

Fourteen arrested for alleged retraining funding fraud scam

20 November 2013

The ICAC has arrested 14 persons for their alleged involvement in a scam to defraud the Employees Retraining Board (ERB) of funding and retraining allowances totalling over \$280,000 with false student enrolment and attendance records.

In an operation codenamed "Long River", which commenced on Monday (November 18), two operators, two tutors and two employees of a training body; and eight bogus students were arrested.

The ICAC investigation arose from a corruption complaint from the ERB, which alleged that offences under the Prevention of Bribery Ordinance might be involved in view of suspected false documents submitted by a training body to claim funding from the ERB.

Since 2012, the training body has been appointed by the ERB to provide vocational training courses to the unemployed, including two free-of-charge courses - a nail technician training course and a nutrition therapist assistant training course, with 20 enrolments allocated for each course.

The training body is entitled to a full funding if there are at least 18 enrolments in each course, while course members with 80 per cent attendance are entitled to a retraining allowance.

However, during surprise inspections conducted by staff of the ERB on these two courses, it was revealed that the attendance rates of the courses were very low. Staff of the ERB also conducted telephone enquiries with some of the course members, who claimed they had never enrolled in the courses.

ICAC enquiries revealed that the operators of the training body had recruited bogus students for the two full-time courses.

It was suspected that the arrested persons had conspired together to submit false enrolment and attendance records to the ERB to defraud the ERB of more than \$250,000 in funding and over \$30,000 in retraining allowances.

The retraining allowance for individual students ranged from \$770 to \$2,460, depending on their age and educational level.

The ERB has rendered full assistance to the ICAC in the investigation. Enquiries are continuing.

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