

States Announce \$3.5 Million Agreement with Publishers Clearing House over Sweepstakes Marketing

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This afternoon, 32 states and the District of Columbia announced a [stipulated supplemental judgment](#) with Publishers Clearing House ("PCH") over how the company markets its sweepstakes. The judgment modifies the terms of earlier settlements over allegations that PCH advertised sweepstakes in a way that misled consumers into believing that purchases would increase their chances of winning prizes.

After reviewing recent consumer complaints and PCH mailings, the states determined that consumers could still be misled. According to the agreement, PCH will, among other things, have to: (a) pay \$3.5 million to cover the cost of the states' investigation; (b) make significant changes to its mailings to avoid the implication that a purchase will increase chances of winning; and (c) increase consumer surveys to ensure that consumers understand that purchasing does not increase their chances of winning.

It is unlawful to require people to make a purchase to enter a sweepstakes. Moreover, laws in many states and on the federal level specifically require advertisers to clearly and conspicuously disclose that no purchase is necessary. Over the past few years, many companies have been challenged for advertising sweepstakes in a way that suggested a purchase was necessary or advantageous. Be careful to ensure that your ads do not create that impression.