



FEDERAL TRADE COMMISSION
CONSUMER INFORMATION
consumer.ftc.gov

Government Grant Scams

"Because you pay your income taxes on time, you have been awarded a free \$12,500 government grant! To get your grant, simply give us your checking account information, and we will direct-deposit the grant into your bank account!"

Sometimes, it's an ad that claims you will qualify to receive a "free grant" to pay for education costs, home repairs, home business expenses, or unpaid bills. Other times, it's a phone call supposedly from a "government" agency or some other organization with an official sounding name. In either case, the claim is the same: your application for a grant is guaranteed to be accepted, and you'll never have to pay the money back.

But the Federal Trade Commission (FTC), the nation's consumer protection agency, says that "money for nothing" grant offers usually are scams, whether you see them in your local paper or a national magazine, or hear about them on the phone.

Some scam artists advertise "free grants" in the classifieds, inviting readers to call a toll-free number for more information. Others are more bold: they call you out of the blue. They lie about where they're calling from, or they claim legitimacy using an official-sounding name like the "Federal Grants Administration." They may ask you some basic questions to determine if you "qualify" to receive a grant. FTC attorneys say calls and come-ons for free money invariably are rip offs.

Grant scammers generally follow a script: they congratulate you on your eligibility, then ask for your checking account information so they can "deposit your grant directly into your account," or cover a one-time "processing fee." The caller may even reassure you that you can get a refund if you're not satisfied. In fact, you'll never see the grant they promise; they will disappear with your money.

The FTC says following a few basic rules can keep consumers from losing money to these "government grant" scams:

- **Don't give out your bank account information to anyone you don't know.** Scammers pressure people to divulge their bank account information so that they can steal the money in the account. Always keep your bank account information

confidential. Don't share it unless you are familiar with the company and know why the information is necessary.

- **Don't pay any money for a "free" government grant.** If you have to pay money to claim a "free" government grant, it isn't really free. A real government agency won't ask you to pay a processing fee for a grant that you have already been awarded — or to pay for a list of grant-making institutions. The names of agencies and foundations that award grants are available for free at any public library or on the Internet. The only official access point for all federal grant-making agencies is www.grants.gov.
- **Look-alikes aren't the real thing.** Just because the caller says he's from the "Federal Grants Administration" doesn't mean that he is. There is no such government agency. Take a moment to check the blue pages in your telephone directory to bear out your hunch — or not.
- **Phone numbers can deceive.** Some con artists use Internet technology to disguise their area code in caller ID systems. Although it may look like they're calling from Washington, DC, they could be calling from anywhere in the world.
- **Take control of the calls you receive.** If you want to reduce the number of telemarketing calls you receive, place your telephone number on the National Do Not Call Registry. To register online, visit donotcall.gov. To register by phone, call 1-888-382-1222 (TTY: 1-866-290-4236) from the phone number you wish to register.
- **File a complaint with the FTC.** If you think you may have been a victim of a government grant scam, [file a complaint with the FTC online](#), or call toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261. The FTC enters Internet, telemarketing, identity theft, and other fraud-related complaints into Consumer Sentinel, a secure online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

This article was previously available as *Free Government Grants: Don't Take Them For Grant-ed*.

September 2006