




**Bonuses,  
Sweepstakes  
& Lotteries**

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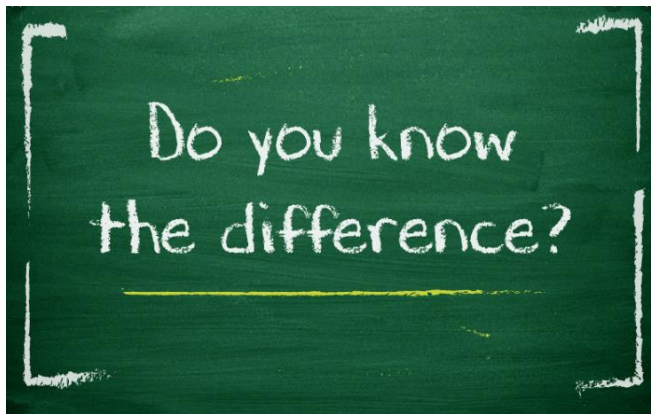
### Session Objectives

- Differentiate between Bonuses, Sweepstakes & Lotteries
- Understand elements of a Compliant Sweepstakes Offer
- Recognize other requirements & considerations





## Bonus, Sweepstakes or Lottery?



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## Bonus

- Banks are permitted to offer Bonuses
- No state law prohibitions or limits
- TISA – outlines required disclosures and advertising rules related to Bonuses
- UDAAP considerations
  - Are requirements for Bonus clearly detailed in TISA & ads?
  - Is value of Bonus overstated?
  - Are Bonuses paid as promoted?



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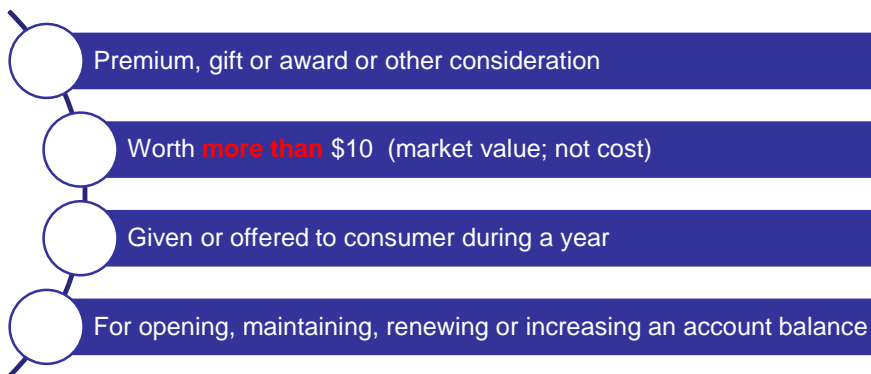
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## Bonus

- Defined in Reg. DD



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## Bonus

- In determining \$10 value, must aggregate value of items given per account per calendar year
- “Bonus” does **not** include:
  - Items with a value of \$10 or less
  - Waivers or reduction of fees for banking-related services (even if greater than \$10)
  - Incentives related to purchasing other bank products and services NOT related to opening, increasing or maintaining a deposit account
    - E.g., signing up for bill pay

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## Bonus

- When advertising a Bonus, clearly detail:
  - The “annual percentage yield,” using that term;
  - The time requirement to obtain the bonus;
  - The minimum balance required to obtain the bonus;
  - The minimum balance required to open the account, if greater than the minimum balance necessary to obtain the bonus; and
  - When the bonus will be provided.
    - General reference to “bonus” does NOT trigger disclosures
      - “Ask me about our bonus checking!”

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## Sweepstakes

- Banks are permitted to offer Sweepstakes and certain games of chance
- State law governs
- No special TISA rules
- UDAAP considerations
  - Are requirements to enter clear?
  - Do promotions insinuate chance of winning is increased w/ accompanying purchase?
  - Is sweepstakes paid as promoted?

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## Sweepstakes



- Sweepstakes include:
  - Chance to win and
  - Prize but
  - **NO** CONSIDERATION given for chance to win.
    - Drawings at fair booth
    - Drawings to celebrate bank anniversaries

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## Sweepstakes

- Iowa Prize Promotion (Sweepstakes) Rules, IAC 61 – 32.1
  - No purchase/relationship required for chance to win
  - Open to non-customers
  - **Customers don't have better odds of winning**
  - Advertise in a way that non-customers will be aware of promotion
  - Can't require person be present to win
  - Disclose odds of winning
  - Applicable charges related to winning disclosed



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## Sweepstakes Best Practices

- When advertising a Sweepstakes:
  - Clearly detail contest is open to customers & non-customers
  - Advertise in mediums noncustomers will see
  - Disclose odds of winning
    - “Odds of winning depend on number of entrants.”
  - Disclose applicable charges related to winning
    - E.g., taxes, registration fees, etc.
  - Indicate where reader can find sweepstakes rules
  - Do not include misleading statements



