

FORUM | Research in Brief

Diploma Mills and Counterfeit Operations

By Allen Ezell

Editor's Note: This is the first of three articles on academic fraud. This article describes the history and growth of diploma mills and counterfeit operations. The second article will focus on Axact, the world's largest diploma mill (a true criminal enterprise). The third will detail how to identify diploma mills.

Academic document fraud is a global problem. Academic fraud in the United States affects education and business communities here and abroad. Similarly, fraudulent activities outside the United States affect U.S. academic institutions and business communities. Diplomas and transcripts sold abroad, purportedly in the names of U.S. institutions, undermine the legitimacy and reputation of all U.S. colleges and universities. Fraudulent documents have lifecycles of fifteen to twenty years, especially in light of the curriculum vitae and resumes they support.

Both here and abroad, one goal is the same, despite differences in landscapes, languages, and laws: protect higher education institutions' integrity as well as that of their diplomas and transcripts. Law enforcement's shared goal is to apprehend, prosecute, and convict fraudsters and put them out of business. Then, their focus is to identify the "graduates."

Background of the Diploma

Centuries ago, kings utilized parchment for official documents and proclamations and to certify events or

as a charter, grant, or land transfer. Colleges and universities used it to certify a student's completion of a course of study or program (Ezell and Bear 2005).

The College de Sorbonne, founded in 1257 by Robert de Sorbonne, was one of the first significant colleges of the medieval University of Paris. By the 14th century, the best library in Europe was at the University of Paris. Only those individuals who had earned a doctoral diploma were admitted to the library. The universities at Oxford and Cambridge did not have good libraries, though they did award doctorates. People soon learned that a forged or fake Oxford or Cambridge doctorate could be used to gain admission to the Sorbonne library; as a result, fake Oxford and Cambridge diplomas proliferated. This marked the beginning of the counterfeiting of university diplomas (Ezell and Bear 2005).

Fraudulent Diplomas: Colonial Era and Thereafter

Fraudulent diplomas date at least to colonial times. In his annual reports of 1876 through 1881, John Eaton, a U.S. Commissioner of Education, indicated that the sale of degrees had become commonplace as early as 1730.

By the 1880s, there were many diploma mills in the United States, but as public awareness increased, states revoked the business charters of many. In the late 1800s and early 1900s, fraudulent medical schools sold fake medical doctor credentials. No federal laws precluded this conduct; everything was left to individual states.

Phony doctors avoided the law by traveling to nearby states. In 1924, the U.S. Senate held public hearings entitled “Abuses in Medical Education, etc.” (Cope-land 1924). Although no new laws resulted from these hearings, the existing mail fraud statute was amended to prohibit any degree from being issued solely on the basis of completed correspondence courses. The continued growth of diploma mills suggests this was not enforced. Fraudulent correspondence schools continued to be a national problem through World War II, servicemembers’ return home, and passage of the GI Bill.

During the 1950s and 1960s, the number of fraudulent schools continued to increase, to more than 100. Diploma mills and fraudulent correspondence schools flourished in the 1960s and 1970s. Initially, the U.S. Postal Inspection Service investigated; this publicity, coupled with prosecution of the schools in U.S. District Court, reduced the numbers. But the fraud proved too lucrative to stop. When postal inspectors stopped investigating, the number of diploma mills increased significantly, to approximately 400 to 500 by the end of this period. In early 1980, the Federal Bureau of Investigation (FBI) began investigating academic fraud.

Operation DIPSCAM (Diploma Scam)

Southeastern University, Greenville, South Carolina

In 1980, a source advised me (a special agent of the FBI, Charlotte, NC) that the president of Southeastern University, in Greenville, South Carolina, was selling diplomas and transcripts. The source later introduced me by telephone (recorded conversation) to the school’s president, Alfred Jarrette, and I negotiated to buy my bachelor’s, master’s, and doctoral degrees (all back-dated and with no academic work completed). I sent the president \$3,000 by mail; in turn, he sent me diplomas and transcripts. I had not completed any of the courses reflected on the transcripts.

