

NO SURPRISES FACT SHEET

Date	19 February 2016		
Client number (if any)			
Application number (if any)			
Name			
Date of birth			
Citizenship	India		
Location	New Zealand		
Immigration status	Various (IN, OUT & not yet travelled)		
Employment	N/A		
Family	Name	Age	Relationship
Representations from	None.		
MP/Ministerial involvement	None.		
Media involvement (if any)	None.		
Migrant exploitation?	None.		

EXECUTIVE SUMMARY

- An investigation undertaken by Mumbai Area Office (MAO) into Indian student applicants from Hyderabad has uncovered significant, organised financial document fraud which has been executed by a number of Hyderabad-based exempt student agents.
- The fraud modus operandi was to obtain a genuine education loan sanction letter from a bank (which passed verification), then after visa approval-in-principle (AIP) would submit a fraudulent education loan disbursement letter ostensibly from the same bank. Funds from another (hidden) source would then be transferred to NZ to pay tuition fees.
- In all cases seen so far the loan sanction letters were real, however the branch manager of one branch in particular is strongly suspected of being in collusion with this fraud.
- The fraud appears to have exploited the fact that education loan documents are normally verified at Sanction stage, but not at Disbursement stage (after visa has been AIP'd), therefore creating an unguarded stage in the visa process which these Agents have noticed and exploited
- Three Student Agents are confirmed to have been using this fraud *modus operandi* in a widespread, systematic manner, and investigations also

indicate a number of other Hyderabad Student Agents have been using identical tactics.

- The current investigation has highlighted 97 client suspects so far, of whom 59 are either confirmed or virtually certain to have provided MAO with a fraudulent loan disbursement letter – 48 of those 57 are currently in NZ having very likely entered via use of fake financial documents.
- 11 clients have current applications pending at MAO,
- Investigations continue and it is likely that the number of confirmed frauds and new suspects (both IN and OUT of New Zealand) will rise higher

(b)(c)

WHAT IS THE ISSUE?

A particular Agent in Hyderabad came to attention due to suspected fraudulent financial documents: **Sunrise Overseas Education Consultancy** (C/N 56137951). This Agent has not submitted any application since 21 October 2015 and appears to have stopped operating – at least under that brand name.

(b)(c)

Analysis by the MAO Risk Manager found that this Agent was overwhelmingly using various branches of the same bank (). Via side-by-side comparison of bank loan disbursement documents it was found that the supposedly hand-signed signature blocks were identical clones, which usually indicates forged documents.

9(2)(b)(ii)

In almost all cases the Immigration Officer (IO) had verified the loan Sanction letter as genuine with the bank.

Further analysis found identical bank documents had been submitted in bulk by two other student agents: **FIFO Overseas** (C/N 55385956) which has two applications current pending, and **Kiwi Overseas Services** (C/N 46008225).

Kiwi Overseas Services is one of the biggest NZ student agents in Hyderabad, and has had 48 applicants approved since January 2015, out of 104. Of those at least 31 (65%) involved fake loan disbursement letters, with probably more to come once this investigation advances.

MAO Verification Support Team (VST) undertook direct verifications with the various bank branches in Hyderabad for documents submitted by these three Agents and found that:

9(2)(b)(ii)

1. In all cases the loan sanction letters were confirmed as genuine, and two branch managers stated that they were still waiting for the client to come

back to them to ask for the loan to be disbursed, and were wondering where they were.

2. The _____ branch manager of _____ was found to have lied in some of his answers, including claiming that a disbursement letter was genuine by providing the VO with a spoof account number (which was verified fake via telephoning another _____ branch).
3. In 23 out of 23 verifications, all confirmed that the loan disbursement letter was fake (a 100% hit rate).
4. **Considering the documentary evidence (cloned signature blocks) plus the 100% fraud findings from the sample of 23, it can be concluded to a high degree of confidence that virtually all _____ bank loan disbursement letters received in 2015/16 were fake**

9(2)(b)(ii)

THE FRAUD TACTIC

The tactic used by all involved Agents was to obtain a genuine education loan sanction letter from a bank (which passed verification), then after visa approval-in-principle (AIP) to submit a fraudulent education loan disbursement letter ostensibly from the same bank. Funds from another (hidden) source would then be transferred to NZ to pay tuition fees. It is likely that these sources would not have been acceptable to MAO had they been presented because they did not link to the evidence previously verified as genuine, and as claimed by the client for the intended use in NZ.

This tactic exploits the fact that MAO usually focusses on the loan sanction process, and verifying this, i.e. confirming that they have the financial ability/means to cover their intended study plan, as per immigration instructions – and not on the subsequent loan disbursement process following AIP.

Once a visa assessment has been completed, and an AIP issued, the completion of the AIP requirements (i.e. provide evidence of school fees paid, loan disbursement letter, and ANZ FTS account opened etc) is undertaken by the Support Officers. This refers to the 'right work, right role' concept, as the AIP stage is essentially admin processes, and not decision making per se – which is the role of the IO.

This appears to have become known to the Agents, who have been using this fraud persistently against MAO since at least July 2015, and probably longer.

The actual fake documents are unsophisticated and many appear to have been recycled from a basic template, however they do not need to be sophisticated because they are simply emailed to MAO by the Agent as part of meeting the conditions of the AIP.

The same fraud tactic has so far been seen on certain other banks including [redacted] and [redacted] and 9(2)(b)(ii) therefore other bank's documents must also be re-examined.

CURRENT STATUS OF INVESTIGATION – MORE AGENTS LIKELY INVOLVED

The investigation is ongoing and has moved on to look into other Hyderabad agents fitting the following profile, for now:

- [redacted] b(cc)
- [redacted]

In the interests of being able to adequately tackle this issue, the investigation is looking at students who applied no earlier than [redacted]. Students who applied earlier than this date will not be investigated as this would be too resource intensive. b(cc)

Initial findings are:

1. Indications of the identical fraud MO has been spotted with **A R Overseas Consultants (C/N 42419390)** which is a large student agent (102 applicants in past 12 months)
2. Indications of the identical fraud MO has been spotted with **Ivy Overseas (C/N 48904833)** which are a medium sized Agent (59 applicants in past year)
3. On the day of writing this report, an IO advised detection of a forged loan disbursement letter submitted by **Medway Education Consultants (C/N 41923624)**. This find is of significant concern because Medway is a very large student agent – 424 applications in the past 12 months - which, until today at least, had the widespread reputation of being “an agent you can trust.” They are also an Education NZ Recognised Agent. b(cc)

STUDENT AGENTS UNDER INVESTIGATION

RED = Confirmed systematic, widespread fraud
 GRAY = Early stage of investigation, but signs of same fraud MO already found
 WHITE = Not yet investigated, but in the queue

AGENT NAME	Approved or Pending Hyderabad applicants Jan 2015 to present
Kiwi Overseas Services	50
Fifo Overseas Services	44
[redacted]	30
[redacted]	30
Sunrise Overseas Education Consultancy	26

b(cc)

		22
		20
		20
		15
		13
		12
		12
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		2

b(c).

NZ SCHOOLS AFFECTED

stands to be particularly affected by this fraud as they have been using the suspected Agents for a long period of time. There is no suggestion at this time that they were involved in or had knowledge of this fraud.

9(2)(b)(ii)

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9(2)(b)(ii)

WHAT IS ACTION REQUIRED BY NATIONAL OFFICE (Refer to Terms of Reference)?

