

Scholarship scams

TIPS FROM **Fight Back!**



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MANY STUDENTS USE scholarships as a way to pay for college. But beware of fraudsters trying to scam your family out of money while you're looking for ways to save. Protect yourself from scholarship scams by being aware of these potential signs.

Official-sounding doesn't mean it is

Scam artists often pose as legitimate scholarship organizations by using official-sounding names containing words such as "Federal," "National" or "Foundation."

If you have any doubts about the legitimacy of a scholarship, James A. Boyle, a representative of College Parents of America (www.collegeparents.org), a national membership organization for college parents, suggests checking out a scholarship organization by making sure it's endorsed by reputable sources. Boyle recommends the Colorado-based National Scholarship Providers Association or Minnesota-based Scholarship America, which manages scholarship programs for hundreds of companies and other entities.

Fees and guarantees

Costco member and financial aid expert Mark Kantrowitz, publisher of *Edvisors*, a network of websites offering educational resources for students and parents, says, "If you have to pay money to get money, it's probably a scam."

Legitimate scholarship providers don't require you to send in application or processing fees. Beware of scholarship matching services that guarantee they will find you a scholarship or give you your money back. Boyle warns, "The word 'scholarship' has become ubiquitous for any type of aid. It has become synonymous with any form of tuition discounting." So in other words, he says, to fulfill its obligation, "a company offering a money-back guarantee for a scholarship could just provide you with a list of loan opportunities."

"Free" seminars and interviews

Invitations to attend a free scholarship or financial aid seminar or interview could be a way to get you to listen to a cleverly disguised sales pitch or marketing scheme. Frequently the salespeople may disparage other sources of advice, such as high school guidance counselors and college financial aid administrators, says Kantrowitz. He advises asking a college financial aid administrator whether the seminar is legitimate.

"We do the work for you"

It sounds appealing to have a company search for and apply for scholarships on your behalf, but in reality you can't avoid putting significant time, energy and work into applying for scholarships yourself.

Preference to first applicants

One of the ways scam artists hook you is to say a scholarship is given on a first-come, first-served basis. Kantrowitz says, "Legitimate private scholarships do not give out money on a first-come, first-served basis. They usually have many more applicants than funds."

Scholarships put on hold

Getting your credit card or bank account information is often the goal of scholarship scammers, and they try to get it by saying it can be used to put your scholarship on hold. Don't be fooled.

Lack of information on previous recipients

Scholarship donors should be able to provide information about money awarded to students to attend institutions unless the scholarship is relatively new. Beware of anonymous scholarship endorsements that list only a student's first name and city or state.

What you can do

Free information is available from your high school guidance office, at www.studentaid.ed.gov and www.fafsa.ed.gov/help.htm or by calling 1-800-4FEDAID (433-3243).

The U.S. Department of Education's Office of Inspector General also hosts a fraud-awareness website with scholarship scam information at www.ed.gov/misused.

Please note we are not licensed professionals in any field. If you are seeking advice you should consult with your own licensed professional. We do not assume any liability or responsibility for the interpretation, application or accuracy of any information provided.

How do you protect your aging parents from getting ripped off? Brian J. Stiger, director of the Los Angeles County Department of Consumer Affairs, shares some tips.

- Enroll your parents in the Federal Trade Commission's National Do Not Call Registry to reduce the number of unwanted telemarketing calls they receive. Be sure to register both their cell- and home phones. Visit www.donotcall.gov for more information.
- Take them to seminars and workshops aimed at teaching seniors about emerging scams.
- Check their credit report periodically at www.annualcreditreport.com to detect if they have been victims of identity theft.

- Talk about the option of placing a security freeze on their credit report with the major credit reporting agencies (Experian, TransUnion, Equifax). A security freeze may reduce the chances of becoming a victim of identity theft—it helps stop someone from being able to open new credit accounts using personal identifying information—but there are issues to consider before obtaining one. Contact your state, city or county consumer protection office for details.



JACIE LANDEROS

The Identity Guard service offered to Costco members monitors the data on a member's files at the credit bureaus every business day and has dedicated Identity Theft Victim Assistance agents. For more information, go to Costco.com and click "Services."—Editor

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