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## Lotteries

- Federal Deposit Insurance Act, Sect 20, prohibits banks from:
  - “[Dealing](#) in” lottery tickets
  - [Announcing](#), [advertising](#) or [publicizing](#) lottery existence
  - Announcing, advertising or publicizing lottery winners
  - Permitting use of bank office for these purposes
- Includes:
  - Community events
  - Charitable fundraisers
  - Staff selling tickets on bank premise

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## FDIA & Lotteries

- Lottery – an advance of money or credit in exchange for **the possibility** to receive more than advanced
- A “lottery” has three elements:
  1. Consideration
  2. Chance
  3. A prize

How do you  
**GO MOBILE?**  
You pick, we pay!

Sign up for Online banking, Mobile banking, Billpay, or eStatements and enter to win up to \$500 toward the device of your choice.\*



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## FDIA & Lotteries

- What is “consideration”???
- Opening an account
- Increasing account balance
- Enrolling in bill pay
- Applying for a loan
- Setting up direct deposit of payroll
- Purchase of bank product/service
- Referring a friend
- And more!!



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## FDIA & Lotteries

- Banks may:
  - Accept deposits & provide banking services
  - Display raffle items
    - FDIC Deputy General Counsel Private Opinion Letter, Sept 20, 2005



**This year's 4-H Hog Roast & Raffle promises to be the biggest and best yet!**



**Purchase your tickets for the hog roast & raffle at:**

Rod's Fishing Tackle and More, Harley's Cycle Shop, Wilbur's Save-a-Lot, First National Bank, Irma's Clothing and Barney's Seed and Tack

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## Lottery, Bonus or Sweepstakes?

Online only: \$100 offer for new checking customers

Get \$100 when you open a new, eligible checking account with 2 qualifying direct deposits of \$250 or more each within 90 days\*

See below for details

\$100 OFFER  
See below for details.

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# Lottery, Bonus or Sweepstakes?

Does this ad appear to promote a:

Lottery

Bonus

Sweepstakes

This is a bonus:

- Amount is paid related to opening an account
- And two direct deposits of \$250 or more within 90 days of account opening
- Value of amount received is over \$10
- Amount is paid to everyone who opens account and meets qualifications



# Lottery, Bonus or Sweepstakes?

**Cascade Bank**

**FRIDAY, DEC. 3 ONLY,**  
stop in to enter to win  
**1 of 5 Apple® iPads™!**

You could win this season's hottest gift, and access the web, email and amazing apps on the go!

Plus, receive a FREE Swiss duffel bag with your new business or personal checking account through January 8, 2011, while supplies last.

The value of the free gift may be reported on from 1099-INT. No purchase necessary to win and will not increase your chances of winning. Entrants must be 18 years of age or older. Only one entry per person. See the full rules and regulations on our website [www.cascadebank.com](http://www.cascadebank.com) or in one of our branches for more information. Apple® is not a participant or sponsor of this promotion.



# Lottery, Bonus or Sweepstakes?

Does this ad appear to promote a:

Lottery

Bonus

Sweepstakes

**Bonus**

- Duffle bag give away is considered a Bonus assuming bag value is over \$10

**Compliant Sweepstakes**

- Chance to win is not limited to bank customers
- No purchase necessary to win
- Purchase of bank product does not increase odds of winning



# Lottery, Bonus or Sweepstakes?

Mobile App

**\$10,000**

Sweepstakes

Download our mobile app for your chance to win a

**\$10,000 Grand Prize**

And One Of Five \$500 Monthly Cash Prizes!

Just tap the sweepstakes banner in the mobile app to enter.

GET IT ON Google Play

Download on the App Store



### 2019 OFFICIAL RULES

NO PURCHASE OR PAYMENT OF ANY KIND NECESSARY TO ENTER OR WIN THIS SWEEPSTAKES. PURCHASE DOES NOT INCREASE YOUR CHANCES OF WINNING.

THIS SWEEPSTAKES IS INTENDED FOR THE UNITED STATES. DO NOT ENTER IF YOU ARE NOT ELIGIBLE AND LOCATED IN THE UNITED STATES AT THE TIME OF ENTRY. VOID WHERE PROHIBITED. SUBJECT TO ALL APPLICABLE FEDERAL, STATE, AND LOCAL LAWS AND REGULATIONS.

