



Beware of Phony Solicitations for Grants

From the Office of Minnesota Attorney General Keith Ellison

The Minnesota Attorney General's Office warns people to be alert for solicitations from scam artists promising access to grants or "free money." These fraudsters claim that they can help you access such money, but instead, it is the *fraudsters* that are seeking access to your money or personal information. It can happen like this:

"Amy" received a call from "Mike," who claimed to work for the United States Treasury Department. Mike told Amy that she was selected to receive a \$9,000 grant from the IRS because she had paid her taxes on time. Mike then asked Amy to send him \$500 via a wire transfer to pay for a processing fee to receive the grant. Amy realized the call was a scam and hung up.

"Doug" received a Facebook message from his friend "Hank" telling him that he was eligible for a rebate from the State of Minnesota. Hank asked Doug to send his credit card information to him so that the money could be transferred to his account. After Doug sent the information, he noticed several unauthorized charges to his credit card. He then called Hank, who told him that his Facebook account had been hacked. Doug disputed the charges with his credit card company, which reversed the charges and changed his account number.

Advance Fee Fraud

Advance fee grant scams typically begin with a phone call, email or social media message that falsely claims you are eligible for a grant. Invariably, however, you will be directed to send money to the scam artist to pay taxes or fees in order to receive the grant. The scam artist typically promises that you will receive the grant shortly after your payment has been received. You may be asked to send the money via a wire transfer, prepaid debit card, gift card, or cash. After the money is sent, the fraudster disappears and is never heard from again.

Phishing

Grant phishing scams are nothing more than a thinly-disguised attempt to trick you into providing your personal or financial information with the promise that you may be entitled to grant money from the government or elsewhere. These scams typically involve email or telemarketing calls promising grant money in exchange for a "small" fee or requesting that you disclose your personal information to verify you are entitled to the grant. Once you provide your bank account or other personal information, however, you never hear from the scammer again. The fraudsters then attempt to use your personal information to steal your identity or drain your bank account with unauthorized withdrawals or purchases.

False Advertising

Some scams are initiated by a telemarketer, mail solicitation or email, claiming that you are guaranteed grant money. You soon learn, however, that the company instead is *selling* an informational booklet or guide, containing minimal assistance (if you receive anything at all). The company may then attempt to use your financial information to charge you for additional "services" that were not disclosed or authorized. Oftentimes, the information that the company is selling is actually available free of charge.

Fraudulent Products or Services

Some companies have more advanced schemes to sell additional “products or services,” usually accompanied by some sort of “guarantee” enticement. For example, once a consumer is told that he or she is “guaranteed” free grant money to pay for the informational booklet, he or she may be contacted again to pay for “research” to determine which grants he or she may qualify for. The consumer may then receive a listing that includes grants for which he or she is not eligible, for entities that do not exist, or for loan programs that require the consumer to repay money. If a consumer pays for this “service,” the company might contact the consumer again to push them to pay hundreds or thousands of dollars for the company to write grant proposals for them or teach them how to write their own grant proposals. In the end, the consumer ends up losing hundreds or thousands of dollars with no grant money to show for it. Even if a consumer is somehow able to obtain a refund when they do not obtain any grants, the company usually keeps several hundred dollars for their “work.”

Tips for Consumers

Find Grants for Free

Since many of its departments offer grants, the U.S. Federal Government has created the Grants.gov program as a resource for parties seeking information about grants. Grants.gov is managed by the U.S. Department of Health and Human Services, and may be reached as follows:

Grants.gov

200 Independence Avenue SW, HHH Building
Washington, D.C. 20201
(800) 518-4726
www.grants.gov

Consumers may also access the United States General Services Administration’s Catalog of Federal Domestic Assistance (“CFDA”) at www.cfda.gov. The CFDA provides a full listing of financial and non-financial federal programs, services and activities that provide assistance to the American public.

Research the Company

Consumers do not need to enlist the services of a separate company to learn about grant-making and other funding sources. It is a good idea, however, to research any company before considering doing business with it. Before providing any personal information to an organization, check with the Better Business Bureau at:

Better Business Bureau of Minnesota and North Dakota

220 South River Ridge Circle
Burnsville, MN 55337
(800) 646-6222
www.bbb.org/minnesota

Do not Throw Good Money After Bad

Some companies will charge an initial fee with the promise that such payment will result in grant money or some other product or service. People who pay such fees may then learn they were not getting quite what was promised and must pay even more money to get closer to the promised grant. Make sure you know what product or service you are paying for and what you will get for your money. If you find out that you are not receiving what you thought you paid for, terminate your relationship with that company.

If it Sounds too Good to be True, it Is

Some grant scams entice you to pay money with the promise that you will receive much more in grant funds. Remember that if it sounds too good to be true, it probably is.

Do not Fall for Refund Promises

Some grant scams attempt to lure consumers with the promise that they will receive a refund if they do not obtain a grant. These guarantees may be carefully worded so that it is unlikely that the consumer will ever qualify for a refund. For those companies that actually do provide refunds, the “guarantee” may be for only a partial refund, so a consumer may still be out several hundred dollars. Do not be fooled by the promise of a refund.

Protect Your Financial Accounts

You should never give your banking or credit card information to unknown parties over the phone or otherwise. Nor should you submit such information as part of a grant application, unless you know you are submitting it to a legitimate organization that can demonstrate a need for such information. Once scammers have obtained your credit card number, check routing information, Social Security number, or bank account number, they may be able to make repeated withdrawals from your account without your knowledge or consent. They also may sell your information to third parties who will try to market other scams to you.

File a Complaint

If you are solicited for financial or personal information to process a government grant for which you did not apply, you should submit a complaint to the Federal Trade Commission by mail, telephone or online as follows:

Federal Trade Commission
Consumer Response Center
600 Pennsylvania Avenue, NW
Washington, DC 20580
(877) 382-4357
TTY: (866) 653-4261
www.consumer.ftc.gov

For more information, contact:

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445 Minnesota Street, Suite 1400
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(651) 296-3353 (Twin Cities Calling Area)
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