



College Grant Scams

From the Office of Minnesota Attorney General Lori Swanson

The cost of college continues to rise faster than the cost of inflation. As a result, more and more students seek grants, loans, and other forms of financial aid to fund their education. Unfortunately, some fraudulent operators look to take advantage of students by pretending to offer financial assistance, and scamming students out of their money. Some Minnesota students have been targeted by a telemarketing scam offering to assist them in obtaining large amounts of government grant money for school. Typically, this scam is initiated by a telemarketer, who claims that the student is eligible for up to \$8,000 in grant money from the government. The telemarketer then offers to assist the consumer in obtaining the money in exchange for allowing his/her “company” to withdraw \$239, or some other amount, from the student’s bank account. In some cases, telemarketers have claimed that they need a student’s banking information to confirm that the student holds a “real” bank account, before the company can send the student more information. Students who have agreed to disclose this information have had money withdrawn from their accounts electronically.

Some Minnesotans have also received solicitations in the mail, offering to assist them in obtaining government grants in exchange for payment. Consumers who send money to these programs only receive “informational booklets,” containing minimal assistance, if they receive anything at all. This is contrary to the promise that the student will get actual money, rather than a listing of college aid sources.

Protect Your Financial Information

Students should *never* give out their banking information to unknown parties over the phone or otherwise. Once a party has obtained a credit card number, check routing information, a Social Security number, or a bank account number, it may be able to make repeated withdrawals

from the account without the student’s knowledge. Don’t let this happen! Protect your private information. In the event that an unwanted party obtains your information, contact the police and your financial institution immediately to close the account, or change the account number.

The United States Department of Education provides a free student guide to federal financial aid. To obtain the guide or another publication, contact the Department as follows:

United States Department of Education

Federal Student Aid Information Center

P.O. Box 84

Washington, DC 20044

1-800-433-3243

www.ed.gov

In addition, the Minnesota Higher Education Services Office (“HESO”) provides information to students concerning financial aid. It can be reached as follows:

Minnesota Higher Education Services Office

Suite 350

1450 Energy Park Drive

Saint Paul, MN 55108-5227

(651) 642-0567

www.mheso.state.mn.us

If it Sounds too Good to be True — it is.

Fraudulent operators may use a variety of claims to trick students into trusting them. Below are a list of offers to watch out for:

■ “You are eligible for millions of dollars in unclaimed student aid.” Although many students are eligible for aid through federal and state governments, companies may

try to inflate or misrepresent the amount that is actually available.

■ “You will not be able to get this information anywhere else.” Although some companies may indicate that you are not able to find this information elsewhere, many sources for financial aid exist, including high school guidance offices, college financial aid offices, and state and federal government agencies. According to the Minnesota Higher Education Services Office, 95% of financial aid is awarded through the government or an educational institution.

■ “You must provide your credit card or checking account number.” If you are asked for this information in exchange for “free” financial aid, you may be agreeing to terms and conditions that allow the company to charge you for certain services or items.

■ “You are a finalist for a scholarship contest.” Most scholarship programs have application deadlines and certain criteria that do not resemble sweepstakes and other contests.

■ “You must provide payment for the service immediately.” To create a sense of urgency, some companies may pressure you to sign a contract before you even leave the seminar by saying that the opportunity will not last.

College Aid Seminars

If a student attends a seminar for scholarships or financial aid, the Attorney General’s Office offers the following tips:

■ Take your time. Some companies may create a sense of urgency, but you should avoid making any payment until you fully understand what you are purchasing.

■ Investigate the company. Contact a high school guidance counselor or college financial aid office to ask about the service or seminar. Have them review the

information you are given. You may be able to obtain the same information for free. Contact the Minnesota Attorney General’s Office and the Better Business Bureau to obtain further information.

■ Be wary of a seminar’s claims. Some seminars may feature success stories about students who have used their service. Be wary of such “success” stories.

■ Ask questions. Legitimate organizations should be willing to fully answer any questions about their service.

■ Get everything in writing. If you pay for a service, make sure to obtain, in writing, the terms and conditions of the service that you will receive. If certain terms and conditions are not fulfilled, you may have some recourse to obtain a refund.

If you would like to obtain further information or make a complaint about a particular company, the Attorney General’s Office can be contacted by mail, phone, or electronically as follows:

Office of Minnesota Attorney General

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