Thereafter, a cooperating senior vice president of nearby Bank of North Carolina in Charlotte sent a letter to Jarrette indicating that I had applied for a position and requested verification of my academic credentials from SEU, which Jarrette verified by return mail. Jarrette then invited me to visit his school. When I visited, he showed me their filing cabinet containing

eleven years of “graduate” files, including my own, and recruited me to raise funds for his “university” (and to keep one-third for myself).

I returned to Charlotte and shared all I had learned with the assistant U.S. attorney (AUSA). AUSA wanted a third agent to attempt to purchase a diploma from Southeastern University Theological Seminary (SEUTS), another school Jarrette was operating (in the Virgin Islands), to demonstrate that it, too, was fraudulent. The third agent negotiated for the purchase of his master’s degree in divinity for \$5,000. Jarrette was shocked when we arrived at SEU (in fact located in his home) at the scheduled time and date—this time as FBI agents with a federal search warrant. We interviewed Jarrette, executed the search warrant, and took all documents relating to his “university” and “seminary.” The next day we learned that Jarrette had committed suicide. Over an eleven-year period, he had sold 620 fraudulent academic documents to 171 federal, state, and country employees. We then started tracking down many of the “graduates.”

This single investigation led the FBI into an eleven-year effort to eliminate diploma mills in the United States. During DIPSCAM, the Charlotte FBI office opened more than 75 cases on suspected fraudulent schools in the United States and abroad. DIPSCAM identified 40 degrees that had been purchased, convicted 21 individuals, and dismantled 40 schools. The names of 12,000 “graduates” were added to the DIPSCAM database. Schools ranged from sole proprietorships to more complex operations run by six to seven family members. Some rented their accreditation whereas others ran their own accreditation mills using foreign addresses. Some operated in plain sight while others operated under the guise of a religious organization.

What is a Diploma Mill?

The Higher Education Opportunity Act (HEOA) (2008) defines a diploma mill as follows:

(A) (i) offers, for a fee, degrees, diplomas, or certificates that may be used to represent to the general public that the individuals possessing such a degree, diploma, or certificate had completed a program of postsecondary education or training; and (ii) requires such individual to complete little or no education or coursework to obtain such degree, diploma, or certificate; and (B) lacks

accreditation by an accrediting agency or association that is recognized as an accrediting agency or association of institutions of higher education (as such term is defined in section 102) by—(i) the Secretary pursuant to subpart 2 of part H of title IV; or (ii) a federal agency, state government, or other organization or association that recognizes accrediting agencies or associations.

Diploma mills are supported by accreditation, facilities, faculty, and student body. Because accreditation gives schools legitimacy, it is probably the most important “pillar.” Today, diploma mills create their own accreditation organizations in order to accredit themselves. No physical addresses are given, only Web addresses. Occasionally, the accreditation mill lists the institutions it purports to accredit.

It may be more likely for fraudulent academic credentials to exist in the United States than in other countries because no specific federal criminal statutes outlaw diploma mills, accreditation mills, counterfeit diploma operations, or rogue credential evaluation companies. In 2013–14, the “Diploma and Accreditation Integrity Protection Act” (113th Congress) died in committee. Rep. Timothy Bishop (D-New York) introduced several other bills (in 2010, 2011 and 2013) that proposed federal legislation against diploma mill fraudsters, but they died in committee, thus were never enacted (HR 2234 2013).

Congress has been reactive rather than proactive with regard to diploma mills, accreditation mills, and counterfeit operations. Public hearings were held in 1924, 1984, 1985, and 2004 after considerable publicity about phony physicians and tax dollars being used to reimburse federal employees for their fraudulent academic credentials. Since 1924, no criminal legislation has emerged from any of these hearings. Perhaps even more surprising is that the officials of Union University and Lexington University, which awarded diplomas and transcripts to committee investigators posing as Congressman Claude Pepper and, later, Senator Susan Collins, were not prosecuted.

The Scope

This worldwide, multi-billion-dollar industry is growing annually. There is no one source that maintains records on the numbers of these criminal entities. As an expert in the field for nearly 40 years, I believe there

are at least 5,000 diploma mills are in operation today, 1,500 accreditation mills, and more than 500 counterfeit diploma and transcript websites. There are even diploma mill review sites that feature reviews (typically submitted by a competitor) as means of generating more business.

