



# Beware of Phony Solicitations for Grants

From the Office of Minnesota Attorney General Lori Swanson

Consumers who may be financially squeezed by job loss or rising costs are targeted by scam artists promising them access to grants or “free money.” These fraudsters claim that they can help consumers access such money, but instead, it is the *fraudsters* that are seeking access to the *consumer’s* personal information or trying to get them to pay for supposed “services” that turn out to be worthless. Scam artists use e-mail, mail or phone to contact consumers with aggressive marketing pitches and promises of “free money” that “sound too good to be true.” In the end, consumers may actually *lose* money by dealing with these entities, whose “guarantees” of grants can turn out to be empty promises. Remember, if it sounds too good to be true--it is. Minnesota Attorney General Lori Swanson offers these tips and information to help Minnesota citizens avoid similar scams.

## Phishing.

Grant phishing scams are nothing more than a thinly-disguised attempt to trick a consumer into providing their personal information with the promise that they may be entitled to grant money from the government or elsewhere. These scams typically involve e-mail 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 a consumer provides their bank account or other personal information, however, they never hear from the entity 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 e-mail, claiming that a consumer is guaranteed grant money. The consumer soon learns that the company instead is *selling* an informational booklet or guide, containing minimal assistance (if the consumer receives anything at all). The company may then attempt to use the consumer’s financial information to

charge them for additional “services” that the consumer is not aware of, and has not 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

1. **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:

### Grants.gov

200 Independence Avenue SW, HHH Building  
Washington, D.C. 20201  
800-518-4726

[www.grants.gov](http://www.grants.gov) or e-mail: [support@grants.gov](mailto:support@grants.gov)

Consumers may also access the United States General Services Administration's Catalog of Federal Domestic Assistance ("CFDA") at [www.cfda.gov](http://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.

- 2. 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. Before providing any personal information to an organization, check with the Better Business Bureau at:

**Better Business Bureau**  
220 South River Ridge Circle  
Burnsville, MN 55337  
Toll free: 1-800-646-6222  
[www.bbb.org](http://www.bbb.org)

- 3. 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. Consumers who pay such fees may then learn they weren't 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.
- 4. 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.
- 5. 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. Don't be fooled by the promise of a refund.

- 6. Protect your financial accounts.** Consumers should never give out banking information to unknown parties over the phone or otherwise. Nor should a consumer submit such information as part of a grant application, unless he or she knows they are submitting it to a legitimate organization that can demonstrate a need for such information. Once scammers have obtained a consumer's credit card number, check routing information, Social Security number, or bank account number, they may be able to make repeated withdrawals from the consumer's account without his or her knowledge or consent. They also may sell a consumer's information to third parties who will try to market other scams to him or her.

## File a Complaint.

If you are solicited for bank or other personal information to process a government grant for which you did not apply, you should submit a complaint to the Federal Trade Commission's Bureau of Consumer Protection by mail, telephone or online as follows:

**Federal Trade Commission**  
Consumer Response Center  
600 Pennsylvania Avenue, NW  
Washington, DC 20580  
Toll free: 1-877-FTC-HELP (382-4357)  
[www.ftccomplaintassistant.gov](http://www.ftccomplaintassistant.gov)

For more information, contact:

**Office of Minnesota Attorney General**  
**Lori Swanson**  
445 Minnesota Street, Suite 1400  
St. Paul, MN 55101  
651-296-3353 or 800-657-3787  
TTY: 651-297-7206 or 800-366-4812  
[www.ag.state.mn.us](http://www.ag.state.mn.us)