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Maricopa County Community College District program draws fraud probe

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By JJ Hensley

The Republic | azcentral.com

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Federal investigators served a search warrant at the administrative offices of Paradise Valley Community College late last month as part of a theft and fraud investigation involving more than \$4 million in federal funds earmarked for a service-learning program and administrative functions.

The investigation involves an AmeriCorps program for student community-service work. Investigators are trying to determine if the college paid students for work they did not perform, credited them for community-service work when they were doing schoolwork, recorded work-study hours as AmeriCorps hours, or allowed a small number of students to receive credit for work they did prior to their involvement with the program, according to court documents.

The AmeriCorps program, known as Project Ayuda, involved nearly 1,100 students from campuses throughout the Maricopa County Community College District who were supposed to do community-service work and receive awards of up to \$5,350 in return.

Some of the students performed clerical work at the instruction of a program director, court documents say.

The federal government paid the college district \$400 to \$800 per student enrolled in the program, according to the documents.

The U.S. Attorney's Office, which would prosecute the case in federal court, declined to comment on the investigation.

A spokesman for the district said that Paula Vaughn, director of service learning at Paradise Valley Community College, had recently resigned. He could not specify when her resignation took place.

Vaughn was still listed in her position on the school's website Thursday.

"When the inspector general initiated an investigation of the programs director, the college and the district cooperated fully," district spokesman Tom Gariepy said in a statement. "After an internal investigation, disciplinary action was initiated, and Ms. Vaughn has resigned. We cannot comment on the possibility that some employees may face criminal charges."

Another employee identified in the court documents, Amanda Hines, continues to work in the district, at Mesa Community College. She declined to comment Thursday.

Vaughn was placed on administrative leave after the school's president, Paul Dale, saw her tampering with subpoenaed files, according to court documents.

Investigators allege throughout the probable-cause statement that Vaughn and Hines played integral roles in the fraud, with the top administrator relying on the assistance of her subordinate to alter, destroy and falsify documents related to the students.

"Ms. Vaughn, with the assistance of Ms. Hines, fraudulently created timesheets and falsely certified ineligible members to receive federal education awards between 2007 and 2010," according to the probable-cause statement attached to the search warrant.

"These acts induced the federal government to wrongfully disburse approximately \$2,036,084.05 in federal funds directly paid to approximately 1,096 Project Ayuda AmeriCorps members in the form of AmeriCorps education awards and approximately \$2,234,600 in administrative fees for the expenses implementing the grant."

AmeriCorps was launched in 1990 after President George H.W. Bush signed legislation to help establish a network of service programs that encouraged residents nationwide to volunteer in a variety of fields including education, health and public safety, according to the group's website.

President Bill Clinton later signed an act establishing the Corporation for National and Community Service, which has oversight of AmeriCorps and other service programs.

The search warrant for the college's iMac desktop computer was served at its administrative offices on North 32nd Street in late January, but school officials have been aware of the allegations for more than a year, according to court documents.

In August 2011, school administrators seized the computer that was the subject of last month's search

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warrant and placed it in a safe on the college's campus.

The federal investigation involves student work from 2007 through 2010 with Project Ayuda, which Paradise Valley college employees coordinated for the district. The program, as part of the AmeriCorps initiative, offered financial awards for students to "perform direct service that should result in specific identifiable improvement that would otherwise not be provided," according to court documents.

"Examples of direct services AmeriCorps members in this case could have performed include tutoring children in reading, helping to run an after-school program, engaging in community clean-up projects (or) providing health information to a vulnerable population," the investigator wrote.

Instead, investigators believe some of the students counted hours required for certification in clinical programs, such as dental hygiene and radiation, as AmeriCorps volunteer hours, while others performed menial tasks at the college.

"Three work-study students interviewed stated they used the hours spent performing clerical duties for work-study as their AmeriCorps service hours at the instruction of Ms. Vaughn," according to the documents. "Ms. Vaughn, knowing these members did not perform authorized AmeriCorps service, certified these individuals to receive education awards."

There were also attempts to cover up the fraud, according to the probable-cause statement, including efforts to forge signatures on contracts and timesheets before federal workers charged with oversight of the grants conducted a site visit in 2009. Administrators at the school also failed to conduct required background checks on program participants, according to investigators.

"Ms. Vaughn further instructed a college staff member to remove and destroy documents from member files and to insert background and sex-offender check results in an attempt to impede and influence a federal investigation," the agent wrote.

Across the nation, federal investigators with the Corporation for National Community Service opened 10 cases and closed 22 cases between April and September of last year, according to a congressional report the agency produces. Those cases included criminal sentences for four people convicted of financial misconduct, according to the report.

The agency's investigative arm also made news last year when its budget was cut nearly 30percent, sparking concerns that federal investigators would conduct fewer fraud probes.

It is not the first time the Maricopa County Community Colleges District has come under scrutiny for poor financial oversight. The district unveiled a series of reform proposals in 2007 after allegations arose of financial improprieties related to international travel and enrollment.

Federal investigators believe the AmeriCorps fraud commenced about the same time.

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
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