



United States Department of Education
Office of Hearings and Appeals

In the Matter of
Randolph STANLEY
Respondent

Docket No. 23-21-DA
Debarment Action

Decided: November 8, 2023

Notice Debarring and Suspending Official:
Susan D. Crim
United States Department of Education

Before
RODGER A. DREW, JR.
Chief Administrative Judge
Debarring and Suspending Official

I. PROCEDURAL HISTORY

On September 28, 2023, the Notice Debarring and Suspending Official for the U.S. Department of Education (“Department”) issued Respondent a Notice of Proposed Government-Wide Debarment from Federal Procurement and Non-Procurement Transactions (“Notice”) pursuant to 2 C.F.R. § 180.805. The

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Notice informed Respondent that the proposed debarment was based upon Respondent's criminal conviction in *United States v. Stanley*, No. 22-CR-00458 (D. Md. Aug. 29, 2023) for conspiracy to commit wire fraud and student loan fraud, in violation of 18 U.S.C. § 371, and for student loan fraud, in violation of 20 U.S.C. § 1097(a).

The Notice included a copy of the Information, dated December 22, 2022; the Plea Agreement and Stipulation of Facts, signed by Respondent on March 21, 2023; the Government's Memorandum in Aid of Sentencing and Restitution, filed by the Assistant United States Attorney on June 6, 2023; Respondent's Memorandum in Support of Sentencing, signed by Respondent's counsel on June 5, 2023; and the Judgment in a Criminal Case, dated August 29, 2023, reflecting the court's findings and sentence.

The Department mailed the Notice to Respondent's last known home address on or about September 28, 2023, and the Notice was delivered and left with an individual on September 30, 2023. The Administrative Actions and Appeals Service Group of the Department's Federal Student Aid forwarded the Notice to the Office of Hearings and Appeals on October 3, 2023. Respondent has not responded to the Notice. The 30 days from receipt provided for in 2 C.F.R. § 180.820 to respond to the Notice and sufficient additional time to receive a mailed response sent before the deadline having expired, the official record is closed as of November 6, 2023.

II. GOVERNING PRINCIPLES

A. Basis for Debarment

A Debarring Official has the discretion to exclude or "debar" a person from participating in various nonprocurement transactions directly or indirectly involving the Federal Government for, among other reasons:

Conviction of or civil judgment for—

(1) Commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public or private agreement or transaction;

(2) Violation of Federal or State antitrust statutes, including those proscribing price fixing between competitors, allocation of customers between competitors, and bid rigging;

(3) Commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, receiving stolen property, making false claims, or obstruction of justice; or

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(4) Commission of any other offense indicating a lack of business integrity or business honesty that seriously and directly affects [Respondent's] present responsibility.

2 C.F.R. § 180.800(a).

Conviction means—

(a) A judgment or any other determination of guilt of a criminal offense by any court of competent jurisdiction, whether entered upon a verdict or plea, including a plea of *nolo contendere*; or

(b) Any other resolution that is the functional equivalent of a judgment, including probation before judgment and deferred prosecution. A disposition without the participation of the court is the functional equivalent of a judgment only if it includes an admission of guilt.

2 C.F.R. § 180.920.

Civil judgment means the disposition of a civil action by any court of competent jurisdiction, whether by verdict, decision, settlement, stipulation, other disposition which creates a civil liability for the complained of wrongful acts, or a final determination of liability under the Program Fraud Civil Remedies Act of 1988 [31 U.S.C. §§ 3801–12].

2 C.F.R. § 180.915.

The decision to debar is based on all information contained in the official record. 2 C.F.R. § 180.845(b).

The debarring official need not debar, even if a cause for debarment exists. The official may consider the seriousness of the Respondent's acts or omissions and any mitigating or aggravating factors. 2 C.F.R. § 180.845(a).

The debarring official may consider the following mitigating and aggravating factors, along with other factors if appropriate in light of the circumstances of the case:

(a) The actual or potential harm or impact that results or may result from the wrongdoing.

(b) The frequency of incidents and/or duration of the wrongdoing.

(c) Whether there is a pattern or prior history of wrongdoing. For example, if [Respondent has] been found by another Federal agency or a State agency to have engaged in wrongdoing similar

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to that found in the debarment action, the existence of this fact may be used by the debarring official in determining that [Respondent has] a pattern or prior history of wrongdoing.

