

## Department of Education Electronic Announcement

# Someone Impersonating an ED Official Is Offering Students Grants for a Processing Fee

SUBJECT: Financial Aid Fraud

It was brought to our attention recently that 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.

We urge you to remind your students that there is no ED program to replace loans with grants and that 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.

We recommend that you immediately e-mail or otherwise contact your current and incoming students to warn them about this scam. 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](mailto:oig.hotline@ed.gov). Special agents in the Office of Inspector General investigate fraud involving federal education dollars.
3. Report the fraud to the Federal Trade Commission (FTC). The FTC has an online complaint form at [www.ftc.gov/scholarshipscams](http://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, you and your students may visit [www.ed.gov/misused](http://www.ed.gov/misused). For information about preventing financial aid scams, visit [www.studentaid.ed.gov/lsa](http://www.studentaid.ed.gov/lsa).

Kay Jacks  
General Manager  
FSA Application, School Eligibility and Delivery Services

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