Ensure that CRIS management are aware.

Brief stakeholders where necessary.

Consider treatment options for a potentially large number of Indian students onshore who are found to have submitted fake loan disbursement letters.

OTHER RELEVANT INFORMATION

This poses a risk to the integrity of the Immigration system.

It also poses a reputational risk in a similar vein to the Filipino Dairy fraud, as a large number of confirmed fraudsters have entered NZ.

Dealing with the persons onshore could be costly and time and resource consuming.

It is quite likely that the number found to be onshore will grow as the investigation continues.

Impacts as a result of continual tightening of visa assessments based on this and also long held and present threats of fraud from this market, will have a further impact on MAO staff resources, and subsequently service delivery (ie timeliness, complaints etc).

WHAT ACTION HAS BEEN TAKEN TO RESOLVE/MANAGE/MITIGATE THE ISSUE?

Emergency Short term

1.

2.

3.

Short term

4.

5.

6.

7.

b(c)

Medium term

8.

6(a)

RELEVANT IMMIGRATION INSTRUCTIONS (reference only)

Prepared by:	Justin Alves – Risk Manager
Signed out by:	Nathanael Mackay – Area Manager
Save and send to:	(Save as "Client Name and Client Number" and send to Operations Support via <u>INZ-Ops Sensitive Issues</u>)

RELEASED UNDER THE OFFICIAL INFORMATION ACT

NO SURPRISES FACT SHEET

Date	1 March 2016		
Client number (if any)			
Application number (if any)			
Name			
Date of birth			
Citizenship	India		
Location	New Zealand		
Immigration status	Various (IN, OUT & not yet travelled)		
Employment	N/A		
Family	Name	Age	Relationship
Representations from	None.		
MP/Ministerial involvement	None.		
Media involvement (if any)	None.		
Migrant exploitation?	None.		

EXECUTIVE SUMMARY

- This is an update to the previous No Surprises Fact Sheet dated 19 February 2016. Updated portions are highlighted in yellow.
- A Mumbai Area Office (MAO) investigation into Indian student applicants from Hyderabad has uncovered significant, organised financial document fraud which has been executed by a number of Hyderabad-based exempt student agents.
 - The fraud modus operandi was to obtain a genuine education loan sanction letter from a bank (which passed verification), then after visa approval-in-principle (AIP) would submit a fraudulent education loan disbursement letter ostensibly from the same bank. Funds from another (hidden) source would then be transferred to NZ to pay tuition fees.
 - The fraud appears to have exploited the fact that education loan documents are normally verified at Sanction stage, but not at Disbursement stage (after visa has been AIP'd), therefore creating an unguarded stage in the visa process which these Agents have noticed and exploited
 - In all cases seen so far the loan sanction letters were real, however the managers of two particular bank branches are almost certainly in collusion with this fraud.

- Eight out of the top ten Hyderabad student agents (in terms of quantity of students to NZ) have been investigated so far. All eight of them have submitted applications which use this fraud *modus operandi*.
- The current investigation has examined 132 loan disbursement letters to date, of which 70 (53%) are either confirmed forged, almost certainly forged (based on document comparison) or highly likely to be forged (as they come from known corrupt bank branches).¹
- Another fake loan disbursement was detected yesterday in a live student visa application, indicating that this fraud continues to happen now, in real time, as the investigation continues.
-
- Of the 70 individuals of concern identified so far, 53 (77%) are currently in NZ, b(c)
- The biggest concern is that there are indications that this same fraud MO may be being used in other parts of India as well, with two Northern India cases highlighted in the past week. b(c)

WHAT IS THE ISSUE?

a particular b(c)
 Agent in Hyderabad came to attention due to suspected fraudulent financial documents: **Sunrise Overseas Education Consultancy** (C/N 56137951). This Agent has not submitted any application since 21 October 2015 and appears to have stopped operating – at least under that brand name.

Analysis by the MAO Risk Manager found that this Agent was overwhelmingly using various branches of the same bank (). Via side-by-side comparison of bank loan disbursement documents it was found that the supposedly hand-signed signature blocks were identical clones, which usually indicates forged documents. g(2)(b)(ii)

In almost all cases, the Immigration Officer (IO) had verified the loan Sanction letter as genuine with the bank.

Further analysis found identical bank documents had been submitted in bulk by two other student agents: **FIFO Overseas** (C/N 55385956) which has two applications current pending, and **Kiwi Overseas Services** (C/N 46008225).

¹ See attached Excel database "Hyderabad Education Loans Data" for further details

Kiwi Overseas Services is one of the biggest NZ student agents in Hyderabad, and has had 48 applicants approved since January 2015, out of 104. Of those at least 31 (65%) involved fake loan disbursement letters, with probably more to come once this investigation advances.

MAO Verification Support Team (VST) undertook direct verifications with the various branches in Hyderabad for documents submitted by these three Agents and found that:

1. In all cases the loan sanction letters were confirmed as genuine, and two branch managers stated that they were still waiting for the client to come back to them to ask for the loan to be disbursed, and were wondering where they were.
2. The branch manager of [redacted] was found to have lied in some of his answers, including claiming that a disbursement letter was genuine by providing the VO with a spoof account number (which was verified fake via telephoning another [redacted] branch).
3. In 23 out of 23 verifications, all confirmed that the loan disbursement letter was fake (a 100% hit rate).
4. Considering the documentary evidence (cloned signature blocks) plus the 100% fraud findings from the sample of 23, it can be concluded to a high degree of confidence that virtually all [redacted] loan disbursement letters received in 2015/16 were fake.

Since this fraud MO being discovered and New Delhi Area Office (NDAO) being alerted, two cases with the same fraud MO have been found from students who came from the Punjab state, which is the single largest source of Indian students to New Zealand. There is a concern that the effectiveness of this fraud tactic may have been shared with other student agents around India, and is not "contained" within Hyderabad.

If true, then:

- A) It is likely that MAO's decline rate will increase, as new risk treatments intercept this fraud, and
- B) there could be very significant numbers of Indian nationals who have already entered New Zealand via this fraud

THE FRAUD TACTIC

The tactic used by all involved Agents was to obtain a genuine education loan sanction letter from a bank (which passed verification), then after visa approval-in-principle (AIP) to submit a fraudulent education loan disbursement letter ostensibly from the same bank. Funds from another (hidden) source would then be transferred to NZ

to pay tuition fees. It is likely that these sources would not have been acceptable to MAO had they been presented because they did not link to the evidence previously verified as genuine, and as claimed by the client for the intended use in NZ.

This tactic exploits the fact that MAO usually focusses on the loan sanction process, and verifying this ie. confirming that they have the financial ability/means to cover their intended study plan, as per immigration instructions – and not on the subsequent loan disbursement process following AIP.

This appears to have become known to the Agents, who have been using this fraud persistently against MAO since at least July 2015, and probably longer. b1c)

The actual fake documents are unsophisticated and many appear to have been recycled from a basic template, however they do not need be sophisticated because they simply emailed to MAO by the Agent as part of meeting the conditions of the AIP.

The same fraud tactic has so far been seen with documents purportedly from several other banks including y(2)(b)(ii)

CURRENT STATUS OF INVESTIGATION – MORE AGENTS LIKELY INVOLVED

The investigation is ongoing and has moved on to look into other Hyderabad agents fitting the following profile, for now:

- -
- b1c)

In the interests of being able to adequately tackle this issue, the investigation is looking at students who applied no earlier than Students who applied earlier than this date will not be investigated as this would be too resource intensive. b1c)

Current findings are:

1. **Sunrise Overseas** (now apparently closed down after Rule 18 was introduced) were most heavily involved in this fraud MO, with fraud found in 19 out of 25 education loans (76%).
2. **Kiwi Overseas** (104 applications in past year) are heavily involved in this fraud MO, with fraud found in 20 out of 58 education loans (34%).

