



John Keel, CPA
State Auditor

A Special Investigations Unit Report on
**A Higher Education Coordinating Board
College Access Loan Application**

December 11, 2007

Members of the Legislative Audit Committee:

The White Collar Crime Division of the Bexar County District Attorney's Office obtained a plea of nolo contendere or no contest as charged in the "information" from Lorenzo F. Serna to the offense of theft of \$500 or more but less than \$1,500 (a Class A misdemeanor). An "information" is a written statement filed and presented on behalf of the State by the district attorney, charging the defendant with an offense. Mr. Serna entered the plea subsequent to the investigation of an alleged forgery of a College Access Loan (CAL) application and promissory note by the State Auditor's Office's Special Investigations Unit.

The Higher Education Coordinating Board (Coordinating Board) requested the investigation into this alleged offense. The forged CAL application led to the fraudulent disbursement of \$7,500 for tuition and fees to Mr. Serna, a former student at the University of the Incarnate Word in San Antonio, Texas.

As a result of the plea agreement arranged by the Bexar County District Attorney, Mr. Serna received deferred adjudication and paid a fine of \$2,000. Mr. Serna also made full restitution to the Coordinating Board prior to the plea agreement.

If you have any questions, please contact Harold Burns, Senior Investigator, or me at (512) 936-9500.

Sincerely,

John Keel, CPA
State Auditor

cc: The Honorable Rick Perry, Governor
The Honorable Susan Reed, Bexar County District Attorney
Dr. Raymund Paredes, Commissioner, Higher Education
Coordinating Board

What Is CAL?

The CAL program is funded through the Hinson-Hazelwood college student loan program and is administered by the Higher Education Coordinating Board. Students apply for this aid through the financial aid office of the college they plan to attend. Promissory notes require a co-signer, and the co-signer's credit worthiness is checked. Due to similar cases already investigated by the Special Investigations Unit of the State Auditor's Office, the Higher Education Coordinating Board now makes contact with co-signers to verify authorization of their signatures and the loan amounts.

The Special Investigations Unit investigates reports of illegal activity involving state agencies and universities. It refers the results to prosecuting authorities. Texas Government Code, Section 321.022, requires state agencies and universities to report suspected fraud or unlawful conduct to the State Auditor's Office if there are facts (not merely suspicion) that point to fraud or unlawful conduct.

To report suspected illegal activity, call 1-800-TX-AUDIT (1-800-892-8348), send a fax to (512) 936-9400, visit www.sao.state.tx.us, or mail information to the State Auditor's Office, Attn: SIU, P.O. Box 12067, Austin, Texas 78711.

SAO Report No. 08-015



This document is not copyrighted. Readers may make additional copies of this report as needed. In addition, most State Auditor's Office reports may be downloaded from our Web site: www.sao.state.tx.us.

In compliance with the Americans with Disabilities Act, this document may also be requested in alternative formats. To do so, contact our report request line at (512) 936-9880 (Voice), (512) 936-9400 (FAX), 1-800-RELAY-TX (TDD), or visit the Robert E. Johnson Building, 1501 North Congress Avenue, Suite 4.224, Austin, Texas 78701.

The State Auditor's Office is an equal opportunity employer and does not discriminate on the basis of race, color, religion, sex, national origin, age, or disability in employment or in the provision of services, programs, or activities.

To report waste, fraud, or abuse in state government call the SAO Hotline: 1-800-TX-AUDIT.