Fifty states (and the District of Columbia) have statutes regarding colleges and universities, with some having statutes regarding diploma mills, accreditation mills, and counterfeiters. Beyond varying state statutes are different ideas regarding enforcement, which varies by jurisdiction. The following states have the most diploma mills: California, Colorado, Delaware, Florida, Hawaii, Idaho, and Mississippi (Ridenbaugh Press 2008). As one state cracks down on diploma mills, operators move to another.

The Internet: The Fraudster’s Dream (A Game Changer)

The Internet as we know it became available in mid 1995 and is described as the “virtual world.” Virtual means “almost, or nearly as described, but not completely;” in computing, it means “not physically existing as such” (Lexico 2019). “Virtual” thus describes thousands of fake schools that exist only on a server (probably with a disguised registration) and that feature a slick-looking web page filled with fantastic photos (stolen from other sites) of smiling students and faculty and magnificent buildings. Content about course offerings, admission requirements, and alumni round out their websites.

Fraudsters quickly saw the potential of the Internet to host content about their schools and to sell their wares worldwide at low cost. Gone are the advertisements in newspapers and magazines, flyers and other direct mail (as is boiler room phone solicitation). Gone too are the tabloids and magazine advertisements. In their place are “pop-ups” and “banner” advertisements, unsolicited e-mails (spam), and more. Post office boxes have been replaced by e-mail and online banking. Technology enables one’s neighbor to operate diploma mills ostensibly from Buffalo, Seattle, Key West, Boise, Hong Kong, and Cambodia.

According to Liedke (2019), 4.1 billion people use the Internet, which comprises more than 1.94 billion active websites using 1,508 domain extensions with 342 million registered domain names. China, India, and the United States rank ahead of all other countries in terms

of numbers of Internet users. Internet-influenced retail sales totaled \$2.84 trillion in 2018. Axact.com states that the “Axact Education Unit caters to the \$461 billion industry.”

Examples of Fraudulent Schools

Inside Prisons

With assistance from a person on the “outside,” James V. Kirk, while serving a sentence for his nefarious activities at LaSalle University (which grossed \$35 million and more than 12,000 graduates), created Edison University. It had a Honolulu mail drop address and was later renamed Addison University and then Acton University. Kirk created the World Christian Church and used this to separate his schools’ activities from state regulations and statutes. After the IRS questioned his religious exemptions, he constructed a chapel on campus and hired a minister—and then fired the minister. Printed on the back of student transcripts was a statement indicating that all graduates automatically become members of the Worldwide Christian Church. Kirk also established his own accrediting entity at a Washington, D.C., address. Kirk was arrested by the FBI, indicted by a federal grand jury, and forfeited a \$1.5 million river mansion, several luxury automobiles, and \$12.5 million in cash to the government. (Kent College, a sister school of LaSalle, indicates accreditation by the Council on Post Secondary Christian Education).

While a federal inmate (his third conviction for fraud), former Louisiana Senate President (and disbarred lawyer) Michael H. O’Keefe, Sr., became associated with Columbus University in New Orleans (now in Picayune, Mississippi) and reportedly ran the institution from “a distance” (*i.e.* his prison cell). Columbus offered law degrees for \$3,000 to \$4,000 and was eventually raided by the FBI.

Kenneth J. Shong, a Racine, Wisconsin, inmate who created Carlingford University (in England) while in custody later sold his “distance learning programs” to fellow inmates via their relatives. After two years, prison authorities learned of the scam, and just before Shong was to be released, he and another person were charged.

Hiding Under the Umbrella of the Church (A Common Tactic)

Like LaSalle, many fraudulent schools hide behind the guise of a church. Hamilton University; Richardson University; and American State University, Honolulu (Hawaii) and Evanston (Wyoming) existed under the FION (Faith in the Order of Nature) Fellowship. They even constructed chapels. (Of course, with closed grounds and no students, there were neither worshipers nor church services.) The operator, Rudy Marn, was later arrested and convicted on tax fraud charges related to his schools.

The University of Berkley (UB), founded in Berkley, Michigan, and operating on the Internet today, has no physical address listed on its website¹ but may be operating from Ohio. The site does not show pictures of a school, and the only contact telephone number is a Chicago listing. UB claims to be “the educational arm of the Universal Pantheistic and Theosophical Society,” thus claiming religious school exemption. Degrees cost \$2,515 to \$3,505 with savings if prepaid; UB also offers an “expedited program.”

