

Consumer Affairs Reporter Offers Advice on Avoiding Scholarship Scams – article from Key Education Resources FAAdvisor Undergraduate Edition April 17, 2002

ABC News consumer affairs reporter Arnold Diaz recently concluded an investigation of college scholarship scams.

As Diaz reports, some deceitful companies will go about swindling dollars by promising students free scholarship money in exchange for an up-front fee. Others claim to have access to untapped sources of financial aid and will charge students for information on various scholarship awards.

Furthermore, parents should beware letters in the mail promoting “free financial aid seminars” or “open interviews” for financial assistance because the real purpose of the event may be to plug unnecessary products and/or services.

While some of these profit-making companies do offer legitimate services, there are several alternative routes students can take to acquire a wealth of scholarship information for free.

The bottom line: If students have to pay money to get money, it’s probably a scam and families are better off looking elsewhere.

The Federal Trade Commission urges students and parents to look out for six signs that a college scholarship offer is a scam:

- “The scholarship is guaranteed or your money back.” No one can guarantee students that they’ll receive scholarship money. Finaid (www.finaid.org), a web site dedicated to providing students with comprehensive scholarship information, alerts that “some companies will not refund your money, but instead will offer to rerun the search some number of times at no charge.” It also has found that numerous organizations define the word “receive” ambiguously – students will receive information about scholarships, not the scholarships themselves.
- “You can’t get this information anywhere else.” Don’t believe a company that claims its search engine is entirely unique. Different scholarship databases overlap significantly since many use the same information-gathering techniques. There are several free search services on the Internet where students can enter information about themselves and instantly see a list of valid scholarships they may be qualified for.

For starters, check out these useful scholarship search engines:

- FastWEB: www.fastweb.com
- CollegeNet Mach 25 Scholarship Database at www.collegenet.com/mach25
- “We will need your credit card or bank account number to hold this scholarship.” Never give out an account number without getting all the information in writing first.
- “We’ll do all the work for you.” There are thousands of legitimate scholarship opportunities out there. However, these award donors often require substantial materials from their applicants – essays, letters of recommendation, and transcripts, to name a few. The materials don’t guarantee an award.
- “The scholarship will cost some money.”
- “You’ve been selected” by a “national foundation” to receive a scholarship or “You’re a finalist” in a contest you never entered. Before sending anything call directory assistance to see if the company has a listing. Then find out how the company acquired the information and be on guard for hidden fees.

Scholarship scams can be reported to the National Fraud Information Center at 1-800-876-7060 or by e-mail at SCAMS-L@finaid.org. <http://www.finaid.org/scholarships/scams.phtml> is an excellent part of Finaid that has lots of information on Scholarship Scams...check them out before you enter!!!