(d) Whether [Respondent is] or [has] been excluded or disqualified by an agency of the Federal Government or [has] not been allowed to participate in State or local contracts or assistance agreements on a basis of conduct similar to one or more of the causes for debarment specified in this part.

(e) Whether [Respondent has] entered into an administrative agreement with a Federal agency or a State or local government that is not governmentwide but is based on conduct similar to one or more of the causes for debarment specified in this part.

(f) Whether and to what extent [Respondent] planned, initiated, or carried out the wrongdoing.

(g) Whether [Respondent has] accepted responsibility for the wrongdoing and recognize[s] the seriousness of the misconduct that led to the cause for debarment.

(h) Whether [Respondent has] paid or agreed to pay all criminal, civil and administrative liabilities for the improper activity, including any investigative or administrative costs incurred by the government, and [has] made or agreed to make full restitution.

(i) Whether [Respondent has] cooperated fully with the government agencies during the investigation and any court or administrative action. In determining the extent of cooperation, the debarring official may consider when the cooperation began and whether [Respondent] disclosed all pertinent information known to [Respondent].

(j) Whether the wrongdoing was pervasive within [Respondent's] organization.

(k) The kind of positions held by the individuals involved in the wrongdoing.

(l) Whether [Respondent's] organization took appropriate corrective action or remedial measures, such as establishing ethics training and implementing programs to prevent recurrence.

(m) Whether [Respondent's] principals tolerated the offense.

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(n) Whether [Respondent] brought the activity cited as a basis for the debarment to the attention of the appropriate government agency in a timely manner.

(o) Whether [Respondent has] fully investigated the circumstances surrounding the cause for debarment and, if so, made the result of the investigation available to the debarring official.

(p) Whether [Respondent has] effective standards of conduct and internal control systems in place at the time the questioned conduct occurred.

(q) Whether [Respondent has] taken appropriate disciplinary action against the individuals responsible for the activity which constitutes the cause for debarment.

(r) Whether [Respondent has] had adequate time to eliminate the circumstances within your organization that led to the cause for the debarment.

(s) Other factors that are appropriate to the circumstances of a particular case.

2 C.F.R. § 180.860.

B. Effect of Debarment

A person debarred by a Federal agency is excluded from participating in covered transactions with *any* Federal agency during the period of debarment. 2 C.F.R. § 180.130.

Nonprocurement covered transactions subject to debarment (unless excepted by 2 C.F.R. § 180.215) include grants, cooperative agreements, scholarships, fellowships, contracts of assistance, loans, loan guarantees, subsidies, insurances, payments for specified uses, and donation agreements. 2 C.F.R. §§ 180.210, 180.970.

A person excluded from participation in nonprocurement transactions is also ineligible to participate in Federal procurement transactions under the Federal Acquisition Regulation. 2 C.F.R. § 180.140.

C. Length of Debarment

The length of debarment is based on the seriousness of the action(s) that formed the basis for the debarment. “Generally, debarment should not exceed three years. However, if circumstances warrant, the debarring official may impose a longer period of debarment.” 2 C.F.R. § 180.865(a).

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“In determining the period of debarment, the debarring official may consider the factors in § 180.860. If a suspension has preceded [Respondent’s] debarment, the debarring official must consider the time [Respondent was] suspended.” 2 C.F.R. § 180.865(b).

D. Standard of Proof

The Department has “the burden to prove that a cause for debarment exists.” 2 C.F.R. § 180.855(a). The Department “must establish the cause for debarment by a preponderance of the evidence.” 2 C.F.R. § 180.850(a). “*Preponderance of the evidence* means proof by information that, compared with information opposing it, leads to the conclusion that the fact at issue is more probably true than not.” 2 C.F.R. § 180.990.

“If the proposed debarment is based upon a conviction or civil judgment, the standard of proof is met.” 2 C.F.R. § 180.850(b). “Once a cause for debarment is established, [Respondent has] the burden of demonstrating to the satisfaction of the debarring official that [Respondent is] presently responsible and that debarment is not necessary.” 2 C.F.R. § 180.855(b).

Respondent will not have an opportunity to challenge the facts upon which the proposed department is based if—

- (1) [Respondent’s] debarment is based upon a conviction or civil judgment;
- (2) [Respondent’s] presentation in opposition contains only general denials to information contained in the Notice of Proposed Debarment; or
- (3) The issues raised in [Respondent’s] presentation in opposition to the proposed debarment are not factual in nature, or are not material to the debarring official’s decision whether to debar.