“Operation Gold Seal”

Randolph Addison Davis Technical University (RADtu) is the non-existent virtual university established by the U.S. Secret Service during its investigation of St. Regis University (SRU) (Liberia and Mead, Washington). With RADtu as the cover story, agents purchased accreditation from the mill operators and then purchased several diplomas from one of their 120 fake schools, Robertstown University, in the name of several 9/11 terrorists. This case is unique because mill operators bribed numerous individuals in Nigeria to serve as faculty (and issued them monthly payments) to perpetuate the fraud; they also bribed the Deputy Chief of Mission in the Liberian Embassy to verify their legitimacy.

The USSS undercover operation found that SRU had 9,612 customers in 131 countries and had sold 10,815 diplomas grossing more than \$7,369,907 through 120 websites. SRU also had a fake medical school and offered 22 medical majors on its diplomas. SRU fraudsters also had an agreement with credential evaluator Career Consulting International (Sunrise, Florida) to “review” SRU transcripts. CCI would be paid for each transcript for which it declared the credits equivalent

¹ See <berkley-u.edu>.

(ORIGINAL ADVERTISEMENT REMOVED)

to those of accredited U.S. institutions and which could thereby be used for H-1B visas. SRU also manufactured and sold counterfeit diplomas for 77 legitimate, accredited U.S. institutions. USSS arrested eight individuals in this case; all were convicted.

Hiding Among Current Events

Brexit University (an Axact school) was created after the United Kingdom disclosed its plan to exit the European Union.

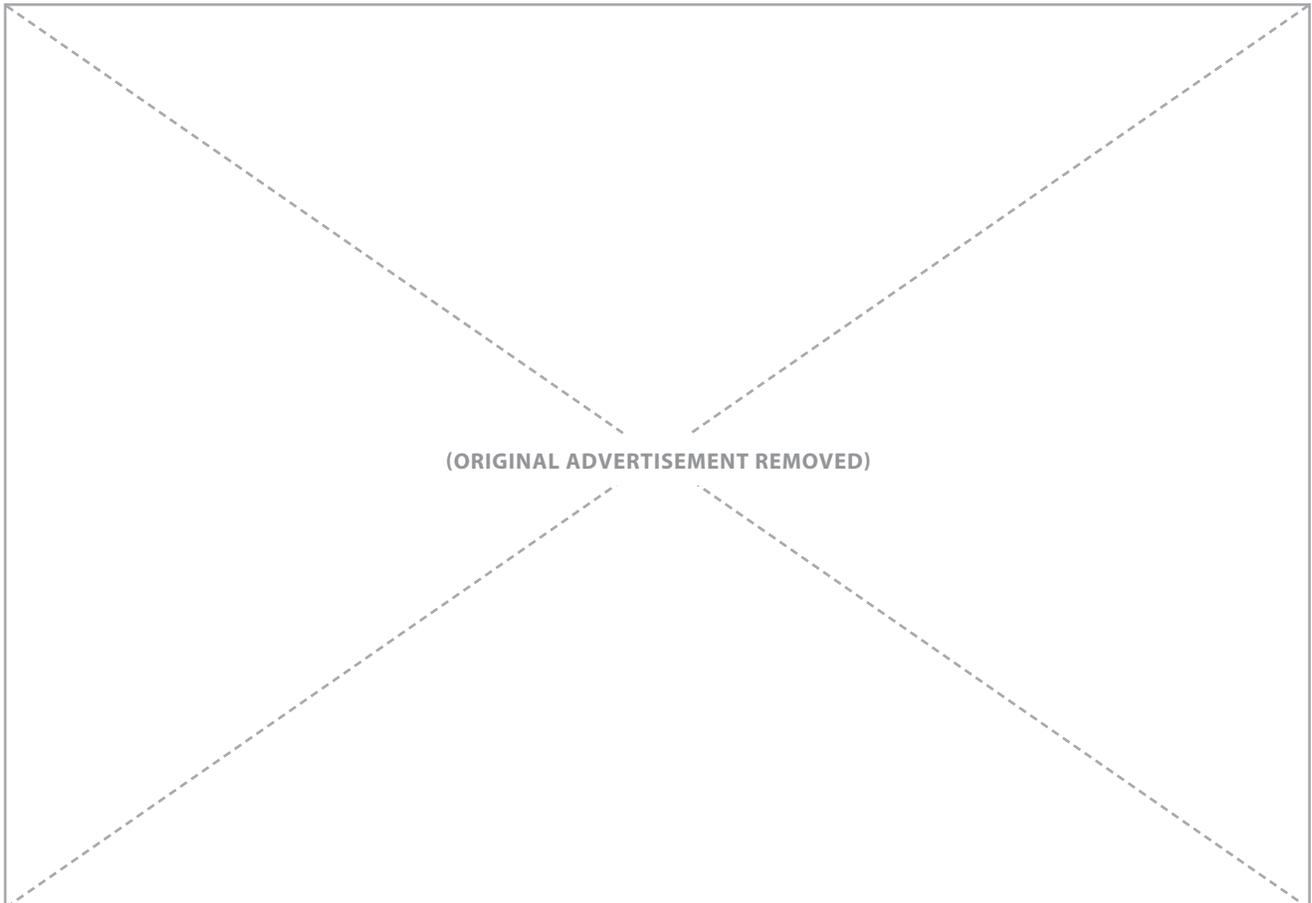
Homeland Security College² was registered in April 2003 in New York, though the site states that it was “established in October 2001 to provide a single source for high-level education and training in the field of counter-terrorism.” Some experts they have recruited “are recently retired former or present FBI agents...” HSU plans to build twelve campuses yet says they will be opening “60 campuses in the USA” and are “seeking 362 highly qualified professionals for each campus.”

