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Special Investigations Unit Report Regarding Hinson-Hazelwood Loans

July 9, 2001

Members of the Legislative Audit Committee:

The Public Integrity Unit at the Travis County District Attorney's Office obtained indictments for Angelettelia Wright and Maria Hernandez on May 24, 2001, after the Special Investigations Unit investigated allegations of forged Hinson-Hazelwood loan applications. The Higher Education Coordinating Board requested the investigation of three separate offenses. The forged applications led to the fraudulent disbursement of more than \$5,600 for tuition, fees, and personal expenses for former student Angelettelia Wright of Baylor University and Julio Hernandez of Our Lady of the Lake University.

Angelettelia Wright faces two counts of theft, one count of forgery, one count of securing execution of a document by deception, and two counts of tampering with a governmental record. Maria Hernandez faces one count of forgery and one count of securing execution of a document by deception. These offenses are state jail felony charges that carry a maximum penalty of two years in a state jail and a \$10,000 fine.

The indictment of Angelettelia Wright alleges that between May 1998 and August 1999, she forged the signature of her father on a Hinson-Hazelwood loan application without her father's knowledge. She then submitted the forged loan application to the Higher Education Coordinating Board, which resulted in the illegal disbursement of more than \$3,700.

The indictment of Maria Hernandez alleges that between July 1994 and August 1994, she forged the signature of her mother-in-law on a Hinson-Hazelwood loan application without her mother-in-law's knowledge. She then gave the forged loan application to her son, Julio Hernandez, to submit to the Higher Education Coordinating Board, which resulted in the illegal disbursement of more than \$1,900. The investigation determined that Julio Hernandez had no knowledge the signature had been forged.

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 (CAL) 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 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 the co-signer to verify authorization of their signature and the loan amount.

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If you have any questions, contact either Ralph Disher, Investigator, or John Weber, Manager, Special Investigations Unit, at (512) 936-9500.

Sincerely,

Lawrence F. Alwin, CPA
State Auditor

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cc: Dr. Don W. Brown, Commissioner,
Higher Education Coordinating Board
The Honorable Ronnie Earle,
Travis County District Attorney

The **Special Investigations Unit** investigates reports of illegal activity involving state agencies and universities. The Unit 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 just 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.