

# SCAMS TARGETING COLLEGE STUDENTS

Scammers have increasingly been targeting college students, often modifying existing fraud schemes and tailoring them toward college students. Students' recent independence, and fewer life experiences, can leave them susceptible to scammers' tactics, defrauding even the brightest students.



A majority of students are likely already aware of some of today's most prevalent fraud schemes. However, scammers often pose as an authority figure of some type and are able to swindle students by arming themselves with information about the person, which lends credence to their statements. When scammers' would-be victims do not comply with requests to pay certain monies, the scammers often become aggressive, relying on threats and intimidation to make a victim comply. Many victims have had serious doubts concerning the legitimacy of the con artist, but ultimately complied due to the sense of urgency created by the scammers.

Although the specific details involved in a particular fraud scheme will evolve as scammers seize every opportunity to profit from the deception or tragedy of others, the workings of the scam remain the same.<sup>1</sup>

## Employment/Money-Forwarding Scam

In January 2017, the Federal Bureau of Investigation reported that college students were recently targeted in an employment-related and money forwarding/processing fraud scheme.

The con artists advertise fraudulent job opportunities, often administrative or work-from-home types of positions. The victim/employee is advised that they will begin receiving checks or money orders and instructed to deposit the checks into their personal checking account, retain a portion as payment, and then forward the remaining monies, via wire transfer, to another individual.

The victim deposits the received checks, or money orders, and wires the money before discovering that the checks were fraudulent and the bank reversed the deposit. Victims may wrongly believe a check has cleared once the funds from deposited checks are made available; however, the majority of banks' policies make the funds available after a fixed period, which should not be interpreted to indicate that a deposited check has cleared processing.<sup>2</sup>

## Tuition Payment Scam

A second type of a college-student scam promises a five percent reduction on tuition payments for students who use a third party service to process the payments to the college/university. The scammers make tuition payments to a student's account, which is verified by logging into the university's online portal. Once the student confirms the payment had been made, the student will reimburse the scammers. When the education institution later processes the payments, the transactions are declined because the scammers used stolen credit cards to make the tuition payments, which resulted in a chargeback to the student's account.



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As a result, many victims are left unable to pay tuition and with little recourse to recover their funds.<sup>3</sup>

In 2016, approximately 90 students from China attending the University of Washington (UW) were defrauded of approximately one million dollars in tuition money due to this scam.<sup>4</sup>

## Government Agency Scams

Scammers masquerading as agent/personnel with the Internal Revenue Service (IRS), Federal Bureau of Investigation (FBI), state or local law enforcement or other government agency, are a long-lasting trend. Like other cons, the scammers are armed with a piece(s) of information that the scammer will use to convince the victim the call is legitimate.<sup>5</sup> If the victim does not make payment immediately, the scammers will become aggressive and threaten arrest/prosecution, deportation, or other negative consequence(s).<sup>6</sup>

In May and August 2016, the Internal Revenue Service (IRS) issued a warning concerning recent scam incidents in which IRS-impersonators contacted college students and demanded the student(s) pay a “federal student tax,” “National Student Tax,” or similarly named tax, but no such tax exists. Like other cons, the scammers were armed with a piece(s) of information that were used to convince the victim that their call is legitimate.<sup>7</sup>

In 2016, a Connecticut college student was defrauded of nearly \$8,000 after answering a phone call she believed to be from the local police station. The scammers “spoofed” their phone number so the caller ID would display their call as originating from the local police station. The caller threatened the student with arrest if a federal student tax was not paid.<sup>8</sup>

In 2016, a scam targeting international students attending Pennsylvania State University (PSU) was reported. The scammers posed as agents/officials with the Federal Bureau of Investigation (FBI) and “spoofed” the caller ID to match the FBI’s real telephone number, making it appear as though the scammers call was originating from the FBI. The scammers contacted the victims and claimed there were problems with the student’s financial aid, or immigration visa, and threatened the students with deportation if payment was not received.<sup>9</sup>

## RECOMMENDATIONS AND CONCLUSION

Nearly one in five individuals will lose money to a scam each year, with annual losses estimated at \$50 billion. Such losses would not exist if scams were as easily identified as many people believe. Scammers are sophisticated, tech-savvy, master-manipulators who should not be under-estimated. They are very capable chameleons who are adept at blending in and tapping into others’ emotional needs, wants, and vulnerabilities.<sup>10</sup>

### To Avoid Becoming the Victim of a Scam:

- Be suspicious of any stranger calling, or emailing, and asking for money, regardless of the situation.
- Be suspicious of requests for specific modes of payment, such as gift cards or wire transfers.
- Never provide personally identifiable information such as your social security number, birth date, credit card numbers, or address.
- Do not wire money to unknown individuals.
- Never accept a job that requires depositing checks into your account or wiring portions to other individuals or accounts.



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- If you believe you may owe a payment of some type, or taxes, contact the business or government agency directly, and resist any pressure to act immediately. Any requests for payment received from your educational institution, or government agency, should be verified by other means. Visit your college/university's payment office, or appropriate government office, in-person before making any unscheduled payments.
- Maintain awareness of trending scams, as 60% of victims agreed that being unfamiliar with the scam and contributing factors would have helped them identify the situation as a scam.<sup>11</sup>
- Safeguard your personal information and take recommended measures to prevent identity theft.
- Monitor information about yourself that may be found online and is publically available. If personally identifiable information is on the Internet, seek resolutions to have the information removed from such sites.

## To Avoid Becoming the Victim of an IRS Scam:

- Be aware that the IRS will never call to demand immediate payment and will never call about taxes without having first mailed a paper version of the bill.
- Additionally, the IRS will never require a specific payment method, such as a prepaid debit card, or gift card, and will never request credit or debit card numbers over the phone.
- Finally, the IRS would not threaten for local police, or another law enforcement agency, to arrest you for non-payment.<sup>12</sup>

## If You Have Been the Victim of a Scam:

- Immediately contact your local law enforcement agency.
- Notify your education institution college/university.
- Anyone receiving a call from someone claiming to be with the IRS and requesting payment, personal information, or bank or credit account information, should submit the IRS Impersonation Scam form located on the Treasury Inspector General for Tax Administration's website, available here, or call **(800) 366-4484**. For further information on IRS-related scams, please visit [www.irs.gov](http://www.irs.gov).<sup>13</sup>
- Anyone receiving a call from someone falsely claiming to be from any government agency should file a complaint with the Federal Trade Commission at [www.ftccomplaintassistant.gov](http://www.ftccomplaintassistant.gov), or call **(877) FTC-HELP**.
- Victims of educational-related scams should file a complaint with the U.S. Department of Education/Office of the Inspector General by calling, **1-800-MIS-USED (1-800-647-8733)**.
- Victims of phone or online scams can also file a complaint with the FBI's Internet Crime Complaint Center, [www.ic3.gov](http://www.ic3.gov).



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- <sup>5</sup> Erb, K. (2016, August 20). IRS Issues New Warning on Scams Targeting Students and Parents for Back to School Season. *Forbes.com*. Retrieved 02/06/2017 from <http://www.forbes.com/sites/kellyphillipserb/2016/08/20/irs-issues-new-warning-on-scams-targeting-students-and-parents-for-back-to-school-season/#6847993a71a0>.
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