WOMBLE CARLYLE
OUR LAWYERS MEAN BUSINESS

Creative Business Solutions

Promotions Compliance

Advising marketing-oriented companies on the intricacies of sweepstakes, contests and promotions.

Problem

A company that sells directly to consumers wants to use a contest or game to attract readers to its Web site or to induce them to buy its product. This is an appealing form of marketing. However, the company is concerned that it may be operating an illegal lottery and that a state or the federal government will close it down or exact penalties.

Action

Both federal law and the laws of all 50 states regulate sweepstakes and lotteries, and the line between a legal promotion and an illegal lottery is not always easy to draw. Accordingly, you should have your promotional program reviewed by an experienced team of attorneys before it begins.

Results

An illegal lottery is composed of three elements – prize, chance, and consideration. The easiest way to avoid running afoul of the law is to omit the element of consideration – in other words, to make sure that no fee or purchase is necessary to enter. This fact must be disclosed prominently to potential entrants. Legal counsel will steer you successfully through these difficult issues. As a result, you will be able to kick off your promotion successfully without fear of legal liability.

Contact

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