3. **FIFO Overseas** (132 applications in past year) are heavily involved in this fraud MO, with fraud found in 9 out of 14 education loans (64%).
4. **A R Overseas Consultants** (C/N 42419390) which is a large student agency (102 applicants in past 12 months), is involved to a significant extent, with fraud found in 9 out of 32 education loans submitted (28%).
5. **Ivy Overseas** (C/N 48904833) which are a medium sized agency (59 applicants in past year), is involved to a moderate extent, with fraud found in 4 out of 23 education loans (17%) submitted.
6. This identical fraud MO has also been used by **Leaf, Storm Atlas and V & U Services** to varying degrees.
7. Detection of a forged loan disbursement letter submitted by **Medway Education Consultants** (C/N 41923624) was found. Medway is a very large student agent – 424 applications in the past 12 months - which, until today at least, had the widespread reputation of being "an agent you can trust." They are also an Education NZ Recognised Agent. However they have made only two applications from Hyderabad and it is assessed as likely that a sub-agent of theirs executed their fraud (with or without their knowledge).

STUDENT AGENTS UNDER INVESTIGATION

RED = Confirmed use of this fraud

WHITE = Not yet investigated, but in the queue

AGENT NAME	Approved or Pending Hyderabad applicants Jan 2015 to present
Kiwi Overseas Services	50
Fifo Overseas Services	44
A R Overseas Consultants	30
	30
Sunrise Overseas Education Consultancy	26
Leaf Educational Services	22
Ivy Overseas	20
Storm Atlas Group	20
V And U Intellect Consultants (P) LTD	15
	13
	12
	12
	10
	2

6(c)

NZ SCHOOLS AFFECTED

stands to be particularly affected by this fraud as they have been using the suspected Agents for a long period of time. There is no suggestion at this time that they were involved in or had knowledge of this fraud. Below shows a count of the majority of Education Providers involved, in 93 out of the 132 education loan cases analysed to date.

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9(2)(b)(ii)

WHAT IS ACTION REQUIRED BY NATIONAL OFFICE (Refer to Terms of Reference)?

Ensure that CRIS management are aware.

Brief stakeholders where necessary.

OTHER RELEVANT INFORMATION

This poses a risk to the integrity of the Immigration system.

It also poses a reputational risk in a similar vein to the Filipino Dairy fraud, as a large number of confirmed fraudsters have entered NZ.

Dealing with the persons onshore could be costly and time and resource consuming.

It is quite likely that the number found to be onshore will grow as the investigation continues.

Impacts as a result of continual tightening of visa assessments based on this and also long held and present threats of fraud from this market, will have a further impact on MAO staff resources, and subsequently service delivery (ie timeliness, complaints etc).

WHAT ACTION HAS BEEN TAKEN TO RESOLVE/MANAGE/MITIGATE THE ISSUE?

Short term

1.

2.

3.

4.

5.

6.

7.

8.

Medium term

9.

RELEASED UNDER THE
OFFICIAL INFORMATION ACT

6(e)

RELEVANT IMMIGRATION INSTRUCTIONS (reference only)

Prepared by:	Justin Alves – Risk Manager
Signed out by:	Nathanael Mackay – Area Manager
Save and send to:	(Save as "Client Name and Client Number" and send to Operations Support via <u>INZ Ops Sensitive Issues</u>)

INFORMATION UNDER THE
OFFICIAL INFORMATION ACT

Serial No.	AGENT	APPLICANT NAME	AN
1	Sunrise Overseas Services		
2	Sunrise Overseas Services		
3	Sunrise Overseas Services		
4	Sunrise Overseas Services		
5	Sunrise Overseas Services		
6	Sunrise Overseas Services		
7	Sunrise Overseas Services		
8	Sunrise Overseas Services		
9	Sunrise Overseas Services		
10	Sunrise Overseas Services		
11	FIFO Overseas		
12	FIFO Overseas		
13	Kiwi Overseas		
14	Kiwi Overseas		
15	Kiwi Overseas		
16	Kiwi Overseas		
17	Kiwi Overseas		
18	Kiwi Overseas		
19	Kiwi Overseas		
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48	Kiwi Overseas		
49	Kiwi Overseas		
50	Kiwi Overseas		
51	Kiwi Overseas		
52	Kiwi Overseas		
53	Kiwi Overseas		
54	Kiwi Overseas		
55	Sunrise Overseas Services		
56	Sunrise Overseas Services		
57	Sunrise Overseas Services		

9(2)(a)

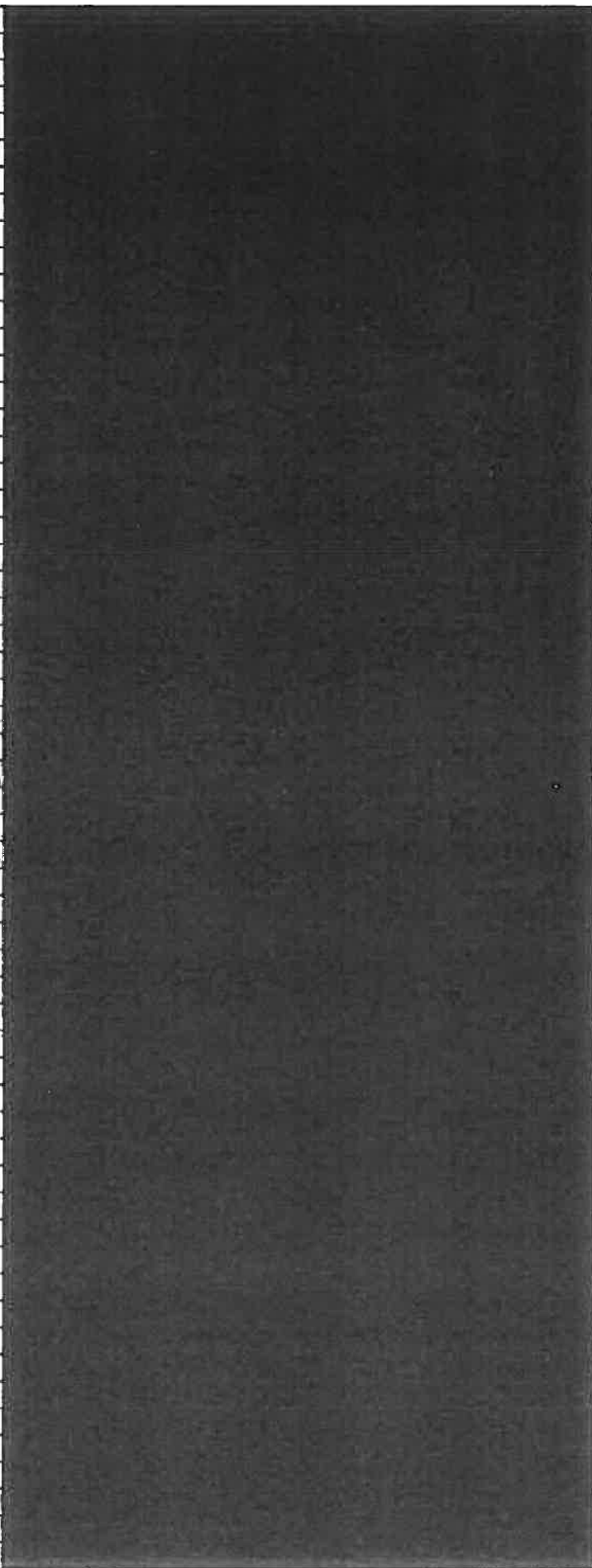
ACT

58	Sunrise Overseas Services
59	Sunrise Overseas Services
60	FIFO Overseas
61	FIFO Overseas
62	FIFO Overseas
63	FIFO Overseas
64	NZED Services
65	NZED Services
66	NZED Services
67	NZED Services
68	NZED Services
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73	NZED Services
74	NZED Services
75	NZED Services
76	Ivy Overseas
77	Ivy Overseas
78	Ivy Overseas
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9(2)(a)

