

Prize Promotion Guidelines - Sweepstakes, Contests or Raffles

Prize promotions are events such as sweepstakes, contests, or raffles used to raise money, boost profile and increase membership. With proper planning, a sweepstakes, contest or raffle can both be legal and successful. However, there are rules and/or restrictions that apply to these kinds of promotions and vary from state to state. Be sure to consult your particular state's guidelines. These rules and regulations are available through state government websites.

Many states have laws that require the organization to disclose certain information in a specific way. It is illegal in every state to conduct a prize promotion that is a lottery. This occurs when a promotion offers a prize based on chance, and consideration is required to enter. Raffles are not treated as a lottery if the proceeds raised are used for charitable or educational purposes.

Sweepstakes

Sweepstakes are not considered an illegal lottery if the element of consideration has been removed. This is done by clearly stating that no purchase is necessary to enter. Even if the sweepstake requires attendance rather than a purchase, the sweepstake must provide for an alternate method of entry that does not require attendance. This can be done as entry offered through the mail or internet. Florida (seven days in advance) and New York (30 days in advance) require sponsoring organizations to register sweepstakes.

Contests

Contests are not considered an illegal lottery if skill, not chance, is the determining factor. If skill isn't the dominant feature, then an alternate method of entry is required that doesn't require any consideration to apply. Most states forbid deceptive and unfair trade practices for contests. The organization must ensure that the contest meets the requirements of the law. As with sweepstakes, contests must disclose rules, regulations and other information. Registration for a contest is required in Arizona. Again, check with your state government website.

Raffles

Raffles have the elements of an illegal lottery; however, they are permitted in many states if conducted by a non-profit organization that uses the proceeds for educational or charitable purposes. Raffles are subject to more regulations than sweepstakes or contests. In most states, organizations must register a raffle in advance and be given a license. As a rule, detailed reports and records are required and all proceeds raised must be used for charitable or educational purposes.

Silent Auctions

How can I set up the payments and/or donations to go directly to a charity?

There are a few ways to have the proceeds from your silent auction go to a charity.

1. You can setup the auction to use your personal PayPal account for collecting payments and donations. After all payments have been collected, you can send the proceeds to the charity.
2. You can check with the charity and ask to use their PayPal account for having payments and/or donations sent directly to their account. When you enter the PayPal account into 32auctions, you will need to have the owner of the PayPal account verify it by clicking the link contained in the email we

send to the PayPal account email address. After it is verified, your auction will be able to collect payments and/or donations.

3. You can ask a representative of the charity to create an organization on 32auctions. They can add their PayPal account to the organization right away. Once the organization is created, they will need to create an auction for you (by entering the name of the auction and start and end date/time) and invite you to be the organizer of the auction. As the organizer, you will have the ability to completely manage the auction, but not modify the organization. You can change the auction name, date, description, add/remove items, invite participants, upgrade features, etc.

These are general guidelines. Be sure to consult your state government website for the rules and regulations required in your state.