

Scam Artists Targeting College Students Seeking Financial Aid

By Surajit Sen Sharma

According to the Better Business Bureau, consumer complaints against loan, grant, and scholarship services increased by 60% in 2006 across the U.S. Steve Cox, spokesperson for the BBB, said, “There are many unscrupulous businesses and outright scams taking advantage of overwhelmed parents who are just trying to put their child through school.”

In a report warning parents and college students to avoid financial aid frauds, the BBB reported on the following recent examples:

Financial Aid Seminar Scams

The BBB reported that parents from New York to California have complained that they paid a Utah-based company as much as \$1,000 for help finding financial aid only to find the company had vanished. They reported that their college-bound children received an email from “College Money Matters” stating they’d “been accepted” to attend a free financial aid seminar. The BBB report says, “The seminar was essentially a sales pitch, and for a fee, the company would submit the student’s Free Application for Federal Student Aid (FAFSA) form and find college scholarships and grants for the student. Victims report they paid \$700 to \$1,000 and never heard from the company again. Not only did they not receive the promised help for finding grants and scholarships, but many discovered that their child’s FAFSA form was never even filed.”

College Grant Scams

Students have complained of receiving emails or letters with offers of “Free Grant Money.” The emails say the students are qualified for private or government grant money as financial aid for debt relief or to help pay off college bills.

The victim receives his or her “grant” in the form of a check and is instructed to deposit the check and then wire a smaller amount of money back to cover processing fees. Banks usually take weeks to spot the counterfeit checks. Not only do victims have to pay back the money withdrawn on the counterfeit checks, but they also lose the money wired to the scammers.

How to Avoid Scholarship Scams

The BBB says that no one can guarantee a scholarship or a grant. If a student wants to avoid student-aid frauds, he or she should watch out for people who make claims like:

- “The scholarship is guaranteed or your money back.”
- “You cannot get this information anywhere else.”
- “We will do all the work.”

There are no shortcuts to good things, and there are no alternatives to hard work.