



WASHINGTON STATE GAMBLING COMMISSION



ESSAY CONTESTS

OVERVIEW

“You could win this house!” ... or maybe not. Ads like this for essay contests – promising to give away houses, businesses and other property based upon the contestant’s writing skill. Is it as simple as it sounds? Not really.

MOST CONTESTS FAIL

In a typical contest, a “small fee” of \$100 or so is charged to enter. Contestants then write an essay “why it would be nice to own a house in beautiful____, Washington,” and win their chance at a dream house.

When enough entries are received, the prize is supposed to be awarded. It may sound like a nice idea, but we don’t know of any houses that have actually been given away in Washington using essay contests.

Usually there aren’t enough contestants to pay for the house, so the contest is cancelled or postponed to allow for more entries.

LACK OF REGULATION

These contests are not regulated as gambling. There is tremendous potential for fraud in these contests. Someone could collect all of the money and fail to give away the house. Or, they could give it to a relative or someone who has paid them on the side. The only reason these events are staged as essay contests and not raffles is because it takes them beyond the jurisdiction of the Gambling Commission. However, that doesn’t mean the Attorney General’s Office, or any consumer who suffers economic damage, can’t take action if the contest is conducted in an unfair, fraudulent, or deceptive way.

QUESTIONABLE CONTEST?

If you have concerns that a contest is being conducted fraudulently, contact the Attorney General’s Office’s Consumer Protection Division of the Attorney General’s Office at (800) 551-4636.

QUESTIONS TO ASK

Essay contests aren’t considered gambling if the award is based upon merit or skill. Therefore, they are not per se illegal. But there are many questions consumers should ask if they are thinking about entering such a contest:

1. Does the person running the contest actually own property? It may seem obvious, but can the contest sponsor really give you the property if you win? Is there a mortgage or other debt on the property? In one contest to give away a service station, it turned out that the gas tanks and pumps were about to be repossessed.
2. Are the location and characteristics of the property being misrepresented? Is your new dream home in a swamp? In Timbuktu? What kind of condition is it in? Usually, the motivation for running such a contest is that the sponsor can’t sell the house or business on the open market.
3. Is there any assurance that the money won’t disappear? Has the contest sponsor set up a separate escrow or trust account where the money will be held until the contest is over? Will they name the trustee or escrow company? Are the entry fees being paid directly to the escrow agent? If the money is being spent to promote the contest itself, or for other expenses, there may not be any left for refunds.
4. If the contest is cancelled, do you get a refund? If so, is it a full payment or partial refund? Is there a separate processing fee? Is a portion of the entry fee “non-refundable?” Some contest sponsors keep 10-20 percent of the entry fee for “costs.”
5. When will the prize be awarded? Has a specific date been set for when the contest will end? How many entries are required? A dishonest sponsor can avoid paying refunds by repeatedly extending the contest.
6. Is the contest bonded to ensure a refund if the contest is not completed or that the prize will be awarded?
7. Judge criteria, qualifications & non-conflict of interest.

