

FTC Settles with Company that Used Sweepstakes to Get Around Do-Not-Call Rules

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This afternoon, the FTC [announced](#) that the manufacturer of Rascal Scooters has agreed to pay \$100,000 to settle charges that it illegally called millions of consumers whose phone numbers were on the national Do Not Call Registry.

The company asked consumers to provide their numbers on sweepstakes entry forms so that the company could contact them if they won. According to the FTC, however, the company also contacted non-winners with sales calls. Although the Telemarketing Sales Rule generally allows a company to call a consumer on the Do Not Call Registry for up to 18 months if it has an “established business relationship” with the consumer, the FTC has warned that companies may not rely on a sweepstakes entry form as the basis for that exception.

This case serves as a reminder that companies cannot misrepresent the reason for collecting phone numbers or assume that just because a consumer gives the company a phone number, the company can place a sales call to the consumer.