

Seattle Technology Law Conference

Promoting Your Site with Contests & Sweepstakes

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Promotional Contests

LOTTERY



Fundamental Rule:

Lottery is illegal except by special permit

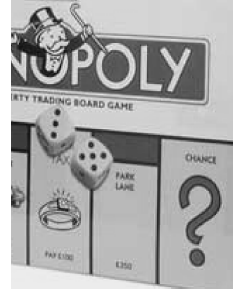
(Limited raffle permits for nonprofit/charitable orgs)

Promotional Contests

What is a lottery?



- prize
- chance
- consideration



Promotional Contests

Avoiding one of the three:

- no prize=no incentive
- no consideration =
 - “no purchase necessary”
 - “free alternate method of entry”

Promotional Contests

Avoiding one of the three:

-no chance =

(1) direct purchase offer

(2) game of skill

skill must predominate

chance must not materially

affect outcome

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Is it predominantly skill or chance?

Examples

-sporting event outcome predictions

-where is the ball?

Can be very hard to tell, and regulatory authorities might hold differently from one jurisdiction to another

Get a legal opinion or a preapproval

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Avoiding *two* of the three:

- no consideration *or* chance =
simple giveaway



Promotional Contests

Applicable regulations:

- vary from state to state
- generally standard
- apply only to contests promoted to the public
- govern skill contests as well as games of chance
- special requirements
 - pre-approval and bonding
 - online entry only (now OK)
 - Canada: math question

Promotional Contests

Contest Rules:

-don't have to be on entry or in ad, but entry form must disclose how rules can be viewed or obtained

-highest common denominator to be in universal compliance

-US & Canada only

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Common Eligibility Exclusions:

Rhode Island

New York

Florida

Puerto Rico

Quebec

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No universal laws/regulations

Don't make foreign residents eligible unless you consult with foreign counsel

Promotional Contests

FORMS:

Advertisement or Notice
("How to Enter")

Entry Form
(how to obtain rules)

Rules and Disclosures

Eligibility Affidavit

Retained List of Winners (2 years)



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