

College financial aid scams

\$2000 Scholarship Guaranteed

Every year millions of dollars in scholarships go unclaimed. You can use this money to finance your college education. Simply pay us a \$200 scholarship search fee and we will scan our electronic database and match you to a scholarship. If we can't find at least a \$2000 scholarship for you, we will return your \$200.

Need money for college?

Doesn't everybody? With tuition bills skyrocketing, and room and board going through the roof, students and their families are looking for creative ways to finance a college education. Unfortunately, in their efforts to pay the bills, many of them are falling prey to scholarship and financial aid scams.

Unscrupulous companies guarantee or promise scholarships, grants or fantastic financial aid packages. Many use high pressure sales pitches at seminars where you're required to pay immediately or risk losing out on the "opportunity."

Some unscrupulous companies guarantee that they can get scholarships on behalf of students or award them "scholarships" in exchange for an advance fee. Most offer a "money back guarantee" – but attach conditions that make it impossible to get the refund. Others provide nothing for the student's advance fee – not even a list of potential sources; still others tell students they've been selected as "finalists" for awards that require an up-front fee. Sometimes, these companies ask for a student's checking account to "confirm eligibility," then debit the account without the student's consent. Other companies

quote only a relatively small "monthly" or "weekly" fee and then ask for authorization to debit your checking account – for an undetermined length of time.

The Bureau of Consumer Protection cautions students to look and listen for these tell-tale lines:

- "The scholarship is guaranteed or your money back."
- "You can't get this information anywhere else."
- "I just need your credit card or bank account number to hold this scholarship."
- "We'll do all the work."
- "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.

If you attend a seminar on financial aid or scholarships, follow these steps:

- Take your time. Don't be rushed into paying at the seminar. Avoid high-pressure sales pitches that require you to buy now or risk losing out on the opportunity. Solid opportunities are not sold through nerve-racking tactics.
- Investigate the organization you're considering paying for help. Talk to a guidance counselor or financial aid advisor before spending your money. You may be able to get the same help for free.
- Be wary of "success stories" or testimonials of extraordinary success – the seminar operation may have paid "shills" to give glowing stories. Instead, ask for a list of at least three local families who've used the services in the last year. Ask each if they're satisfied with the products and services received.
- Be cautious about purchasing from seminar representatives who are reluctant to answer questions or who give evasive answers to your questions. Legitimate business people are more than willing to give information about their service.

- Ask how much money is charged for the service, what services will be performed and the company's refund policy. Get this information in writing. Keep in mind that you may never recoup the money you give to an unscrupulous operator, despite stated refund policies.

Many legitimate companies advertise that they can get students access to lists of scholarships in exchange for an advance fee. Other legitimate services charge an advance fee to compare a student's profile with a database of scholarship opportunities and provide a list of awards for which a student may qualify. And, there are scholarship search engines on the Internet. The difference: Legitimate companies never guarantee or promise scholarships or grants.

Funding Education Beyond High School: The Guide to Federal Student Aid is a comprehensive resource on student financial aid from the U.S. Department of Education and can be found at:

http://studentaid.ed.gov/students/attachments/siteresources/FundingEduBeyondHighSchool_0910.pdf

Grants, loans and work-study are the three major forms of aid available through the Department's Federal Student

Aid office. This guide tells you about the programs and how to apply for them.

To apply for federal aid and to apply for many state student aid programs, students must complete a *Free Application for Federal Student Aid* (FAFSA). To make applying for financial aid faster and easier than ever the electronic versions of the FAFSA can be found at:

<http://www.fafsa.ed.gov/>

If you have any questions, or require additional information on student financial assistance, you may contact your high school guidance counselor, the financial aid officer at the postsecondary institution you plan to attend, or the Federal Student Aid Information Center, toll-free at 1-800-FED-AID (1-800-433-3243).

For more information or to file a complaint, visit our website or contact the Bureau of Consumer Protection.

Bureau of Consumer Protection
2811 Agriculture Drive
PO Box 8911
Madison WI 53708-8911

E-MAIL:
DATCPHotline@Wisconsin.gov

WEBSITE:
www.datcp.state.wi.us

Toll-free in WI: (800) 422-7128

(608) 224-4976
FAX: (608) 224-4939
TTY: (608) 224-5058

(Some information taken from the FTC fact sheet "Ouch! Students Getting Stung Trying to Find \$\$\$ for College")