SECRET

116	Ivy Overseas
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127	Ivy Overseas
128	Ivy Overseas
129	Ivy Overseas
130	Ivy Overseas
131	Leaf Educational Services
132	Leaf Educational Services
133	Leaf Educational Services
134	Leaf Educational Services
135	Leaf Educational Services
136	Leaf Educational Services
137	Leaf Educational Services
138	Leaf Educational Services
139	Leaf Educational Services
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174	Leaf Educational Services



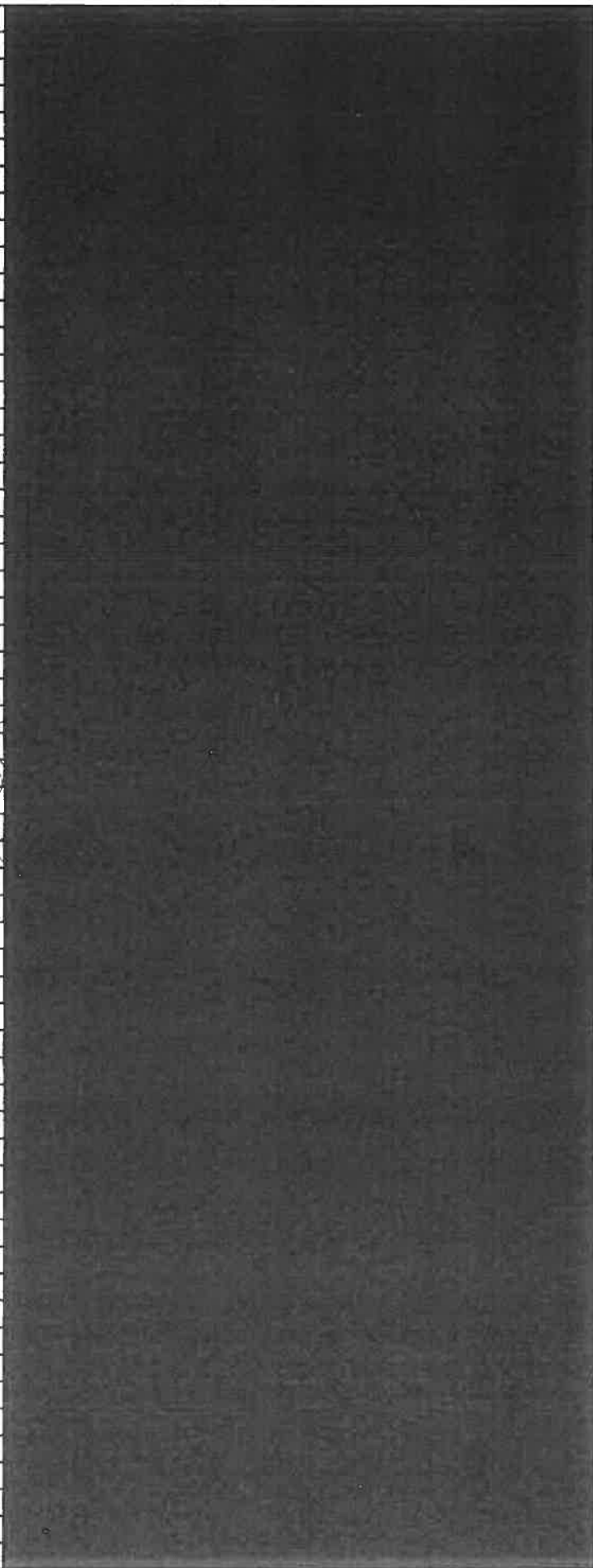
9(2)(a)

175	Leaf Educational Services
176	Leaf Educational Services
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178	Leaf Educational Services
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9(z)(a)

AT LEAST
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233	Storm Atlas
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CT 9 (z) (a)

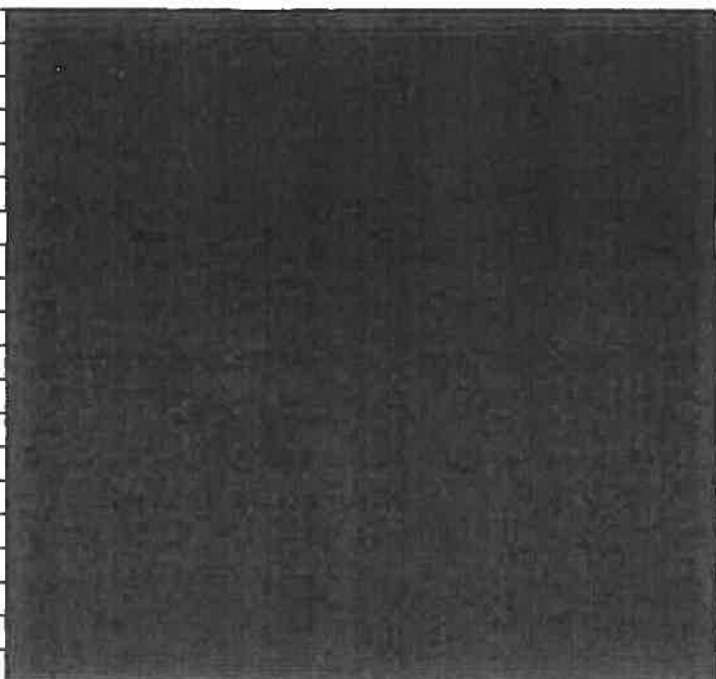
OFFICIAL RECORDS

291	Storm Atlas
292	Storm Atlas
293	Storm Atlas
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297	Storm Atlas
298	Storm Atlas
299	Storm Atlas
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338	I20 Services Overseas
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9(2)(a)

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374	AR Overseas
375	AR Overseas



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RELEASED UNDER
OFFICIAL INFORMATION ACT

NO SURPRISES FACT SHEET

Date	17 March 2016		
Client number (if any)			
Application number (if any)			
Name			
Date of birth			
Citizenship	India		
Location	New Zealand		
Immigration status	Various (IN, OUT & not yet travelled)		
Employment	N/A		
Family	Name	Age	Relationship
Representations from	None.		
MP/Ministerial involvement	None.		
Media involvement (if any)	None.		
Migrant exploitation?	None.		

