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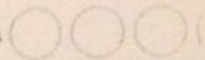
# Scholarship Scams

## 10 Signs that a Scholarship Isn't Legitimate



By Allen Grove  
College Admissions Expert

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The good news is that there are billions of scholarship dollars out there to help you fund college. The bad news is that a lot of shady scholarship offers are designed to take your money, not help you pay for school. Below are ten common signs that a scholarship isn't legitimate.

### 1. You Need to Pay to Apply

If a scholarship organization asks you to pay a fee before you'll be considered for an award, beware. Often your money will simply disappear. In other cases an actual scholarship is awarded, but your chances of winning are so slight that your application fee is a poor investment. Think about it -- if a company collects a thousand \$10 application fees and then awards a single \$1,000 scholarship, they've successfully put \$9,000 in their pockets.

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### 2. You Need to Buy Something to Be Considered

Here, as in the example above, the company is simply out to make a profit. Let's say you need to buy a widget to be considered for a \$500 scholarship. If I can sell 10,000 widgets at \$25 a pop, that \$500 scholarship I give to someone is benefiting me a lot more than all the people who bought my widgets.

### 3. You Need to Attend a Seminar to Be Considered

Scholarships can be used as a hook to get naive families to sit through an hour-long sales pitch. As an example, a company may advertise a free college information seminar at which one attendee will receive a small scholarship. The seminar, it turns out, is a pitch to get you to take out a high-interest loan or invest in expensive college consulting services.

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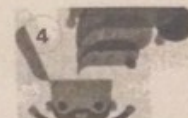
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#### 4. You Won Something You Didn't Apply For

"Congratulations! You've Won a \$10,000 College Scholarship! Click Here to Claim Your Prize!"

Sound too good to be true? That's because it is. Don't click. No one is going to give you college money out of the blue. You're likely to find that the generous soul who wants to give you thousands of dollars is actually trying to sell you something, hijack your computer, or steal your personal information.

#### 5. The Scholarship is "Guaranteed"

Every legitimate scholarship is competitive. Lots of people apply, and a few people will get the award. Any entity that guarantees a scholarship or claims that half of applicants will receive the cash is lying. Even the wealthiest foundations would soon be broke if they guaranteed awards to all (or even a quarter) of applicants.

#### 6. The Organization Wants Your Credit Card Information

If the scholarship application asks you to enter your credit card information, close the webpage and do something more productive with your time like viewing kittens on CuteOverload. There is no reason why a scholarship-granting organization would need credit card information.

#### 7. The Application Asks for Bank Account Information

"Enter your bank information so that we can deposit your award in your account."

Um, no. Don't do it. Legitimate scholarships will send you a check or pay your college directly. If you give someone your bank account information, you'll find that money disappears from your account rather than gets deposited.

#### 8. "We'll Do All the Work"

This is another red flag identified by the Federal Trade Commission's Bureau of Consumer Protection (see their page on [scholarship scams](#)). If a scholarship application states that you don't need to do anything other than provide some personal information to apply, chances are the supposed scholarship-granting entity is up to no good with your personal information.

Think about it -- scholarships are awarded because you've proven yourself worthy of the award. Why would someone give you money when you've put in no effort to prove you deserve the funding?

#### 9. The Awarding Company is Untraceable

Lots of scholarships are awarded by small organizations that you may not know, but a little research should tell you whether or not the organization is legitimate. Where is the organization located? What is the business address? What is the phone number? If none of this information is available, proceed with caution.

#### 10. "You Can't Get This Information Anywhere Else"

This is another red flag identified by the Bureau of Consumer Protection. If a legitimate company has a scholarship to award, they are not going to



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