

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

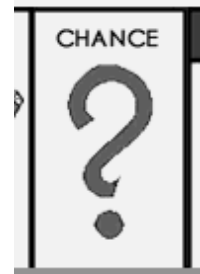
(Limited raffle permits for nonprofit/charitable orgs)

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

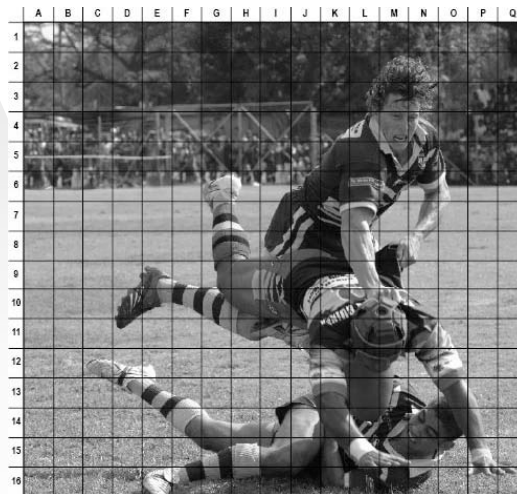
Promotional Contests

**Is it predominantly
skill or chance?**

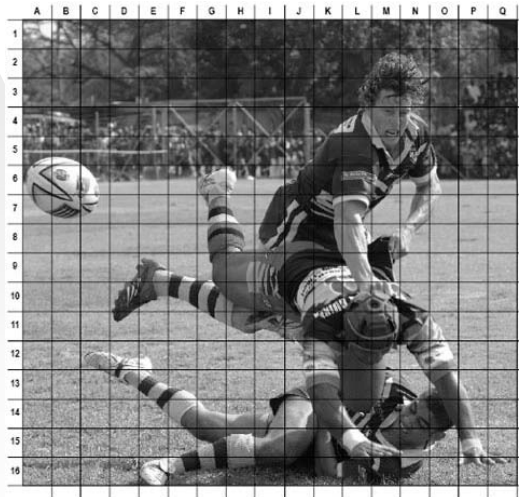
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Sporting event outcome predictions

Promotional Contests



Promotional Contests



Promotional Contests

Is it predominantly skill or chance?

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



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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

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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

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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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