

## Small Business Grant Scams

The very small business person is often the least educated regarding how to apply for, submit or obtain a grant. A grant is frequently the best type of financing since it is a gift that doesn't have to be repaid, as does a loan. It doesn't take much marketing to sell a very small business person on applying for a guaranteed grant to help with a business expansion or upgrade.

Unfortunately, scam artists prey on these vulnerable small business people by seeming to promise the guarantee of securing a large grant.

### How does it work?

- A small business wants to expand but is unable to borrow enough money to do so.
- They hear about a grant assistance company or are contacted directly by one.
- They pay an up-front fee, usually several thousand dollars, to the grant assistance company and are verbally promised a large-dollar grant that doesn't have to be repaid.
- Shortly after signing the grant assistance agreement, the business person is advised that he'll be much more successful in obtaining a grant if he restructures his business from a for-profit entity to a non-profit entity for an additional up-front fee, again usually several thousand dollars.
- The small business person soon finds out that there is no guaranteed grant coming his way. His paperwork has merely been prepared and forwarded to various grant providers.

### How can you protect yourself?

- Get everything in writing.
- Do not sign a contract without reading it first.
- Check to see if the company is licensed with the appropriate local or state agency.
- Check the company out with the Better Business Bureau.
- Google the company's name for complaints.
- Be cautious if you are asked to provide more money for services you have not yet received.
- Click here for more information on grant fraud.

For more information on grants, visit [http://www.grants.gov/help/general\\_faqs.jsp#12](http://www.grants.gov/help/general_faqs.jsp#12).

Source: Nevada Consumer Affairs Division and <http://www.grants.gov>.