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² See <homeland-security-college.org>.

(The Ph.D., founder, president, and CEO of HSU was recently arrested for impersonating a federal agent.)

Others

Lexington University is ostensibly located in Middletown, New York, though no address is listed on its website. This mill was operated by a disbarred attorney and sold a bachelor’s degree in biology and a master’s degree in medical technology, with honors, for \$1,500. These fraudulent diplomas and transcripts were displayed by Senator Collins at Senate hearings in May 2004 under the title “Bogus Degrees and Unmet Expectations: Are Taxpayer Dollars Subsidizing Diploma Mills?” Lexington claimed accreditation by the Higher Education Services Association (which also accredits Ellington and Stanton Universities). In conjunction with work by Government Accounting Office investigators, these hearings exposed 463 high-level federal employees with dubious degrees, including 143 who requested and received \$169,000 of federal funds as education reimbursement.



Concordia College and University Delaware (CCUD) was founded in 1999, incorporated in Delaware, and shows an office in Wilmington. It offers a “\$149 nationally accredited online degree program.” Accreditation is through the “United States National Academic Higher Education Agency in Washington, D.C., established in 1974.” CCUD awarded a bachelor’s degree in criminal justice to “Rocko,” the police dog at the Fostoria, Illinois, Police Department—ironically the same degree claimed by the chief of police. CCUD is still operating today.

Westmore College displays on its home page a picture of the skyline of the Parliament Building in London. All diplomas and transcripts come with an automatic 3.0 GPA; according to the college’s price schedule, customers who want a higher GPA may pay \$10 per point.

Al-Khalifa American University provides no address on its website but instead displays a picture of a magnificent multi-floor marble library building, the Butler Library of Columbia University. This library has appeared on numerous Axact fake school websites.

Almeda University was offered for sale in November 2006 with an “asking price” of \$2.3 to \$3.0 million. Almeda indicated that its gross revenue was \$3.2 million, with a cash flow of more than \$1.8 million (seller financing available). Almeda stated that its reason for selling was due to bad publicity after two cops were arrested with fake degrees from Almeda (NBC 2006). Almeda University later became part of Axact in Pakistan.

America’s General Delivery University (GDU) offers downloadable, instant, free diplomas.³

Fake Degrees Open Opportunity for Potential Harm

Recent examples demonstrate how recipients of fake diplomas can cause significant harm to the public. For example, Gerald Morton Shirtoff assumed the identity of a legitimate London civil engineer and his academic credentials and then added a few. He obtained a job as construction manager on a seven-story building to be constructed in Christchurch, New Zealand. He visited the construction site only about once a month. As a result of the 2011 earthquake, the building collapsed, killing 115 people—including children in the child care facility on the ground floor. This exposed the Shirtoff

fraud. He was prosecuted, but this did not bring any of the victims back to life.

