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prepared by Robert J. Pfister for ease of reading and copying/pasting.
The authoritative text is the United States Statutes at Large.**

One Hundred Sixth Congress, Session II
Public Law 106-420 — 114 Stat. 1867 (S. 1455)
November 1, 2000

AN ACT *To enhance protections against fraud in the offering of financial assistance for college education, and for other purposes.*

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "College Scholarship Fraud Prevention Act of 2000".

SEC. 2. FINDINGS.

Congress makes the following findings:

(1) A substantial amount of fraud occurs in the offering of college education financial assistance services to consumers.

(2) Such fraud includes the following:

(A) Misrepresentations regarding the provision of sources from which consumers may obtain financial assistance (including scholarships, grants, loans, tuition, awards, and other assistance) for purposes of financing a college education.

(B) Misrepresentations regarding the provision of portfolios of such assistance tailored to the needs of specific consumers.

(C) Misrepresentations regarding the pre-selection of students as eligible to receive such assistance.

(D) Misrepresentations that such assistance will be provided to consumers who purchase specified services from specified entities.

(E) Misrepresentations regarding the business relationships between particular entities and entities that award or may award such assistance.

(F) Misrepresentations regarding refunds of processing fees if consumers are not provided specified amounts of such assistance, and other misrepresentations regarding refunds.

(3) In 1996, the Federal Trade Commission launched "Project Scholarscam", a joint law enforcement and consumer education campaign directed at fraudulent purveyors of so-called "scholarship services".

(4) Despite the efforts of the Federal Trade Commission, colleges and universities, and nongovernmental organizations, the continued lack of awareness about scholarship fraud permits a significant amount of fraudulent activity to occur.

SEC. 3. SENTENCING ENHANCEMENT FOR HIGHER EDUCATION FINANCIAL ASSISTANCE FRAUD.

Pursuant to its authority under section 994(p) of title 28, United States Code, the United States Sentencing Commission shall amend the Federal sentencing guidelines in order to provide for enhanced penalties for any offense involving fraud or misrepresentation in connection with the obtaining or providing of, or the furnishing of information to a consumer on, any scholarship, grant, loan, tuition, discount, award, or other financial assistance for purposes of financing an education at an

institution of higher education, such that those penalties are comparable to the base offense level for misrepresentation that the defendant was acting on behalf of a charitable, educational, religious, or political organization, or a government agency.

SEC. 4. EXCLUSION OF DEBTS RELATING TO COLLEGE FINANCIAL ASSISTANCE SERVICES FRAUD FROM PERMISSIBLE EXEMPTIONS OF PROPERTY FROM ESTATES IN BANKRUPTCY.

Section 522(c) of title 11, United States Code, is amended—

(1) by striking "or" at the end of paragraph (2);

(2) by striking the period at the end of paragraph (3) and inserting "; or"; and

(3) by adding at the end the following:

"(4) a debt in connection with fraud in the obtaining or providing of any scholarship, grant, loan, tuition, discount, award, or other financial assistance for purposes of financing an education at an institution of higher education (as that term is defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001)).".

SEC. 5. SCHOLARSHIP FRAUD ASSESSMENT AND AWARENESS ACTIVITIES.

(a) ANNUAL REPORT ON SCHOLARSHIP FRAUD.—

(1) REQUIREMENT.—The Attorney General and the Secretary of Education, in conjunction with the Federal Trade Commission, shall jointly submit to Congress each year a report on fraud in the offering of financial assistance for purposes of financing an education at an institution of higher education. Each report shall

contain an assessment of the nature and quantity of incidents of such fraud during the one-year period ending on the date of such report.

(2) INITIAL REPORT.—The first report under paragraph (1) shall be submitted not later than 18 months after the date of the enactment of this Act.

(b) NATIONAL AWARENESS ACTIVITIES.—The Secretary of Education shall, in conjunction with the Federal Trade Commission, maintain a scholarship fraud awareness site on the Internet web site of the Department of Education. The scholarship fraud awareness site may include the following:

(1) Appropriate materials from the Project Scholarscam awareness campaign of the Commission, including examples of common fraudulent schemes.

(2) A list of companies and individuals who have been convicted of scholarship fraud in Federal or State court.

(3) An Internet-based message board to provide a forum for public complaints and experiences with scholarship fraud.

(4) An electronic comment form for individuals who have experienced scholarship fraud or have questions about scholarship fraud, with appropriate mechanisms for the transfer of comments received through such forms to the Department and the Commission.

(5) Internet links to other sources of information on scholarship fraud, including Internet web sites of appropriate nongovernmental organizations, colleges and universities, and government agencies.

(6) An Internet link to the Better Business Bureau in order to assist individuals in assessing the business practices of other persons and entities.

(7) Information on means of communicating with the Federal Student Aid Information Center, including telephone and Internet contact information.

APPROVED November 1, 2000.