EXECUTIVE SUMMARY

- This is an supplement and update to the previous No Surprises Fact Sheet dated 1 March February 2016, titled "Systematic Fraud by Hyderabad Student Agents."
- Since 11 February 2016, Mumbai Area Office (MAO) has been investigating the systematic use of fraudulent education loans by Student visa applicants in India.
 - Investigations have concluded that this particular fraud *modus operandi* (MO) – which is most popular in Hyderabad - has also been in use by exempt Agents around India since at least January 2015
 - Two out of the top ten highest approval rate Agents in India have been heavily involved in using this fraud MO, and two others (of the top ten) are also being investigated, including Kiwi Studies (C/N 46470171), which is India's top (exempt) Agent with 247 approvals last financial year.
 - 56 persons to date have been determined to have *certainly* or *almost certainly* used this fraud to enter NZ – all are in NZ currently. These are in addition to the 27 onshore fraud cases from the December 2015 Haryana network investigation (83 in total).

- Another 82 persons, also in NZ, are *likely* to have used this fraud based on profile indicators, but this is not yet proven evidentially.
- The number of persons found to have entered NZ via this fraud MO will climb further as the investigation spreads out over other Agents, however given there are over 1,000 Agents in India the true extent will likely never be known.
-
- A Standard Operating Procedure has been in place at MAO since Monday 7th March in response to this situation; it is estimated that this SOP should be highly effective in suppressing this fraud MO across India; 15 cases have already been declined at application stage in the past seven days.
- One involved Agent (Gray Matter – a top ten Agent in India) has been sending Facebook “friend” requests to student team staff to presumably gather intelligence on MAO’s knowledge and counter-measures.
- The two main impacts for INZ are assessed to be:
 - a) What to do with the student visa holders onshore who entered via education loan fraud, and
 - b) A possible rise in decline rate as the new SOP takes effect

WHAT IS THE ISSUE?

Traditionally, Mumbai Area Office (MAO) has conducted verification of Education Loans at Sanction stage. If the visa is approved, it will be approved-in-principle (AIP) subject to confirmation of the loan being disbursed by the financial provider. This disbursement was never usually verified. This created a weak point in the process which has been exploited by fraudulent agents, who have been able to successfully submit forged or fraudulent loan Disbursement letters as part of their AIP response.

The main fraud MOs are:

1.

2.

In all of these cases the loan amount was never disbursed by the bank, and different funds from a hidden source were used, which is a breach of AIP conditions.

The reason that this is an issue is that, aside from it being fraud (forged documents provided to INZ) and undermining the integrity of the Immigration system, it may enable persons with non-acceptable sources of funds to enter New Zealand. Such

3)

b(c)

4) Kiwi Studies (Vinod Sharma), which is India's top exempt Agent, has been using this fraud, with two hits this week

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Please see attached document: "Analysis on Education Loans from Haryana, Chandigarh and Punjab Regions" for more information.

A better picture of the extent of this fraud will become clear as the effects of the new Education Loan SOP start to emerge. To date the SOP has resulted in three forged disbursal letters found, plus a significant number of "pre-emptive" declines (where the Agent and Bank are known to be in collusion for this fraud; MAO will straight decline as cannot be satisfied with the financial documents provided).

IMPLICATIONS FOR ONSHORE

b(c)

In terms of gathering intelligence to create an effective profile and counter-measure to this fraud, it is felt that the "law of diminishing returns" is now in effect and there is little to be gained in further, time consuming investigations into this matter. Further intelligence and evidence will be more efficiently acquired as we let the new SOP take effect.

b(c)

An unknown number on Indian students who used this fraud will remain onshore and unidentified in relation to this fraud.

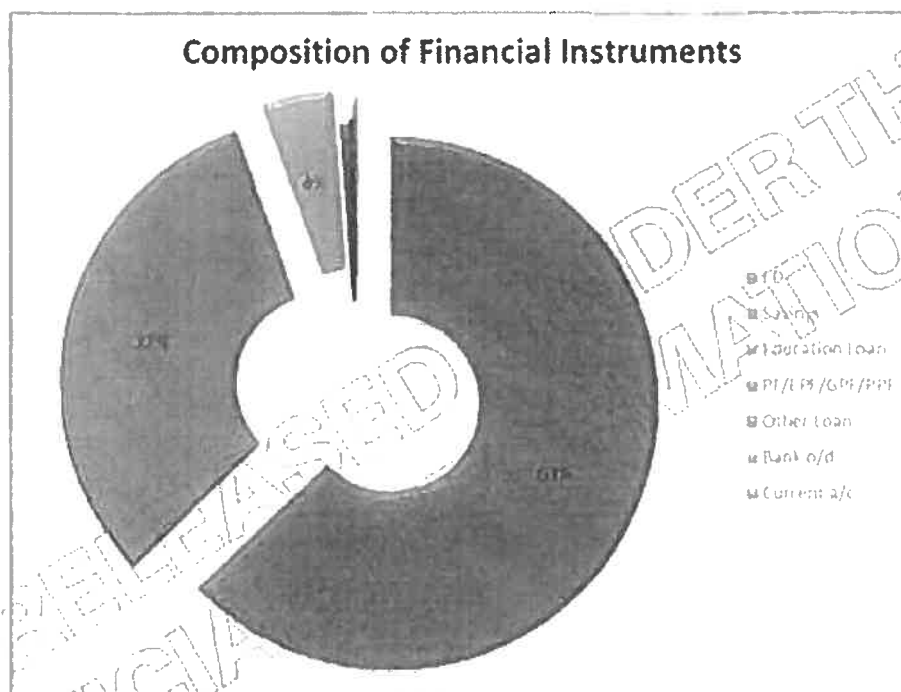
b(c)

Onshore INZ will need to agree a strategy for dealing with these onshore individuals.

sources of funds include loan sharks or crowd-funding from their local environ. Such people are generally from families which cannot afford to send their child to NZ to study: such applicants pose a significantly higher risk of having an adverse onshore outcome, and are more vulnerable to exploitation.

BACKGROUND

Early 2015 analysis from the MAO Risk Manager and VST showed that education loans were virtually non-existent: estimated at around 4-7% of student applications in India.



At some point in early 2015, this trend changed. The average ratio of education loans among the top ten Agents in India is around 20%. In Hyderabad it is around 90%.

EXTENT OF FRAUD

The true extent of the fraud across India will likely never be known owing to the scale, however what is currently known is:

- 1) All 8 out of the 8 top exempt Agents in Hyderabad (by volume) were using this fraud, with "involvement rates" of between 76% and 17% of all applications lodged.
- 2) Two out of the top ten highest approval rate exempt Agents in India (Gray Matter and Study Visa) have been heavily using this fraud, with up to 90% of their applicants presenting education loan documents (national average is about 20%).

WHAT IS ACTION REQUIRED BY NATIONAL OFFICE (Refer to Terms of Reference)?

Ensure that CRIS and onshore Visa Services management are aware. Feedback from CRIS regarding

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Brief stakeholders where necessary.

OTHER RELEVANT INFORMATION

This poses a risk to the integrity of the Immigration system.

It also poses a reputational risk in a similar vein to the Filipino Dairy fraud, as a large number of confirmed fraudsters have entered NZ.

Dealing with the persons onshore could be costly and time and resource consuming.

It is quite likely that the number found to be onshore will grow as the investigation continues.

The decline rate for Indian students will likely increase as MAO's countermeasures for this fraud have more impact, on what is probably a wide-spread fraud tactic in the Indian student agent sector.

Impacts as a result of continual tightening of visa assessments based on this and also long held and present threats of fraud from this market, will have a further impact on MAO staff resources, and subsequently service delivery (i.e. timeliness, complaints etc).

