

Scholarship Scams

This describes a phenomenon about which counselors, parents, and students should be aware: fraudulent scholarship searches or scholarship scams.

FTC Warnings

Hundreds of scholarship services are on the market, but many are scams. The Federal Trade Commission (FTC) has launched Project \$cholar\$cam to alert consumers about fraudulent search services. The FTC warns counselors, parents, and students to beware of the scholarship service:

- Guarantees that a student has won a scholarship
- Pledges that this scholarship information is not available anywhere else
- Requests a credit card or bank account number so that they can hold the scholarship for the student
- Promises that the service will do all the application work
- Requests payment before they give the scholarship
- Claims a national foundation has selected a student to receive a scholarship or that the student is a finalist in a contest he or she never entered

Other Warning Signs

How else can you be aware of scams? The following information was obtained from the Financial Aid Information website <http://www.finaid.org>.

- Application or other fees
- "Everyone is eligible!"
- Unsolicited opportunities
- Typing or spelling errors
- No telephone number
- Mail drop for return address
- Operating out of a residence
- Masquerading as a Federal Agency
- Unusual requests for personal information
- Notification by phone
- Excessive hype

If you suspect a scam, contact the Better Business Bureau in the city where the scholarship service is located. They can report on the company and inform you if anyone has filed a complaint. They also publish brochures about scams.

- BBB Warning: Scholarship Search Services www.finaid.org/scholarships/bbb_warn.phtml
- Tips for Consumers from your Better Business Bureau