

Creative Scams: What to Watch For

Some companies find innovative ways to take your money. Know what to look for when trying to tell friend from foe.

Financial Aid Fees: Worth the Price?

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

Claim #1: "We'll help you complete complicated forms."

A. Information about the FAFSA and other forms is available for **free** from your guidance counselor, your library and the Department of Education:

Toll-free help line: 800-4-FED-AID (800-433-3243).

B. 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 #2: "We'll find different ways to report your assets and obtain more aid."

While these services can be legitimate, remember that colleges can request additional documentation about your finances. Also, not reporting tax information accurately is against the law (punishable up to a \$20,000 fine, prison or both).

Note: While financial aid services may provide useful information, know your options before deciding to use these services. **Financial aid shouldn't cost you, especially when free resources are available.**

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A New Kind of Scam: Financial Aid Seminars

A seminar may or may not be legitimate. What are the warning signs?

- While the presentation might be free, the services aren't: you may be *pressured* to give a check, checking account number or a credit card to sign up for the service.
- You are told that the program can adjust your income and/or assets to make it seem like you earn less money, thereby qualifying for more aid. Such practices are often illegal.
- You are asked for a credit card number to "hold" the scholarships for you.
- The service tells you that they can only answer specific questions after you have paid the fee.
- The service tells you anything that conflicts with what your financial aid office tells you.

Reminder: A company with an official-sounding name that includes words like "national," "education" or "federal" in its title does not necessarily mean it is legitimate. **Check with your financial aid office if you question a company's legitimacy.**

FastTip: If a seminar is held at a local school or community center, that doesn't mean it's legitimate. Anyone can rent space and give a presentation. Check with your school before you attend if you have questions.

What If You Suspect a Scam?

1. Save all forms you receive from the suspect company. 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 seminars 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 any of the following organizations:

National Fraud Information Center (NFIC)

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

Federal Trade Commission (FTC)

Ph: 877-FTC-HELP (1-877-382-4357) Web: www.ftc.gov

State Attorney General's Office

Call information or visit your state's Web site to obtain state attorney general's contact information. Ask them about filing a complaint with the Bureau of Consumer Protection in your state.

Better Business Bureau (BBB)

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

United States Postal Inspection Service (USPIS)

Phone: 800-654-8896 Web: www.usps.gov/postalinspectors/fraud

Scholarship Scams

Recognizing the Scammer

How can you tell the good from the bad?

A scammer:

- States you've won an award for which you didn't apply.
- Does not supply valid contact information.
- Guarantees you will win an award.
- Requires personal financial information (such as credit card numbers or checking account numbers) to "verify" or "hold" a scholarship.

A legitimate scholarship service:

- Sends information about awards when you request it.
- Makes contact information available upon request.
- Does not guarantee you will win an award.
- Should not direct you to a fee-based provider because they know that financial aid information is readily available for free.

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Quick Scam Warning Signs:

- A fee.
- A "money-back guarantee."
- Requests for your credit card or bank account.

Popular (But False!) Claims

"For a small fee, we'll give you a list of scholarships."

Never spend money on a fee-based matching service. The biggest and best award databases are available for free on the Internet, including FastWeb: www.fastweb.com.

"\$6.6 billion in scholarships went unclaimed last year."

Statements about unclaimed awards are misleading. They generally refer to tuition reimbursements that aren't available to the public. Scholarships are competitive and are awarded.

"You are guaranteed a minimum of \$1,000 in awards."

A service can't guarantee any scholarships because they have no control over the scholarship judge's decisions.

"We have a 96% success rate."

These false success rates indicate the percentage of students they've successfully matched with the database, NOT the number of students who actually receive money.

"We'll need a bank account/credit card number to verify your information."

Your bank account and credit card information is confidential. A legitimate scholarship provider won't ask for this information.

"We will do all the work for you."

To win a legitimate scholarship, you must submit your own applications, write your own essays and solicit your own letters of recommendation. There is no way to avoid doing the work.

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