**3. TO ENTER:** There are two (2) methods of entry for this Sweepstakes:

I. Via the Credit One Bank Mobile App:

During the Sweepstakes period, card members who already have the Credit One Mobile App will be required to go to the Credit One Bank Mobile App, sign in and click on the 'Enter Now' button to enter the sweepstakes. Card members who do not have the Credit One Bank Mobile App will need to download the free Credit One Bank Mobile App, sign up and click on the 'Enter Now' button to enter the sweepstakes. On the Credit One Bank website, card members can follow the on-screen directions to download the Credit One Mobile App and enter the sweepstakes. Once the Credit One Bank Mobile App is downloaded, tap the sweepstakes banner in the Credit One Mobile App for one (1) entry into the Sweepstakes.

II. Via Mail:

To enter without registering and downloading the Mobile App, hand-print the following information legibly on a postcard, place in a standard envelope, and mail with appropriate postage to: Credit One Bank Mobile App Sweepstakes, primary cardholder's full name, billing address, daytime/cell phone number, and date of birth. **Mail your entry in an envelope with proper postage to:** Credit One Bank Mobile App Sweepstakes, P.O. Box 1006, South Bend, IN 46624-1006. Limit one (1) mailed entry per postage-stamped envelope. Entries must be postmarked by September 30, 2019 and received by October 7, 2019.

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## Lottery, Bonus or Sweepstakes?

Does this ad appear to promote a:

Lottery

Bonus

Sweepstakes

While the promotion appears to require the download of the mobile app to win, when looking closer at the promotion rules:

- Persons who do not download the app or have a bank account can still enter.
- Persons who already have app can take steps to enter.
- Persons who download the app are not automatically entered, they still have to submit an entry electronically.



## Lottery, Bonus or Sweepstakes?

Sign up for eStatements by 28-FEB-18 and we'll pay you \$10 and you could WIN an Apple Watch!

\$10 incentive available only upon signing up for electronic statements (eStatements) for your Share Savings Account using a valid email address. You must be a CSE Online user to access the eStatement registration sign up. The last day to be eligible for the \$10 eStatement incentive is 02-28-18. The incentive will be deposited into the member's Share Savings Account after verifying the receipt of electronic statements for the statement period following 03-31-18. This promotion cannot be combined with any other offer. Apple and Apple Watch are registered trademarks of Apple Inc. Apple Watch will differ from image shown here. Official contest rules can be viewed online at csefcu.org or at any CSE location. Membership and Eligibility Required. Federally insured by NCUA.

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## Lottery, Bonus or Sweepstakes?

Does this ad appear to promote a:

- Lottery
- Bonus
- Sweepstakes

The automatic entry for a chance to win the Apple watch would be a "Lottery":

- Entry is limited to customers of the bank
- Who must sign up for e-statements
- Both are considered "things of value" in return for a chance to win a prize.

The "Go Green - Get Green" \$10 for signing up for e-statements is NOT a Bonus per Reg. DD / TISA rules:

- Prize value is not OVER \$10
- Payment is related signing up for a service, not opening, maintaining, renewing or increasing an account.

Also, not a Sweepstakes because everyone who signs up, gets the \$10.

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## Other Considerations

### IRS Reporting

- Bonus amounts are considered “interest” if paid to the account
- 1099-MISC reporting if fair market value is over \$600 for sweepstakes
  - Best practice: Advise entrants of possible tax implications

### GLBA Privacy Rules

- The mere fact a consumer is a bank customer is protected
- Obtain written permission to disclose fact consumer is a winner and/or customer of the bank
- Customer referral programs – both new customer and existing customer are protected under GLBA
  - Get permission to share!

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## Other Considerations

- Use of information on ticket/ballot to enter sweepstakes for marketing purposes
  - Telephone Consumer Protection Act
    - Do Not Call rule applies to consumers
    - Must comply w/ “do not call” requests
  - Junk Fax Protection Act
    - Applies to consumers & businesses
    - Must provide disclosure of “opt-out” rights
  - CAN-SPAM
    - Unsolicited commercial messages subject to “labeling” rules
    - Must provide “opt-out” rights

Enter to Win the Ultimate Sweepstakes	
Name: _____	Age: _____
Email: _____	
Phone: (Day) _____	(Eve) _____
Address: _____	
City: _____	State: _____ Zip: _____
<input type="checkbox"/> I would like to receive Clippers ticket specials, member benefits, & news via email.	

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## Other Considerations

- Right of Publicity
  - Protects commercial use of image, name, likeness, etc.
  - Do you have permission to use winner's name? Pix? Voice?
  - <http://rightofpublicity.com/brief-history-of-rop>
- UDAAP
  - Don't give false impression a consumer has won something or is close to winning
  - Don't give false impression that purchasing something (or an account relationship) improves odds of winning
  - Clearly detail qualifications and restrictions (if applicable)

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LET'S  
DISCUSS

A hand holding a black pen, positioned as if about to write or underline the word "DISCUSS".

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