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Tips on Direct Mail Sweepstakes And Charities

For a number of years charitable organizations have used sweepstakes mailings as a method of direct mail fund raising. (A sweepstakes is defined as a game of chance requiring no purchase or other payment to a sponsor in order to enter.) In response to a large number of donor inquiries concerning charities' use of sweepstakes mailings, the Philanthropic Advisory Service (PAS) is distributing this report to provide some basic information and advice on this topic.

Many inquirers to PAS do not understand why charities are using sweepstakes mailings in the first place. The answer can be found in the increasingly intense competition for donations among an ever-growing number of charities. Faced with such competition, many charities are using a variety of fund raising practices (including sweepstakes) to catch a potential donor's attention. Some charities find sweepstakes mailings to be quite advantageous, because they can provide a potential donor with an extra incentive to respond and perhaps increase the number of contributors.

An appeal for funds in the form of a sweepstakes commonly consists of a description of the charity and its programs, an explanation of the sweepstakes game with rules and regulations for contestants, and a precoded "entry certificate." Sweepstakes appeals sometimes identify "pre-selected winner(s)", which usually means that each "winner" has been randomly selected by a computer and assigned a number, with one or more individuals receiving designated prize(s). To participate in the sweepstakes, a person must usually return the certificate with or without a donation. Potential participants should note that donors are not in a better position to win the sweepstakes than non-donors. They should also note that sweepstakes advertising "pre-selected winners" are usually only required to distribute prizes to those pre-selected winners who respond.

As with all sweepstakes offers, participation is voluntary. PAS also reminds participants to read the official contest rules to determine both the odds of winning and the value of the offered prizes.

Donors have asked if there are any government regulations which address direct mail sweepstakes offers. Depending on the particular circumstances, the United States Postal Service can take action against a sweepstakes offer under the existing postal statutes. For example, if the sweepstakes offer required a donation or payment to participate, it could be subject to challenge under the postal lottery statutes (Title 18 U.S. Code, Section 1302; Title 39 U.S. Code, Section 3005). In addition, the Federal Trade Commission (FTC) has authority to deal with unfair or deceptive trade practices which may result from the operation of particular sweepstakes.



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In addition to federal statutes, some states have their own regulations concerning sweepstakes. To find out more about a given state's regulations, an inquirer should contact the office of the attorney general in that state.

The voluntary CBBB Standards for Charitable Solicitations do not recommend one fund raising method over another. Ultimately, each charity must decide for itself whether or not to include a sweepstakes mailing as part of its fund raising efforts. However, several of the CBBB Standards address solicitations of all types, including sweepstakes appeals. One of these standards calls for solicitations and informational materials distributed by any means, to be accurate, truthful and not misleading, both in whole and in part. Another voluntary CBBB Standard calls for solicitations to include a clear description of the programs and activities for which funds are requested. Finally, to be in compliance with the voluntary standard which states that fund raising shall be conducted without excessive pressure, sweepstakes offers should specify that no contribution is needed in order to participate in the prize drawing.

The following tips are provided for those who wish to participate in a direct mail sweepstakes sponsored by a charity:

- Read the sweepstakes promotion and any other direct mail contents carefully. Your entry may be discarded if the rules are not followed to the letter.
- Determine eligibility requirements for entry. Do you meet these requirements? For example, do you have to be a certain age to participate, etc...
- If the charity sweepstakes promotion states you are a "pre-selected winner", you will usually receive a prize only if you respond to the sweepstakes.
- Although a sweepstakes letter indicates "you're a winner," you probably have not won the "grand prize." Remember to read all the contest rules and explanations to avoid being disappointed by the outcome.
- Both donor and non-donor sweepstakes participants have an equal chance of winning a prize.
- For a national direct mail campaign, a charitable organization may mail from a half million to ten million or more letters.
- No matter what type of appeal an organization uses to solicit funds, consider your interest in the charity's work before making a donation. Do not hesitate to request additional information from the charity regarding its programs and finances.
- You may wish to check with the CBBB's Philanthropic Advisory Service or your local Better Business Bureau for further information about specific soliciting charitable organizations.

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