2 C.F.R. § 180.830(a).

III. FINDINGS OF FACT

On March 21, 2023, Respondent pleaded guilty before a Federal District Court in the District of Maryland to one count of conspiracy to commit wire fraud and student loan fraud, in violation of 18 U.S.C. § 371, and one count of student loan fraud, in violation of 20 U.S.C. § 1097(a).

On August 29, 2023, the Court adjudicated Respondent guilty in accordance with his pleas and sentenced him to imprisonment for 48 months on each

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Count, such terms to run concurrently; restitution of \$5,648,238, and a \$200 special assessment.

Respondent was a resident of Maryland. He was an employee of the Defense Contract Audit Agency (“DCAA”), an agency of the Department of Defense, from October 2008 until in or around June 2021, when Respondent was indefinitely suspended.

University 1 is an online academic institution headquartered in Adelphi, Maryland. Respondent previously worked as a Financial Advisor at University 1 from in or around 2005 until in or around 2007.

University 2 is a for-profit academic institution. Respondent reported to DCAA that he previously worked for University 2 as the Director of Student Finances from in or around June 2008 to in or around October 2008.

Federal Student Aid (“FSA”) is an office of the Department that offers financial aid programs for students seeking assistance while pursuing a post-secondary education. The purpose of federal student aid is to cover student expenses such as tuition and fees, room and board, and books and supplies. Students seeking to obtain federal student aid must complete a Free Application for Federal Student Aid (“FAFSA”), and certify the information contained therein is true and correct. Federal student aid includes any financial assistance from the Department, including loans, grants, or any other disbursement of money.

After the submission of a FAFSA, FSA processes it using a server located outside of Maryland. The server conducts an automated review of the student’s FAFSA application information to calculate the expected family contribution toward the cost of a student’s attendance at an institution of higher learning. A student with a lower estimated family contribution qualifies for more need-based financial aid, up to the full costs of attending university.

After aid is awarded, academic institutions draw down student aid funds and disburse them accordingly. The U.S. Treasury at the Federal Reserve Bank, located in New York, transfers federal student aid funds via interstate wire to the institution’s bank account(s). The institution applies the aid to tuition and any additional student fees. If a surplus of funds in the student’s account remains after fees are paid, the institution will distribute the remaining funds directly to the student, often by direct deposit. This is commonly referred to as the student loan refund.

An FSA ID is an individual ID used by students to access their FSA accounts and complete the FAFSA online. As set forth on the FSA registration page, FSA IDs and the corresponding password are not to be shared with other

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individuals. No individual is authorized to create an FSA ID for any other individual.

Between in or around 2006 and continuing until in or around June 2021, Respondent and his co-conspirators engaged in a scheme to defraud the Department and to obtain by fraud, false statement, or forgery, funds from the Department.

As part of the scheme, Respondent and his co-conspirators recruited over 60 individuals (“Student Participants”) to apply for and enroll in post-graduate programs in at least eight academic institutions, including University 1 and University 2 (the “Schools”). Respondent and his co-conspirators told the Student Participants that they would assist with the coursework for these programs, including completing assignments and participating in online classes on behalf of the Student Participants, in exchange for a fee. As a result, the Student Participants would be able to fraudulently receive credit for the courses, and in many cases, degrees from the Schools, without doing the necessary work.

Respondent and his co-conspirators further directed these Student Participants to apply for federal student loans by submitting FAFSAs to FSA. Many of the Student Participants were not qualified for the programs to which they applied, either because they lacked the necessary prerequisite coursework or did not meet other requirements for admission. Accordingly, because the Student Participants were not qualified for the underlying academic programs, they did not qualify for federal student aid.

The Student Participants, including Respondent, were awarded tuition, which went directly to the Schools. At least 60 Student Participants also received student loan refunds, which the Schools disbursed to Student Participants after collecting the tuition. Respondent, as the ringleader of the scheme, kept a portion of the student refunds.

Respondent also used a portion of student refunds to make payments to other members of the conspiracy, including paying individuals in the United States and in other countries who were paid to complete and submit coursework on behalf of the Student Participants. At Respondent’s direction, these individuals would both: (1) directly submit the assignment using the Student Participants’ usernames and passwords while falsely claiming to be the Student Participant; and (2) provided completed assignments to Respondent and/or the Student Participant for submission. By using student loan refunds to pay these individuals to complete this coursework, Respondent ensured that the Student Participants remained enrolled in the Schools and thus eligible for more student loan refunds in the next academic term.

