

Compliance Today – February 2020 Compliance lessons from Operation Varsity Blues

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This article is not about Lori Loughlin, nor is it about Felicity Huffman. Our purpose is to learn from the compliance shortcomings and corrective actions of the universities involved in the college admissions scandal. Many have asserted that fault should be assigned to the institutions that participated in the scandal. My position is that these schools should also receive credit for their solutions to this problem, and healthcare providers could learn from these solutions.

A scandal brings change

Stanford; University of California, Los Angeles; University of Southern California; Yale; and other elite universities occupied the headlines for months when the Department of Justice (DOJ) indicted 52 individuals, including 32 parents (some celebrities), coaches, and test proctors in a college admissions fraud scheme that shook America's faith in the admissions process: Operation Varsity Blues (OVB).

The parents are accused of paying standardized-test officials to secure extended testing time or having a third party take the test or correct their child's test answers. Parents are also accused of bribing university athletic coaches and administrators to portray their children as athletic recruits, often with falsified applications using "Photoshop and stuff,"^[1] often when their children did not even play the sport at issue.^[2] Sentences are still being issued for those who pleaded guilty, but so far, they range from one day to six months' incarceration, plus supervised release, fines, and community service.^[3]

For example, Elizabeth and Manuel Henriquez paid a \$400,000 bribe to enroll their daughter at Georgetown as a tennis recruit, plus additional funds to manipulate standardized tests. This scheme involved Rick Singer, a college admissions "consultant" who drafted a fabricated tennis profile for the Henriquezes' daughter. The daughter's application also included false statistics, such as a "Top 50" ranking in the United States Tennis Association (USTA) Junior Girls Tennis for her sophomore through senior years. In fact, this applicant did not play a single USTA high school tournament and ranked 207th in the Northern California under-12 girls' division.^[4]

The Henriquezes' daughter was admitted to Georgetown, and her parents pleaded guilty to conspiracy to commit mail fraud and wire fraud, honest services mail and wire fraud, and conspiracy to commit money laundering.^[5]

In a twist that hits home for the healthcare industry, nursing home mogul Philip Esformes was recently sentenced to 20 years in prison^[6] for his role in a \$1.3 billion healthcare fraud scheme. Esformes used \$300,000 of the proceeds from the fraud scheme to bribe the University of Pennsylvania basketball coach to admit Esformes's son as a basketball recruit.^[7] Esformes's son, despite never having played basketball at Penn, was

admitted to and graduated from Wharton.

The universities took actions in response to this scandal to prevent similar fraudulent activity and public relations fallout. When their approaches are looked at collectively, a trend emerges: The schools took steps to implement a compliance program structure in the form of policies, documentation, controls, and audits.

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