



John Keel, CPA
State Auditor

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

August 11, 2010

Members of the Legislative Audit Committee:

An investigation by the State Auditor's Office's Special Investigations Unit into allegations of forged Hinson-Hazelwood loan applications and promissory notes led to the Public Integrity Unit of the Travis County District Attorney's Office obtaining indictments for Iris Rene Royal on June 3, 2010 (see text box). The Special Investigations Unit received allegations from the Higher Education Coordinating Board that loan documents submitted by Ms. Royal had been forged. The forged applications and promissory notes led to the fraudulent disbursement of \$19,500 for tuition, fees, and personal expenses for Ms. Royal, a former student at the University of the Incarnate Word.

The indictments of Ms. Royal alleged that between July 29, 2000, and April 14, 2003, Ms. Royal forged the signature of a family member on various loan applications and promissory notes. Ms. Royal faces four counts of forgery. These offenses are state jail felony charges that carry a maximum penalty of confinement for a term from 180 days to 2 years in a state jail and may be punished by a fine not to exceed \$10,000.

If you have any questions, please contact Harold Burns, Senior Investigator, at (512) 936-9782 or me at (512) 936-9500.

Sincerely,

John Keel, CPA
State Auditor

cc: The Honorable Rick Perry, Governor of Texas
Dr. Raymund A. Paredes, Commissioner, Higher Education Coordinating Board
The Honorable Rosemary Lehmborg, Travis County District Attorney
Mr. Gregg Cox, Director, Special Prosecution Division, Travis County District Attorney's Office

What Is Hinson-Hazelwood?

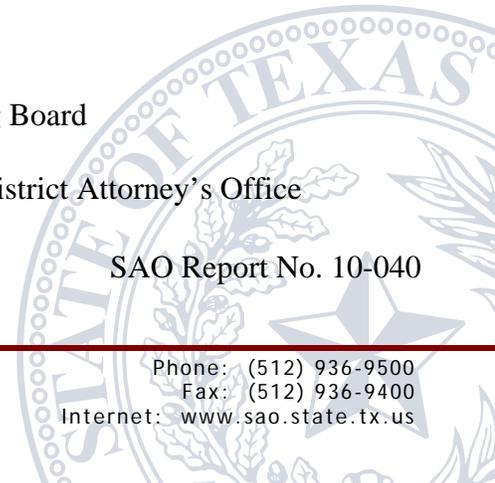
Hinson-Hazelwood is a college loan program that is a major form of self-help aid for current half-time and full-time students. This program is also referred to as the College Access Loan program. It is administered by the Higher Education Coordinating Board and guaranteed by the Texas Guaranteed Student Loan Corporation. Students apply for this aid through the financial aid offices of the colleges they plan to attend. Promissory notes require a co-signer, and the co-signer's credit worthiness is checked. Due to similar cases that have already been 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 State Auditor's Office's Special Investigations Unit investigates reports of illegal activity involving state agencies and universities and refers the results to prosecuting authorities.

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