CONSUMER DEBT COLLECTION FIRM TO PAY OVER $6 MILLION

IN CONNECTION WITH DEFAULTED STUDENT LOANS

WASHINGTON, D.C. - A consumer debt collection company will pay the United States more than $6.4 million to settle allegations that it made false claims in connection with defaulted student loans under the Federal Family Education Loan Program and the William D. Ford Direct Student Loan Program, the Justice Department announced today. The settlement resolves allegations that CSC Accounts Management Inc., d/b/a CSC Credit Services, Inc. (CAMI) submitted claims for payments of commissions and incentive bonuses relating to certain defaulted student loans that were consolidated in violation of applicable laws and regulations. The settlement also resolves allegations that CAMI wrongfully certified that certain loans were eligible for consolidation, and claimed commissions of 18.5% on certain consolidated loans when it was entitled to a commission of only 10%.

"Today's settlement is an example of the Justice Department's determination to ensure that federal funds are protected from fraud and abuse," said David W. Ogden, Assistant Attorney General for the Civil Division.

The charges initially were brought under the qui tam or whistleblower provisions of the False Claims Act by three individuals, Wanda Washington, Donald George, and Joseph C. Molina. The United States intervened in the lawsuit and filed its complaint in the District of Columbia in May 1999.

The whistleblowers will receive nearly $900,000 as their share for bringing the matter to the attention of the government. Under the qui tam provisions of the False Claims Act, a private party or relator can file an action on behalf of the United States and receive a portion of the settlement if the government takes over the case and reaches a monetary agreement with the defendants.
The case was investigated by the Department of Education Office of the Inspector General and the Department of Education Office of Student Financial Assistance, Debt Collections Service. The Justice Department's Civil Division negotiated the settlement.

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