WHAT ACTION HAS BEEN TAKEN TO RESOLVE/MANAGE/MITIGATE THE ISSUE?

1. All staff briefed on this issue.
- 2.
- 3.
- 4.

b(cc)

5.

6cc;

RELEVANT IMMIGRATION INSTRUCTIONS (reference only)

Prepared by:	Justin Alves – Risk Manager
Signed out by:	Nathanael Mackay – Area Manager
Save and send to:	(Save as “Client Name and Client Number” and send to Operations Support via <u>INZ Ops Sensitive Issues</u>)

NO SURPRISES FACT SHEET

Date	8 April 2016		
Client number (if any)			
Application number (if any)			
Name			
Date of birth			
Citizenship	India		
Location	New Zealand		
Immigration status	All NEWC (never travelled) or OUT		
Employment	N/A		
Family	Name	Age	Relationship
Representations from	None.		
MP/Ministerial involvement	None.		
Media involvement (if any)	None.		
Migrant exploitation?	None.		

EXECUTIVE SUMMARY

- This is a supplement and update to the previous No Surprises Fact Sheets dated 1 March February 2016, titled "Systematic Fraud by Hyderabad Student Agents" and "Education Loan fraud by Exempt Student Agents in India" dated 17 March 2016
- This week to date had the highest weekly incidence of fraud encounters at Mumbai Area Office (MAO) since full fraud recording started at the office in September 2015
- 37 forged or fraudulently used education loan documents were detected in student applications between Monday and Thursday this week (4-7th April) – a total of 40 fraud encounters.¹ This is a significant increase over the previous record-breaking week of 14-18 March, which had 29 fraud encounters.
- Additionally corrupt bank branch managers have been identified to date: these managers all verify known fake documents to be "genuine", and are working for a wide range of exempt student agents in India.

(cc)

¹ Additionally one impostor, one fraudulent fixed deposit document and one forged work experience document was also detected during the same period this week

- The positive message is that:
 - MAO investigations have been useful in uncovering this fraud modus operandi, and the new Standard Operating Procedure (SOP) resulting from this investigation is clearly highly effective
 - MAO's intelligence picture of the operating environment is significantly improved (one example: 6(c))

- The negative sides are:
 - applications with education loans under the new SOP take longer to process: this is impacting timeliness, and managing large numbers of Character PPI has created stress for MAO's staff given the double PPI process required
 - this rise in fraud encounters merely reflects MAO's greater awareness of a large scale fraud which has already been in place for some time – it is not likely to be indicative of any rise in fraud itself
 - A lot of the agents involved in this fraud are long-running, significant players in the market
 - If the current hit rate continues, this may have an impact on approval rates and the reputation of the Indian student market/NZ export education industry

WHAT IS THE ISSUE?

The full background of the issue may be read in previous NSFS titled "Systematic Fraud by Hyderabad Student Agents" dated 1 March February 2016, and "Education Loan fraud by Exempt Student Agents in India" dated 17 March 2016

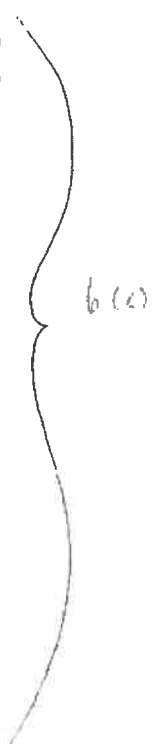
Since 7 March 2016, a new SOP was implemented at MAO to counter education loan disbursement fraud, which had been found to be widely used in Hyderabad (in particular) but also to a lesser extent in NZ's main Indian student catchment areas of Punjab, Haryana and Chandigarh.

Because of this, the effectiveness of the SOP took a while to be realised, because

There are a range of fraud "sub-tactics" under the main fraud type:

- 1.
- 2.

- 3.



4.

6(c)

Intelligence from informants, plus market intelligence already held at MAO from analysis and officer's experience, indicates very strongly that fraudulent student agents will approach a compliant bank manager (usually one based very close to their office) and contract them to provide either real or false loan sanctions, then follow that up with a fraudulent disbursement letter after AIP. They then get paid extra if MAO contacts them to verify it. It has little risk for the manager, as in reality none of the banks' money ever leaves the bank.

It is suspected that some of the forged documents encountered, started off as corrupt arrangements with bank managers, but over time the agents started simply forging the manager's signature and doing it themselves (so as not to need to waste money bribing the manager anymore).

Previous analysis by the previous MAO Risk Manager in early 2015 found that education loans were only rarely used: 4-5% of cases. This type of fraud was also only rarely encountered at that time.

It is assessed that at around the 2nd or 3rd quarter of 2015, certain student agents realised that MAO was not able to detect this fraud under the current process (which relied on pre-AIP verification) and some began using this fraud tactic on a systematic basis. News likely then spread, and it began being used extensively against MAO. On average in the Punjab, Harayana/Chandigarh region, approximately 20% of applicants now use education loans, though this varies considerably by agent. In Hyderabad the ratio is closer to 80%.

FRAUDULENT APPLICANTS STOPPED BY MUMBAI OFFICE

Since the SOP started on 7th March, it has detected 64 forged or fraudulently used education loan disbursement letters. Additionally 28 fraudulent financial documents of other fraud types have also been encountered during the same period. At least nine persons have also been declined during this period as they submitted loan sanction letters from known corrupt bank managers.

There have been a significant but unknown number of suspicious withdrawals from Agents after AIP, where education loan letters had been submitted.

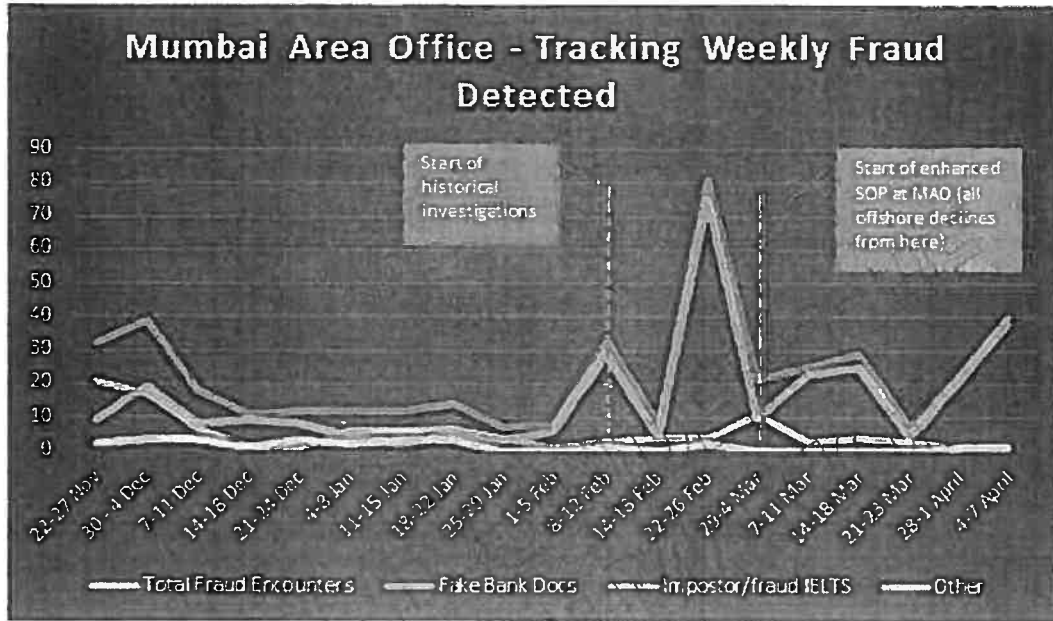
6(c)

THIS WEEK

Monday to Thursday 4-7th April MAO encountered:

37 forged or fraudulent loan disbursement letters

4 declines as loan letter from known corrupt bank manager.



