

Phony Solicitations for Grants



The Office of the
Minnesota Attorney General
helping people afford their lives and live with dignity, safety, and respect

Be alert for solicitations from scam artists—sometimes posing as your own friends—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 grant from a local non-profit organization. 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.

Watch Out for Fake Friends!

Grant-related scams sometimes begin with a social media message from someone who appears to be your friend. In reality, the “friend” is a fraudster who has hacked your friend’s social media account or created a copycat account using your friend’s information.

Advance Fee Fraud

Advance fee grant scams typically begin with a phone call, text message, 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, a charity, or elsewhere. These scams typically involve social media messages, emails, text messages, or phone 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 they is “guaranteed” free grant money to pay for the informational booklet, they may be contacted again to pay for “research” to determine which grants they may qualify for. The consumer may then receive a listing that includes grants for which they 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

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 or bank account number, they may be able to make repeated charges or 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.

Do Your Research

Do not be fooled by an official sounding government agency name, a well-known charitable organization, or a familiar picture of a friend. It is easy to “spoof” telephone numbers and create fake social media profiles, and websites. It is a good idea 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
(651) 699-1111
www.bbb.org/minnesota

If you are being contacted about receiving a grant from a charity, consumers can contact the Attorney General's Office at (651) 296-3353 (Twin Cities Calling Area) or (800) 657-3787 (Outside the Twin Cities). The Attorney General's Office can answer basic questions about a charity and send you a copy of a charity's annual report.

If you are being contacted by someone claiming to be from a government agency, check if the agency is listed on the USA.gov index of government agencies at www.usa.gov/agency-index and, if not, contact the U.S. Department of Health and Human Services Fraud Hotline at (800) 447-8477.

Find Grants for Free

Consumers do not need to pay for the services of a separate company to learn about grant-making and other funding sources. 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.sam.gov/content/assistance-listings. The CFDA provides a full listing of financial and non-financial federal programs, services and activities that provide assistance to the American public.

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.

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.

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

Bureau of Consumer Protection
600 Pennsylvania Avenue NW
Washington, DC 20580
(877) 382-4357
TTY: (866) 653-4261
www.reportfraud.ftc.gov

For more information, contact:

Office of Minnesota Attorney General Keith Ellison

445 Minnesota Street, Suite 1400
St. Paul, MN 55101
(651) 296-3353 (Twin Cities Calling Area)
(800) 657-3787 (Outside the Twin Cities)
(800) 627-3529 (Minnesota Relay)
www.ag.state.mn.us