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In furtherance of the scheme, Respondent caused the U.S. Treasury at the Federal Reserve Bank, located in New York, to wire funds to the accounts of the Schools. In total, Respondent and his co-conspirators caused the Department to disburse at least \$5,830,639 in federal student loan funds. Of the funds disbursed, over \$5,652,292 in student loans to the Department remain outstanding. These funds were insured under subchapter IV of Chapter 28 of United States Code Title 20, as provided in 20 U.S.C. § 1097(a).

Respondent's scheme involved misrepresentations to consumers, including the Student Participants, in connection with obtaining, providing, or furnishing financial assistance for an institution of higher education.

Respondent's scheme further involved sophisticated means and he intentionally engaged in or caused the conduct constituting sophisticated means, including using multiple bank accounts to funnel student loan refunds, and masking IP addresses for computers that were used to log into the Student Participant's accounts, in order to conceal the scheme from the Schools.

Respondent was a manager/supervisor of the scheme, which involved five or more individuals, including the Student Participants and individuals who fraudulently completed and submitted coursework on behalf of the Student Participants.

IV. ANALYSIS

The basis for this debarment action is a conviction of student loan fraud and of conspiracy to commit wire fraud and student loan fraud. 2 C.F.R. § 180.920(a). There being a conviction, the Department has met its burden of proof and Respondent does not have an opportunity to challenge the facts upon which the proposed debarment is based. 2 C.F.R. §§ 180.830(a)(1), 180.850(b). Accordingly, Respondent has the burden, based on the official record, of demonstrating that he is presently responsible and that debarment is not necessary. 2 C.F.R. §§ 180.845(a), 180.855(b). Respondent has not replied to the Notice and in face of the official record has failed to meet his burden that he is presently responsible and that debarment is not necessary.

To his credit, Respondent pleaded guilty in a Federal criminal trial. As part of his sentence, he has been ordered to pay restitution of \$5,648,238.

The actual or intended loss resulting from Respondent's actions amounted to more than \$3,500,000. His offenses involved a misrepresentation to a consumer in connection with obtaining, providing, or furnishing financial assistance for an institution of higher education. A substantial part of his fraudulent scheme was committed from outside the United States, involved sophisticated means, and Respondent intentionally engaged in or caused the conduct

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constituting sophisticated means. Respondent was a manager or supervisor and his criminal activity which involved five or more participants or was otherwise extensive.

V. CONCLUSION

On the basis of the foregoing, it is hereby **ORDERED** that Respondent be **DEBARRED** from initiating, conducting, or otherwise participating in any covered transactions set forth in 2 C.F.R Subpart B for federal procurement and non-procurement program activities of any federal agency.

Taking into consideration the mitigating factors and the seriousness of Respondent's actions, including the multiple instances of his fraudulent activities, the role in which he played in the overall scheme, the number of other individuals with whom he colluded, the length of time over which his actions occurred, and the extremely large amount of federal financial aid funds he was involved in fraudulently obtaining, circumstances warrant and I impose an appropriate length of debarment such that Respondent is ineligible to receive federal financial and non-financial assistance or benefits from any federal agency under procurement or non-procurement program activities *for a period of 4 years*, effective with the date of this decision.

Further, during the period of debarment, Respondent may not act as a principal on behalf of any person in connection with a covered transaction. A principal is defined in 2 C.F.R. § 180.995 as follows:

- (a) An officer, director, owner, partner, principal investigator, or other person within a participant with management or supervisory responsibilities related to a covered transaction; or
- (b) A consultant or other person, whether or not employed by the participant or paid with Federal funds, who—
 - (1) Is in a position to handle Federal funds;
 - (2) Is in a position to influence or control the use of those funds; or,
 - (3) Occupies a technical or professional position capable of substantially influencing the development or outcome of an activity required to perform the covered transaction.

This debarment is effective for all covered transactions unless an agency head or authorized designee grants an exception for a particular transaction in accordance with 2 C.F.R. § 180.135.

This decision constitutes a **FINAL AGENCY DECISION**. In accordance with 2 C.F.R. § 180.140, this debarment shall be recognized by, and is effective

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for, executive branch agencies as a debarment under the Federal Acquisition Regulation.



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