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Financial aid fraud alert

The following is an edited excerpt from an alert posted by the U.S. Department of Education:

Someone claiming to be a representative of the U.S. Department of Education (ED) is calling students, offering them grants, and asking for their bank account numbers so a processing fee can be charged. Specifically, the caller tells the student he understands the student has federal student loans and offers to replace the loans with an \$8,000 grant. The caller explains that a processing fee must be charged and obtains the student's checking account information.

There is no ED program to replace loans with grants and there is no processing fee to obtain Title IV grants from ED. Furthermore, students should never provide their bank account or credit card information over the phone unless they initiated the call and trust the company they are calling.

A student who is a victim of this or a similar scam should take the following steps:

1. Immediately contact his or her bank, explain the situation, and request that the bank monitor or close the compromised account.
2. Report the fraud to ED's Office of Inspector General hotline at 1-800-MIS-USED (1-800-647-8733) or oig.hotline@ed.gov. Special agents in the Office of Inspector General investigate fraud involving federal education dollars.

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3. Report the fraud to the Federal Trade Commission (FTC). The FTC has an online complaint form at www.ftc.gov/scholarshipscams and a hotline at 1-877-FTC-HELP (1-877-382-4357; teletype for the hearing impaired: 1-866-653-4261). The FTC will investigate if the fraud is deemed widespread; therefore, it is important that every student contacted by the person or people in question lodge a complaint so the FTC has an accurate idea of how many incidents have occurred.
4. Notify the police about the incident. Impersonating a federal officer is a crime, as is identity theft.

When filing complaints, the student should provide detailed information about the incident, including what was said, the name of the person who called, and from what number the call originated (if the student was able to obtain it via Caller ID). Additionally, if unauthorized debits have already appeared against the student's bank account, the student should mention this fact in his or her complaint. Records of such debits could be useful in locating the wrongdoer.

For information about identity theft prevention, students may visit www.ed.gov/misused.
For information about preventing financial aid scams, visit www.studentaid.ed.gov/lsa.

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