AGENT INVOLVEMENT

All of Hyderabad’s top eight agents were using this fraud – some for almost all of their applicants.

Investigations into India’s top ten agents (for quantity plus approval rate) proved so far that five have been using this fraud – three of them extensively.

A total of 44 agents have been identified currently involved in this fraud since 7th March 2016. Agents highlighted in **bold** are India top-ten agents.

Efficient Overseas	5
Study Visa Overseas	4
Western Overseas	4
Gray Matter	3
RIEC	3
Excel Education & Immigration Service	2
Global Destination Overseas	2
Kiwi Studies	2
Raffles Educity	2
Sizzling Careers	2
Victoria Education & Visa Consultants	2

Achiever Point	1
Aryans Academy	1
Auscan	1
Can-Able	1
Career Creators	1
Charms Education	1
Counsel One	1
EduLife	1
Expert Immigration	1
Go Global Consultants	1
Great Nation NZ	1
Indopacific	1
Juberich Consultancy	1
Kingsway Immigration	1
Kiwi Counseling Services	1
Life Science Consultants	1
Micro Info Tech TRG	1
Mission Education & Immigration	1
Nomadik Consultants	1
NZED Services	1
Orient Spectra Education Consultant	1
Overseas Career Consultants	1
Overseas Visa Helping-Consultancy	1
Professionals	1
Seabird Education and Immigration	1
Silver Fern Education Consultant	1
Smart Study Punjab	1
Smart Study Visa	1
Storm Group	1
Study Smart	1
Studywel	1
Varshini Consultants	1
Victor Immigration and Study Abroad	1

Historical investigations into Hyderabad agents pre-March 2016 (which led to the creation of the current SOP) found these Hyderabad agents also involved:

Kiwi Overseas	20
Sunrise Overseas Services	19
Gray Matter	13
Study Visa Overseas	13
FIFO Overseas	10
AR Overseas	9
Ivy Overseas	4
V and U Intellect Consultants	4
Leaf Educational Services	3

Medway	1
No Agent	1
Orient Spectra Education Consultant	1
Storm Group	1

Therefore in total, 57 agents have currently been identified as being involved in this fraud.

IMPLICATIONS

This tempo of fraud is a significant threat to NZ's immigration integrity, and reflects a number of wider issues with the Indian student market.

Controlling this fraud is affecting MAO's timeliness and, to a lesser extent, staff morale; because of the extra work involved and high rate of encounter.

Of particular concern is the fact that some of India's most successful (and, to some NZ schools, trusted) agents are using this fraud.

The decline rate for Indian students will likely increase as MAO's countermeasures for this fraud have more impact, on what is now known to be a wide-spread fraud tactic in the Indian student agent sector.

Impacts as a result of continual tightening of visa assessments based on this and also long held and present threats of fraud from this market, will have a further impact on MAO staff resources, and subsequently service delivery (i.e. timeliness, complaints etc).

WHAT IS ACTION REQUIRED BY NATIONAL OFFICE (Refer to Terms of Reference)?

Brief stakeholders when and where necessary.

OTHER RELEVANT INFORMATION

WHAT ACTION HAS BEEN TAKEN TO RESOLVE/MANAGE/MITIGATE THE ISSUE?

1. All staff briefed on this issue.
2. Profiles have been developed on

3.

6(c)

4.

RELEVANT IMMIGRATION INSTRUCTIONS (reference only)

Prepared by:	Justin Alves – Risk Manager
Signed out by:	Nathanael Mackay – Area Manager
Save and send to:	(Save as "Client Name and Client Number" and send to Operations Support via <u>INZ Ops Sensitive Issues</u>)

NO SURPRISES FACT SHEET

Date	12 April 2016 (update from 8 April version)		
Client number (if any)			
Application number (if any)			
Name			
Date of birth			
Citizenship	India		
Location	New Zealand		
Immigration status	All NEWC (never travelled) or OUT		
Employment	N/A		
Family	Name	Age	Relationship
Representations from	None.		
MP/Ministerial involvement	None.		
Media involvement (if any)	None.		
Migrant exploitation?	None.		

EXECUTIVE SUMMARY

- This is a supplement and update to the previous No Surprises Fact Sheets dated 1 March February 2016, titled "Systematic Fraud by Hyderabad Student Agents" and "Education Loan fraud by Exempt Student Agents in India" dated 17 March 2016
- Last week had the highest weekly incidence of fraud encounters at Mumbai Area Office (MAO) since full fraud recording started at the office in September 2015
- 41 forged or fraudulently used education loan documents were detected in student applications last week (4-8th April) – a total of 47 fraud encounters when including other fraud types.¹
- Additionally 15 corrupt bank branch managers have been identified to date: these managers all verify known fake documents to be "genuine", and are working for a wide range of exempt student agents in India.

¹ In addition to the 41 loan frauds, three impostors, two fraudulent fixed deposit document cases and one forged work experience document was also detected during the same period this week

- The positive message is that:
 - MAO investigations have been useful in uncovering this fraud modus operandi, and the new Standard Operating Procedure (SOP) resulting from this investigation is clearly highly effective
 - MAO's intelligence picture of the operating environment is significantly improved (one example:
- The negative sides are:
 - under the new SOP take longer to process: this is impacting timeliness, and managing large numbers of Character PPI has created stress for MAO's staff given the double PPI process required
 - this rise in fraud encounters merely reflects MAO's greater awareness of a large scale fraud which has already been in place for some time – it is not likely to be indicative of any rise in fraud itself
 - A lot of the agents involved in this fraud are long-running, significant players in the market
 - If the current hit rate continues, this may have an impact on approval rates and the reputation of the Indian student market/NZ export education industry

6(c)

WHAT IS THE ISSUE?

The full background of the issue may be read in previous NSFS titled "Systematic Fraud by Hyderabad Student Agents" dated 1 March February 2016, and "Education Loan fraud by Exempt Student Agents in India" dated 17 March 2016

Since 7 March 2016, a new SOP was implemented at MAO to counter which had been found to be widely used in Hyderabad (in particular) but also to a lesser extent in NZ's main Indian student catchment areas of Punjab, Haryana and Chandigarh.

6(c)

There are a range of fraud "sub-tactics" under the main fraud type:

- 1.
- 2.
- 3.

4.

6(c)

Intelligence from informants, plus market intelligence already held at MAO from analysis and officer's experience, indicates very strongly that fraudulent student agents will approach a compliant bank manager (usually one based very close to their office) and contract them to provide either real or false loan sanctions, then follow that up with a fraudulent disbursement letter after AIP. They then get paid extra if MAO contacts them to verify it. It has little risk for the manager, as in reality none of the banks' money ever leaves the bank.

It is suspected that some of the forged documents encountered, started off as corrupt arrangements with bank managers, but over time the agents started simply forging the manager's signature and doing it themselves (so as not to need to waste money bribing the manager anymore).

Previous analysis by the previous MAO Risk Manager in early 2015 found that education loans were only rarely used: 4-5% of cases. This type of fraud was also only rarely encountered at that time.

