

Embargoed until June 10, 2021

Would you pay to win a prize? Sweepstakes scams cost victims more during pandemic

Omaha, NE, June 10, 2021 -- Sweepstakes and lottery scams resulted in higher financial losses during the COVID-19 pandemic compared to the previous three years, particularly for older people, according to new research from Better Business Bureau® (BBB). BBB warns consumers **never** to pay money to claim a prize. If anyone asks for money before delivering a prize, it is likely a scam.

The research is an update of BBB's 2018 in-depth investigative [study](#), **Sweepstakes, Lottery and Prize Scams: A Better Business Bureau Study of How "Winners" Lose Millions Through an Evolving Fraud**. Since the study's publication, there has been a 16% decrease in complaints to the Federal Trade Commission (FTC), the FBI's Internet Crime Complaint Center (IC3) and the Canadian Anti-Fraud Centre (CAFC). However, **financial losses reported to all three agencies rose dramatically in 2020 with the COVID-19 pandemic, with FTC logging an increase of more than 35% in reported dollar losses**. The updated research highlights how these scams work and the importance of educating consumers, particularly those who may be susceptible to a specific scam.

According to Steve Baker, BBB International Investigations Specialist, "This updated research highlights how these scams work and the importance of educating older adults and other people who may be susceptible to these scams. Because these scammers are so good at what they do, anyone could be a victim."

Older adults are the primary target for sweepstakes scams

People over the age of 55 continue to be the primary target of sweepstakes, lottery, and prize scams, representing 72% of fraud reports for this type of scam received by BBB Scam Tracker during the last three years. Of the older consumers who were targeted, 91% reported that they lost money. Adults over 55 lost an average of \$978 while those 18-54 lost an average of \$279, according to Scam Tracker reports.

The confinement and isolation many older people experienced during COVID-19 may have helped fuel the increase in losses. Other factors that may contribute to some older people's particular vulnerability include mental decline and relative financial stability, as reported in BBB's 2018 study.

Recent BBB interviews with repeat victims of sweepstakes scams, however, found few to be the stereotypical “frail shut-in” that many people envision,” according to Baker, the author of the 2018 study. Instead, Baker noted that the victims interviewed were ordinary people more interested in using the imagined winnings to help their families or communities than spending it on themselves.

Debbie Deem, a retired FBI Victim Assistance Specialist explains, “They may believe the winnings will enhance their role in the family, as well as the ability to financially help their younger relatives. It may feel good to be financially helpful again, especially if this was their former primary role in the family.”

Quarantine isolation helped the scammers sell the scam

Confinement during the pandemic, along with [powerful social influence tactics](#), help lottery scammers sell the scam, according to Anthony Pratakansis, Professor Emeritus of the University of California. “After profiling the victim, they take any role -- friend, authority, someone in need -- to best work their crimes,” Pratakansis told BBB. “Scammers often talk to victims every day, grooming them and building trusting relationships. They take careful notes of the victim’s family and other aspects of their lives, and like romance frauds, try to isolate victims from their traditional support structure. Scammers also employ different voices, sounding authoritative at one point, speaking as a partner at others, or even acting as a supplicant asking for help to make the prize finally appear.”

Lottery scammers use social, email, phone

According to BBB Scam Tracker data, sweepstakes scammers reach out through a variety of channels: phone calls, email, social media, notices in the mail, and text messages. They may impersonate well-known sweepstakes such as [Publishers Clearing House](#) or a state or provincial lottery. The “winner” is told to pay taxes or fees before the prize can be awarded. The FTC notes that people increasingly are asked to buy gift cards to pay these fees -- its use is documented further in BBB’s 2021 in-depth investigative [study](#) on gift card fraud -- but they also may be asked to pay via wire transfer or bank deposit into a specified account, or even cash sent by mail.

In reality, the prize does not exist, something the people may not realize before paying thousands of dollars that cannot be recouped. However, the harm suffered by lottery fraud victims can far exceed the loss of that money. The losses can put severe strains on family trust, and victims have even committed suicide. In addition, repeat victims may have difficulty ending their involvement in a lottery scam, and they may become money mules who receive and forward money from other lottery fraud victims.