Anders Breivik, a Norwegian white nationalist, financed his extremist activities by selling fake diplomas to Americans and grossing about \$630,000. In July 2011, he detonated an industrial explosive in a van parked next to the prime minister’s office in Oslo, Norway, killing eight. He then went to the Workers’ Youth League summer camp, where he killed 69 and wounded 319. Breivik was apprehended, convicted, and given the maximum sentence.

Pedro de Mesones was a “degree broker” in Alexandria, Virginia. He sold fraudulent medical doctor credentials from two Caribbean medical schools, CETEC and CIFIS, to 165 people and grossed \$1.5 million. Thirteen of these “graduates” obtained their medical license, and six went on to do their residencies at U.S. hospitals. U.S. postal inspectors investigated. A registered nurse posed as a buyer, purchased her M.D. degree, traveled to Santo Domingo, and attended “graduation” ceremonies. de Mesones was arrested and prosecuted, testified about his activities before a congressional committee, and served his sentence in federal prison.

University Degree Program (UDP) operated from 1998 until 2003 and was the largest diploma mill at the time. It had 22 fake schools (using front addresses all over Europe) and various fake accreditors and was operated by two Americans who utilized two telephone sales centers (in Bucharest, Romania, and Jerusalem, Israel) 24/7 with 45 registrars per shift. UDP sold more than 250,000 diplomas and transcripts and grossed at least \$435 million. Its fake degrees represented 22 medical majors, including anesthesia, cardiology, cardiovascular surgery, dentistry, emergency medicine, endocrinology, gerontology, gynecology, neonatology, neurology, obstetrics, oncology, ophthalmology, orthopedics, pediatrics, pharmacology, psychology, radiology, rheumatology, and urology. Ponder for a moment: where are these “graduates” employed? U.S. federal law enforcement refused to investigate; the Federal Trade Commission investigated and charged the fraudsters civilly, fining them a mere \$57,000.

Recently there was a “get rich quick” swindle under the auspices of the now-closed Trump University (TU). (TU later became the Trump Entrepreneur Initiative.) TU was organized and operated as a real estate, entrepreneurship, asset and wealth creation, management, and sales training program—not as a university.

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³ See <bandersnatch.com>.

The New York State attorney general stated that TU engaged in deception at every turn and called TU a fraud. TU was the subject of various civil lawsuits and finally settled two federal class action lawsuits and one with the State of New York. Ultimately, TU paid a \$25 million fine. No criminal investigation was initiated in New York.

Conclusion

This article describes degree mills “hiding in plain sight” on the Internet, under the guise of a church, and operated from outside and inside prison. Fraudsters represent themselves as consultants, career consultants, consulting specialists, degree consulting services, credential evaluators, “academic research and referral center,” “academic referral service,” and more.

Anything and everything is for sale on the Internet today. Counterfeiters mask their true operations by claiming they are in the novelty or replacement degree business. There are hundreds of these sites. Sometimes a name says everything—for example, PhonyDiploma

and DiplomaMakers, ReplicaDiplomas, BestFakeDiploma, BestFakeDegrees, DiplomasUnlimited, NextDayDiplomas, NoveltyWorksDegrees, SameDayDiplomas, and SuperiorFakeDegrees. Diploma makers are so brazen that they have even shown an interior picture of their printing plant with the caption “Production team at work in the evening so the company will run smoothly.”

We live in a “credential conscious” society, with more emphasis placed on someone’s academic credentials, rather than their knowledge and ability in a given field. Couple this with an employer’s failure to verify credentials, and the result is our having a proliferation of diploma mills and counterfeiters. With the worldwide reach of the Internet, this is truly everyone’s problem!

Article two will explore Axact (www.axact), which the press has described as the “largest diploma mill in the world.” Axact’s newest fake school, Hempster Shire University (www.hsu.education), was created in December 2018 and is calling itself the “world’s largest online university.”

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About the Author

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