institutions authorized to operate in this state under the provisions of this chapter. The list must be available for the information of the public and must be sent to the superintendents of all school districts, county superintendents of schools, and guidance counselors certified by the department of public instruction.

Page No. 2

Yalosta Rickford
Operator's Signature

10/2/03
Date