



**FOR IMMEDIATE RELEASE**

## **NEWS RELEASE**

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### **PHEAA Advises Families to be Aware of Scholarship Scams**

*Consumers lose millions of dollars in scholarship scams each year*

**Harrisburg, PA (December 20, 2012)** – As the student financial aid application season is rapidly approaching, the Pennsylvania Higher Education Assistance Agency (PHEAA) is reminding students and families that they may be contacted by individuals or companies, via emails, social media or traditional mail, offering assistance for securing money for their college-bound student's education. For a fee, they may offer help in securing scholarship money.

Some of these organizations are legitimate while others are not.

The Federal Trade Commission warns that some unscrupulous companies “guarantee” or “promise” scholarships for students. This “guarantee” should be a warning sign. Families can avoid scholarship scams by looking for the following types of misleading sales pitches.

1. For a fee, the company will provide a list of scholarship opportunities. If the student receives no awards and attempts to get a refund, they soon realize that conditions are attached to the agreement that makes it impossible to get the refund. Therefore, the request for a refund is denied and the student is out the money.
2. Some companies claim that their information is not available anywhere else. However, they typically use the same scholarship databases that students can access for free on the Internet.
3. Some organizations try to persuade students and their families to send them money to “hold” an award by claiming that “you are a finalist in a scholarship contest.” But scholarships are typically not like sweepstakes – if students haven't applied for an award, they're not likely to be a “finalist” for it.
4. Some questionable organizations have official sounding names, a fancy seal on their letterhead, and a Washington, DC mailing address. This gives unsuspecting families the impression that the organization is somehow affiliated with or endorsed by the federal government, when, in fact, no such relationship exists.
5. Free scholarship or “financial planning” seminars often end with a sales pitch to “act now or lose out on this opportunity” for a fee. Legitimate organizations do not use pressure tactics.
6. Other warning signs include:
  - Lack of phone numbers. The organization may provide an email, but telephone numbers are too easily traced.
  - A claim of influence with a sponsor. Scholarship programs are often endorsed by the Better Business Bureau or a specific college – call and check with them.

(more)

- Claims of “first-come-first-served”.
- Many scams use Florida or California addresses.
- Requests for your social security number, credit card number, bank account information, or other personal financial information.
- “We apply for you” claims.
- Solicitations that include a P.O. Box address with no street address.
- Claiming non-profit status.

“Families should remain vigilant if they receive these kinds of unsolicited offers,” said Representative William Adolph, PHEAA Board Chairman. “If an offer of awards sounds too good to be true, in all likelihood it is - so it’s best to do your research and take advantage of helpful resources, such as your school counselor, to find out if others are reporting similar offers as a scam.”

Students interested in applying for scholarships should contact their school counselor for assistance in identifying local awards. Many community, civic and religious groups, as well as businesses, labor unions or postsecondary schools offer scholarships. Scholastic, need-based and special talent scholarships are also available. PHEAA encourages students to visit [EducationPlanner.org](http://EducationPlanner.org) and use the free FastWeb scholarship search feature to search for awards.

Families may also be contacted by companies offering to complete the Free Application for Federal Student Aid for them for a fee. They should be aware that there is **free** assistance available in completing the FAFSA and programs that demystify the financial aid process.

“When families are looking for money to help pay for higher education, it doesn’t make much sense to pay someone else to do things that can be accomplished for free,” said Senator Wayne D. Fontana, PHEAA Board Vice Chairman. “There are plenty of free options available to help families through the process, including PHEAA’s programs, services and websites, the federal government, high school counselors and the financial aid office at the schools they are interested in attending.”

Families can review a detailed explanation of the FAFSA application process, obtain a list of documents needed to complete the application, and link to the online FAFSA at [www.PHEAA.org/FAFSA](http://www.PHEAA.org/FAFSA) or [www.fafsa.gov](http://www.fafsa.gov). PHEAA’s team of Higher Education Access Partners, in cooperation with the Pennsylvania Association of Student Financial Aid Administrators (PASFAA), offers free FAFSA Completion Events across the Commonwealth from January through April where families can receive individual guidance with questions they may have. Event schedules can be found at [PHEAA.org/FAFSA](http://PHEAA.org/FAFSA).

Families are encouraged to report suspected scams by contacting the Federal Trade Commission at [FTC.gov](http://FTC.gov) or call 1-877-FTC-HELP.

For information on the higher education financial aid process, schedules for upcoming Financial Aid Nights and FAFSA Completion Sessions, reminders of financial aid deadlines, and video clips offering tips and information pertaining to planning for higher education, students can join PHEAA on Facebook at [Facebook.com/pheaa.aid](https://Facebook.com/pheaa.aid).

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