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7 Ways Sweepstakes Administration Reduces the Legal Risks of Sweepstakes Promotions

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7 Ways Sweepstakes Administration Reduces the Legal Risks of Sweepstakes Promotions

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[Sweepstakes administration](#) helps brands stay on the right side of the law, which is critical to the success of your sweepstakes. While corporate legal teams are capable of handling risk management, when it comes to sweepstakes, the increasingly regulatory environment means that a single sweepstakes can open your company up to a myriad of [legal compliance](#) concerns and the potential for [legal liability](#).

To reduce the [legal risks](#) of running a sweepstakes, we recommend that you work with a sweepstakes company. A professional sweepstakes administrator can help you to identify, prevent, and mitigate the risks that come along with running sweepstakes and contests.

7 Ways Sweepstakes Administration Reduces Legal Risks

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Here is what you should know about how sweepstakes administration helps brands reduce legal risks for sweepstakes. You'll also learn why finding the right sweepstakes administration team should be a top priority for any company that wants to run sweepstakes without facing stiff fines or lawsuits from customers.

IN THIS ARTICLE:

- What are the legal risks of a sweepstakes?
- Why is legal risk management important for sweepstakes?
- How does sweepstakes administration manage risk?

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What Are the Legal Risks of Sweepstakes?

Sweepstakes legal risks are the risks of financial or reputational loss that may result from lack of awareness, misunderstanding of, or ambiguity in the [Official Rules](#) for your sweepstakes. These legal risks can result in disputes between your company and participants, fines and penalties from regulators, and legal disputes with third-party vendors.

One of the primary legal risks of sweepstakes is fraud as it is often the most costly financially. Hazard may also become a significant risk in a sweepstakes with different dangers being associated with running a sweepstakes and prize delivery. Compliance is also a major legal risk given that sweepstakes must be fully-compliant with all applicable federal, state, and local laws.

An example of a legal risk in sweepstakes is failing to ensure [legal compliance](#) in drafting [sweepstakes Official Rules](#), whereby the business is actually running an illegal lottery or a promotion that is actually void in the jurisdiction in which it's being run.

Each sweepstakes is unique, which is why it takes the experience of a sweepstakes lawyer or sweepstakes administrator to identify, prevent, and mitigate sweepstakes legal risks.

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What Is Legal Risk Management for Sweepstakes?

Effective legal risk management for sweepstakes and contest promotions involves sweepstakes administration. Sweepstakes laws, data collection and privacy laws, mobile marketing laws, [TCPA](#), COPPA, and social media TOS are just a few of the sweepstakes legal risks that businesses must successfully mitigate to avoid having their marketing promotions create legal liability.

Sweepstakes legal compliance has the potential to impact all areas of the business and should be the top concern for marketers looking to run sweepstakes.

Sweepstakes administration is one of the best ways to identify, analyze, and manage the risks associated with sweepstakes and giveaways. That is because sweepstakes administrators have experience in running sweepstakes, contests, and giveaways for brands in multiple verticals. As a result, they are able to identify and propose risk management controls for all aspects of the promotion that could result in a legal dispute.

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How Do Sweepstakes Administrators Help Reduce Sweepstakes Legal Risks?

Here are 7 ways that sweepstakes administrators help to reduce the legal risks of running a sweepstakes:

1. One-stop Shop: Professional sweepstakes administration ensures that you get all of the capabilities that you need in one place. By making sure that your promotion is compliant on multiple platforms: online, mobile, social media, a sweepstakes administrator can help ensure that your promotion follows all applicable gaming laws.

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2. **Experience With Participants:** When you are dealing with hundreds or even thousands of sweepstakes participants, you won't be able to keep up with the myriad of laws that apply to participants based on where they live.
3. **Automate Eligibility:** A sweepstakes administrator has access to platform tools that will allow them to block ineligibility visitors from entering your promotion. Furthermore, they can also make sure that residents from each location see the proper disclosures as required by law.
4. **Backed by Insurance:** Sweepstakes and contests come with significant legal risks, especially when it comes to prize fulfillment and the potential for fraud. With a sweepstakes administrator, you'll be covered by the sweepstakes company's insurance. Look for sweepstakes companies that offer both Errors & Omissions indemnification policy and Cyber Liability Indemnification policy protection to help mitigate any legal risks.

Sweepstakes administrators do legal compliance.



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5. Fully-compliant Sweepstakes Rules & Abbreviated Rules: All sweepstakes official rules are required to be fully-compliant with all applicable laws in every jurisdiction in which the promotion is made available. By working with a sweepstakes company, a sweepstakes administration team will take on the legal compliance concerns by drafting unique official rules, winner affidavits and releases, and abbreviated rules for your sweepstakes. They will also advise you on the legal disclosures to include in your sweepstakes advertising.

6. Bonding and Registration: Several states require state filing and registration, and surety bonds for sweepstakes promotions before they go live. These requirements must be fulfilled in order for your sweepstakes to be considered as a legal promotion. A sweepstakes administrator will advise you on these requirements to ensure that you submit the filings and obtain the required surety bonds by the deadlines.

7. [User-generated Content](#) & Privacy Laws: In addition to sweepstakes laws, sweepstakes Sponsors are also required to comply with the Terms and Conditions of the social media platforms. Sweepstakes administrators are experienced in running social media contests and will ensure that you obtain the necessary permissions you need from your fans in order to use their UGC in your future marketing campaigns. They will also advise you on all other marketing laws that apply to your promotion (e.g. TCPA for mobile marketing and text to win sweepstakes).

Are You Ready to Run a Giveaway or Sweepstakes?

Here are some of the most important things you'll need to complete your sweepstakes checklist. Hire a sweepstakes attorney or sweepstakes administrator to help you get organized!



Entry forms

Release and
waiver form

Sweepstakes rules

Winner
li

Age
verification



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Sweepstakes Legal Risks: Challenges and Sweepstakes Administration Solutions

Acknowledging the primary challenges that brands face in sweepstakes legal risk mitigation is essential to understanding the role of sweepstakes administration in addressing key common pain points, such as:

- Challenge: Sweepstakes are in the midst of a multichannel transformation. Sweepstakes are being run across multiple platforms including social media, mobile, web, and even offline. Brands need help to ensure that all aspects of the promotion are legally compliant.
- Solution: Sweepstakes administrators and sweepstakes lawyers can equip your marketing team with the right resources, streamline key compliance processes, helping you to focus on the high-value work which is attracting participants to your promotion and delivering a great sweepstakes experience.
- Challenge: Risk management has changed post-pandemic. In today's landscape, you need sweepstakes promotions that ensure compliance with ever changing health and safety requirements (e.g. brands who give away [travel prizes](#)).
- Solution: You need a sweepstakes company that is effective at keeping on top of the latest legal updates. Direct access to legal counsel in multiple areas is another benefit of working with sweepstakes administrators.
- Challenge: New regulations are coming fast, especially for NFT sweepstakes, crypto sweepstakes, blockchain sweepstakes, and metaverse sweepstakes.
- Solution: Sweepstakes legal help through a sweepstakes lawyer and sweepstakes administrator can help you stay on top of the latest developments as they become laws.

You may feel out of your element as you seek to safeguard your company from the legal risks of sweepstakes. There is no need to go it alone or rely on limited, in-house resources. A sweepstakes lawyer and professional sweepstakes administration will provide you with the tools you need to mitigate all sweepstakes and promotional marketing legal risks effectively.

Looking for a sweepstakes company to help you with your next promotion? Sweepsify helps you find top sweepstakes administration services in seconds. [Create your free Premium account now](#) to get started.

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