

Scholarship Scams Tip Sheet

10 Scam Warning Signs

The following signs do not guarantee that a scholarship is a scam, though several signs could be an indication that you're dealing with a scam.

1. Fees: Scammers use bogus fees such as "application," "disbursement," "redemption," and "processing fees" as a way to take your money. Scholarships should not require any fees. Check out the *free* search at www.fastweb.com.

2. Credit card or bank account information needed: Never give credit card or bank account info to receive aid. If you do, call your bank or credit card issuer immediately.

3. Scholarship guarantee: No one controls judges' decisions. Be wary of "high success rates," which often refer to matches, not award winners.

4. No work involved: Legitimate scholarship applications require both time and energy.

5. No contact information: Before you apply, confirm the sponsor's contact info. The sponsor should supply a valid e-mail address, phone number or mailing address (not a PO box) upon request.

6. Unsolicited scholarships: If you are called to receive an award for which you never applied, be alert. Ask where the sponsor got your name and number; check with that party.

7. Pressure tactics: Don't allow yourself to be pressured into applying for a scholarship, especially if the sponsor is asking you to pay money up front.

8. Claims of "exclusive" scholarships: Legitimate sponsors won't restrict knowledge about their award to a single search service.

9. An official-sounding name or endorsement doesn't automatically mean legitimacy: A sponsor may use words like "national," "education" or "federal" or have an official-looking seal, but might still be a scammer. Also, the federal government and the U.S. Department of Education do not endorse private businesses.

10. Your questions aren't answered directly: Can't get a straight answer from a sponsor regarding their application, what will be done with your information (e.g., if it will be sent to a third party) or other questions? Proceed with caution.

Scam-Spotting Rules of Thumb

- ✓ Don't pay money to get money.
- ✓ Too good to be true? It probably is.
- ✓ Spend time, not money.
- ✓ Legit scholarships are never guaranteed.
- ✓ Feel suspicious? Trust your instinct.

Suspect a Scam?

If you think you may be dealing with a scammer, follow the directions below:

1. Save all forms you receive from the suspected scammer. Keep copies of written details about the offer and any correspondence, e-mails or other paperwork. Make sure all materials are dated.

2. Take notes during any seminar or phone conversations. Record the date, time, phone number and the person's name with whom you spoke. Also include a detailed account of your conversation.

3. Report the suspected scammer to local law enforcement, your guidance counselor and any of the following organizations:

Federal Trade Commission (FTC)

Fill out an online complaint form or call toll-free:

Ph: 1-877-FTC-HELP (1-877-382-4357)

Web: www.ftc.gov/scholarshipscams

National Fraud Information Center (NFIC)

Ph: 1-800-876-7060, Web: www.fraud.org

Better Business Bureau (BBB)

Be sure to have the address of the company about whom you are filing the complaint.

Ph: 1-703-276-0100, Web: www.bbb.org

United States Postal Inspection Service (USPIS)

Ph: 1-800-654-8896

Web: www.usps.com/postalinspectors/fraud

FastTip: Applying for financial aid should never cost more than a postage stamp!

Bonus Tip: An upfront fee is not needed for scholarship or loan applications!

Free search of over
1.3 million scholarships
and over 4,000 colleges

www.fastweb.com

Creative Scams: Seminars and Consultants

Seminars and consultants sometimes charge fees for services or information you can obtain for free.

Consultants:

Paying a fee to a financial aid service to help you apply for aid may be an unnecessary expense. Here's why:

Claim: "We'll help you complete complicated forms."

Reality: You *still* have to fill out the same basic information for a fee-based service that you would for the FAFSA; how else would they get your information?

Claim: "We'll find different ways to report your income and assets to obtain more aid."

Reality: a) This information is available for free at FinAid: www.finaid.org/fafsa/maximize.phtml.

b) While these services can be legitimate, remember that colleges can request additional documentation about your finances.

c) Not reporting FAFSA information accurately is against the law (punishable up to a \$20,000 fine, prison or both).

Seminars:

You may be able to get what you need on your own.

Claim: "Our presentation is completely free."

Reality: While the presentation is free, a seminar may use high pressure tactics to try to get you signed up for the service. It may also claim that the price will increase if you don't sign up now, or that questions can be answered after you pay.

Claim: "We can help you complete complicated forms."

Reality: Everyone needs the same basic information to complete financial aid forms, so even if you pay for help, it is still up to you to do the work of assembling the information. Help with the FAFSA is available for free at www.fafsa.ed.gov or by phone at: **1-800-4-FED-AID**.

Claim: "We'll find loopholes to help you save money."

Reality: The company may be encouraging you to commit fraud by entering inaccurate info to make it seem like you earn less money. These practices are dishonest and illegal!

FastTip: Because a seminar is held at a local school, library or legitimate community site doesn't mean it is legitimate. Check with your counselor if you think the seminar might be a scam.

Found a Scam? Been Scammed?

If credit card or banking accounts have been compromised, what should you do?

Immediately contact your bank or credit card issuer.

Explain the situation and close your account(s).

Report the fraud to the Federal Trade Commission (FTC).

Web: www.ftc.gov/scholarshipscams

Ph: 1-877-FTC-HELP (877-382-4357)

You should also notify these other agencies:

National Fraud Information Center (NFIC)

Fill out an online complaint form:

Ph: 1-800-876-7060, Web: www.fraud.org

Better Business Bureau (BBB)

If possible, report the mailing address, e-mail address and/or phone number of the scammer.

Ph: 1-703-276-0100, Web: www.bbb.org

United States Postal Inspection Service (USPIS)

Ph: 1-800-654-8896

Web: www.usps.com/postalinspectors/fraud

Where Can I Go For Help?

Financial aid should not cost you anything. Consider getting help from these **free sources**:

- Online sources such as FastWeb.com and FinAid.org
 - HS counselors • Any financial aid office • Libraries
 - US Dept. of Education
- Phone: 1-800-4-FED-AID, Web: <http://studentaid.ed.gov>

Protect Yourself!

Talk to your guidance counselor's office. They can tell you if they've had trouble with any particular consultant.

If you use a consultant, consider qualifications carefully.

Find a consultant who has worked as a financial aid administrator, CPA or CFP.

Don't let anyone take a percentage of your aid as a fee.

The aid that you receive is yours and shouldn't be shared.

Never use anyone who encourages you to do

something unethical. If you falsify financial aid forms, you can end up with a \$20,000 fine, going to prison or both.

Free search of 1.3 million scholarships and 4,000 colleges!

www.fastweb.com