

Scholarship and Financial Aid Scams



The Office of the
Minnesota Attorney General
helping people afford their lives and live with dignity, safety, and respect

As college costs continue to rise, students increasingly find themselves searching for scholarships and financial aid. Through high pressure sales seminars and other methods, some unscrupulous companies purport to guarantee or promise scholarships, grants and other financial aid for a fee, but deliver little or none of the promised assistance. The Minnesota Attorney General's Office has filed lawsuits against several such companies.

Students and their families should watch out for the following tactics and claims:

- **“You are eligible for millions of dollars in unclaimed student aid.”** Although many students are eligible for aid through the 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 your high school guidance office, college financial aid office, and state and federal government agencies. Further, according to the Minnesota Office of Higher Education, 92 percent 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.”** In order 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.

If you attend a seminar for scholarships or financial aid, the Attorney General's Office encourages you to follow the below 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 your 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.

Online offers for high school or GED degrees for a fee are also scams and can affect your ability to enroll in college and/or to obtain financial aid. GED tests can only be administered by official GED testing centers. The General Educational Development Testing Service can provide additional information about these offers. You may contact the GED Testing Service as follows:

General Educational Development Testing Service

American Council on Education
1 Dupont Circle NW
Washington, DC 20036
(202) 939-9300
www.acenet.edu

The Federal Trade Commission works to prevent fraudulent, deceptive, and unfair business practices in the marketplace. It also provides information on scholarship scams as well as legitimate student aid and can be contacted as follows:

Federal Trade Commission

Consumer Response Center
600 Pennsylvania Ave NW
Washington, D.C. 20580
(202) 326-2222 or (877) 382-4357
TTY: (866) 653-4261
www.ftc.gov/scholarshipscams

The United States Department of Education provides a free student guide to federal financial aid. If you would like to obtain the guide or another publication from the Department, it may be contacted as follows:

United States Department of Education

Federal Student Aid Information Center
P.O. Box 84
Washington, DC 20044
(800) 433-3243
TTY: (800) 730-8913
www.studentaid.ed.gov/sa/resources

In addition, the Minnesota Office of Higher Education (OHE) provides information to students concerning financial aid, and can be reached as follows:

Minnesota Office of Higher Education

1450 Energy Park Drive, Suite 350
St. Paul, MN 55108-5227
(651) 642-0567 or (800) 657-3866
www.ohe.state.mn.us

If you would like to obtain further information or make a complaint about a particular company, the Attorney General's Office can be reached as follows:

Office of Minnesota Attorney General Keith Ellison

445 Minnesota Street, Suite 1400
St. Paul, MN 55101
(651) 296-3353 (Twin Cities Calling Area)
(800) 657-3787 (Outside the Twin Cities)
(800) 627-3529 (Minnesota Relay)
www.ag.state.mn.us