Shortly after his wife died in 2020, a Michigan man in his 80s was contacted by scammers who told him he had won second place in a popular sweepstakes, winning \$2.5 million, a brand-new luxury car, and gold medallions. He subsequently began talking to the scammers daily on the phone, reaching out to them even after his daughter changed his phone number. He withdrew money from his retirement account and opened a separate account, sending a total of \$72,000 in cash to an address in Mississippi before his daughter cut off contact between him and the scammers.

Don't be a money mule

Lottery scammers also often use victims as "money mules" to receive money paid by other victims and then transfer the money to the scammers. This makes it harder to trace victim funds and find the actual scammer. Some victims do this without realizing that the money is coming from other fraud victims; others may believe that this is a way to recover some of the funds they have lost. Still others may become mules because of threats from the scammers. The U.S. Department of Justice has cracked down on these money mules with a major enforcement initiative announced in December 2019, but officials often do not prosecute unwitting mules as a first course of action, instead warning them that prosecution may result if they continue.

A Pennsylvania woman reported losing at least \$35,000 over the course of three years after receiving a letter from "Mega Millions" in April 2017 that told her she had won \$5.5 million and a 2019 Mercedes Benz. The woman said the scammer, with whom she spoke on the phone daily for several years, initially requested \$9,500 in fees, but more requests for money followed. The woman paid the "fees" by wire transfer and gift cards. She also cashed a counterfeit cashier's check sent by the scammers, which resulted in criminal charges against her. Later, the woman acted as a money mule on several occasions and fraud victims subsequently began contacting her directly. She believed all of these tasks were necessary for her to receive her winnings. When the woman complained to the scammer with whom she had been speaking, he threatened her and her son.

As described in BBB's 2018 study, sweepstakes and lottery fraud frequently originates from Jamaica, with the U.S. ambassador to that country [estimating in August 2020](#) that such fraud is a \$500 million to \$1 billion industry there. The U.S. and Jamaica have partnered in an international law enforcement effort known as Project Jolt, resulting in numerous prosecutions. Reports also have implicated Costa Rican and, most recently, Nigerian nationals.

How to tell fake sweepstakes and lottery offers from real ones:

- **True lotteries or sweepstakes don't ask for money.** If someone wants money for taxes, themselves, or a third party, they are most likely crooks.
- **You have to enter to win.** To win a lottery, you must buy a lottery ticket. To win a sweepstakes or prize, you must have entered first. If you can't remember doing so, that's a red flag.
- **Call the sweepstakes company directly to see if you won.** Publishers Clearing House (PCH) [does not call people in advance to tell them they've won](#). Report PCH imposters [on their website](#). Check to see if you have actually won at 800-392-4190.
- **Check to see if you won a lottery.** If you are told you've won a lottery, call the North American Association of State and Provincial Lotteries at 440-361-7962 or your local state lottery agency to confirm it.
- **Do an internet search of the company, name, or phone number of the person who contacted you.** Check [BBB Scam Tracker](#) to see if other consumers have had similar experiences.
- **Law enforcement officials do not call and award prizes.** Verify the identity of the caller and do not send money until you do.
- **Talk to a trusted family member or your bank.** They may be able to help. You also can call your local BBB office for help in identifying a scam.

If you think you have been a target of lottery/sweepstakes fraud, file a report with:

- [BBB Scam Tracker](#), or [contact your local BBB](#)
- **Federal Trade Commission (FTC)**, or call 877-FTC-Help
- **U.S. Postal Inspection Service** has experts to help with chronic sweepstakes scam victims and can be reached at 1-877-876-2455 or [uspis.gov](#)
- **Senate Subcommittee on Aging Fraud Hotline:** call 1-855-303-9470; or [aging.senate.gov/fraud-hotline](#) to leave an online request for someone to contact you
- **Adult Protective Services:** [local help at elderjustice.gov](#) for vulnerable or older adult victims
- **Canadian Anti Fraud Centre:** toll free from the US at 1-888-495-8501
- **Western Union:** 1-800-448-1492; [file a complaint at westernunion.com](#)
- **MoneyGram:** 1-800-926-9400; [report a problem at moneygram.com](#)

- **Green Dot:** 1-866-795-7597; [contact greendot.com](https://www.greendot.com)
- **Facebook:** log reports of [log reports of hacked or fake profiles](#)

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