

FTC Consumer Alert

Federal Trade Commission ■ Bureau of Consumer Protection ■ Office of Consumer and Business Education

‘Free Grants’: Don’t Take Them For Grant-ed

FREE GRANTS Never Repay — acceptance guaranteed. Government and private sources \$500 - \$5,000. Education, home repairs, home purchase, business, non-profits. Phone live operators 9am-9pm. Monday-Saturday 1-800-123-4567, ext. [xxx]

The ads claim that you will qualify to receive a “free grant” for your education, your home repairs, your home business, or your unpaid bills. They say your application is guaranteed to be accepted, and you never have to repay the money. But the Federal Trade Commission (FTC), the nation’s consumer protection agency, warns that “money for nothing” grant offers often are a scam: the grant isn’t free, it isn’t guaranteed, and often, it isn’t even available to you.

Some scam artists market “free grants” in classified ads, inviting consumers to call a toll-free number. If you call, a representative of the company will ask you some basic questions to determine if you qualify to receive a grant: “What’s your address?” “How long have you lived at this address?” “Do you have a bank account?” or “Do you have at least \$150 in your account at this time?” The representative may ask you to hold while your “eligibility” is determined. After she congratulates you on your eligibility, she will ask you to pay a one-time “processing fee” that can range from \$95 to \$200. If you question this fee, she will reassure you that the grant is *guaranteed*, and that if you’re not satisfied, you’ll get a refund. However, she won’t offer to tell you all the conditions for a refund.

The processing fee supposedly covers finding a grant source and sending you the appropriate application package in the mail. But, you won’t receive an application or a source. Rather, you will get a list of agencies and foundations to which you must write and request an application. This information is available at no cost at any public library or on the Internet.

Most sources of grant money don’t give grants to individuals for personal need. Grants usually are given to serve a social good, such as bringing jobs to an area, training under-employed youth, preserving a bit of history, funding soup kitchens or art museums, or researching medical issues. If you ask an agency or foundation for money for personal use, you probably won’t get it, even if you are financially needy. And you’re not likely to get a refund from the grant “broker” because the conditions for a refund are nearly impossible to meet: you usually have to apply and be denied by *each* source on the list within 90 days.

If you’re thinking about applying for a grant, remember that the applications are available to you for free and that anyone who guarantees you a grant is likely to be interested in their own financial gain, not yours. If you think you may have been a victim of a grant scam, file a complaint with the FTC.

The FTC works for the consumer to prevent fraudulent, deceptive, and unfair business practices in the marketplace and to provide information to help consumers spot, stop, and avoid them. To file a complaint or to get free information on consumer issues, visit www.ftc.gov 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.



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