It is assessed that at around the 2nd or 3rd quarter of 2015, certain student agents realised that MAO was not able to detect this fraud under the current process (which relied on pre-AIP verification) and some began using this fraud tactic on a systematic basis. News likely then spread, and it began being used extensively against MAO. On average in the Punjab, Harayana/Chandigarh region, approximately 20% of applicants now use education loans, though this varies considerably by agent. In Hyderabad the ratio is closer to 80%.

FRAUDULENT APPLICANTS STOPPED BY MUMBAI OFFICE

Since the SOP started on 7th March, it has detected 75 cases of forged or fraudulently used education loan disbursement letters. Additionally 22 cases of fraudulent financial documents of other fraud types have also been encountered during the same period. A significant number of persons have also been declined during this period as they submitted loan sanction letters from known corrupt bank managers. These were not verified as they go straight to decline.

There have been a significant but unknown number of suspicious withdrawals from Agents after AIP, where education loan letters had been submitted.

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LAST WEEK

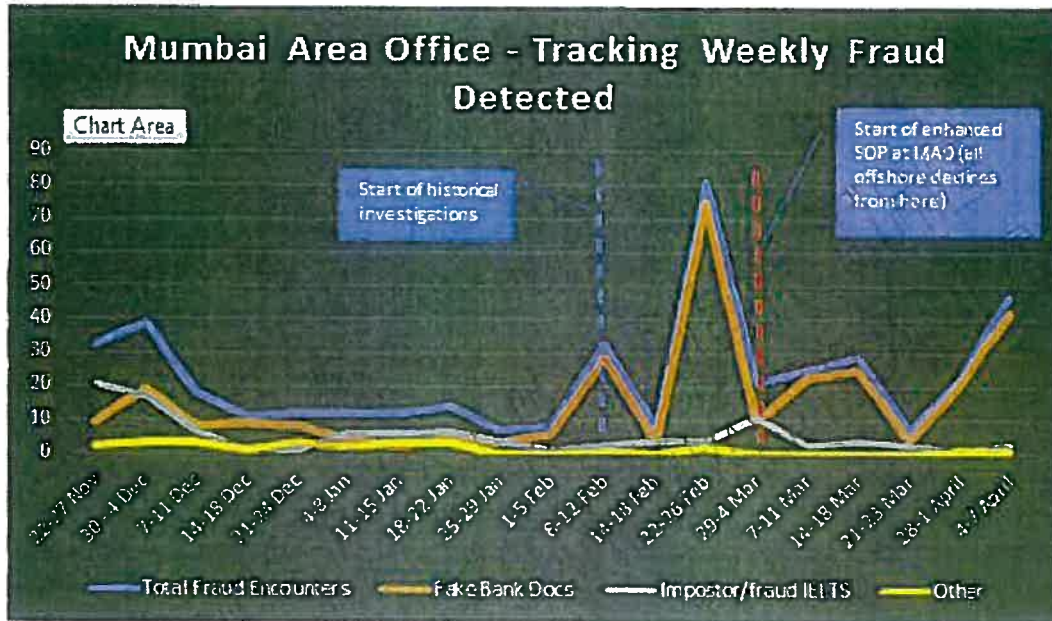
Monday to Friday 4-8^h April MAO encountered:

41 forged or fraudulent loan disbursement letters.

Six other fraud (three impostors, two fraudulent Fixed Deposit cases, one forged work experience case).

Four straight declines as loan letter from known corrupt bank manager.

Four suspicious withdrawals following AIP verification.



BANK INVOLVEMENT

bank managers working for different banks have been identified as corruptly involved in the process. It is highly likely they have been financially contracted by fraudulent student agents, and act as the issuing branch for the false (or real followed by false) loan documents provided to MAO.

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6(c)

Clearly, this verification process is time consuming.

To add complexity to the situation, MAO has encountered – on very rare occasions – loan documents from

AGENT INVOLVEMENT

All of Hyderabad's top eight agents were using this fraud – some for almost all of their applicants.

Investigations into India's top ten agents (for quantity plus approval rate) proved so far that five have been using this fraud – three of them extensively.

A total of 44 agents have been identified currently involved in this fraud since 7th March 2016. Agents highlighted in bold are India top-ten agents

Efficient Overseas	5
Study Visa Overseas	4
Western Overseas	4
Gray Matter	3
RIEC	3
Excel Education & Immigration Service	2
Global Destination Overseas	2
Kiwi Studies	2
Raffles Educity	2
Sizzling Careers	2
Victoria Education & Visa Consultants	2
Achiever Point	1
Aryans Academy	1
Auscan	1
Can-Able	1
Career Creators	1
Charms Education	1
Counsel One	1
Edulife	1
Expert Immigration	1
Go Global Consultants	1
Great Nation NZ	1
Indopacific	1
Juberich Consultancy	1
Kingsway Immigration	1
Kiwi Counseling Services	1
Life Science Consultants	1

Micro Info Tech TRG	1
Mission Education & Immigration	1
Nomadik Consultants	1
NZED Services	1
Orient Spectra Education Consultant	1
Overseas Career Consultants	1
Overseas Visa Helping Consultancy	1
Professionals	1
Seabird Education and Immigration	1
Silver Fern Education Consultant	1
Smart Study Punjab	1
Smart Study Visa	1
Storm Group	1
Study Smart	1
Studywel	1
Varshini Consultants	1
Victor Immigration and Study Abroad	1

Historical investigations into Hyderabad agents pre-March 2016 (which led to the creation of the current SOP) found these Hyderabad agents also involved:

Kiwi Overseas	20
Sunrise Overseas Services	19
Gray Matter	13
Study Visa Overseas	13
FIFO Overseas	10
AR Overseas	9
Ivy Overseas	4
V and U Intellect Consultants	4
Leaf Educational Services	3
Medway	1
No Agent	1
Orient Spectra Education Consultant	1
Storm Group	1

Therefore in total, 57 agents have currently been identified as being involved in this fraud.

IMPLICATIONS

This tempo of fraud is a significant threat to NZ's immigration integrity, and reflects a number of wider issues with the Indian student market.

Controlling this fraud is affecting MAO's timeliness and, to a lesser extent, staff morale; because of the extra work involved and high rate of encounter.

Of particular concern is the fact that some of India's most successful (and, to some NZ schools, trusted) agents are using this fraud, and appear to have a significant number of bank managers in collusion.

The decline rate for Indian students will likely increase as MAO's countermeasures for this fraud have more impact, on what is now known to be a wide-spread fraud tactic in the Indian student agent sector.

Impacts as a result of continual tightening of visa assessments based on this and also long held and present threats of fraud from this market, will have a further impact on MAO staff resources, and subsequently service delivery (i.e. timeliness, complaints etc).

WHAT IS ACTION REQUIRED BY NATIONAL OFFICE (Refer to Terms of Reference)?

Brief stakeholders when and where necessary.

OTHER RELEVANT INFORMATION

WHAT ACTION HAS BEEN TAKEN TO RESOLVE/MANAGE/MITIGATE THE ISSUE?

1. All staff briefed on this issue.
- 2.
- 3.

} (b)(c)

4.

RELEVANT IMMIGRATION INSTRUCTIONS (reference only)

Prepared by:	Justin Alves – Risk Manager
Signed out by:	Nathanael Mackay – Area Manager
Save and send to:	(Save as "Client Name and Client Number" and send to Operations Support via <u>INZ Ops Sensitive Issues</u>)

PROHIBITED UNDER THE INFORMATION ACT

(b)(c)