

Scam I Am

BY
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“You’re a winner!”

screams the bold block headline scrawled across an official-looking brown envelope. What looks to be a check is visible through the envelope’s glassine window.

Look again.

A winner? Not likely. You are much more likely to be a loser. How big depends on you. Americans lose more than \$40 billion per year to sweepstakes scams, according to William Arnold, a professor of communication who directs the gerontology program at Arizona State University.

Arnold studies direct marketing pieces and ploys. The elderly and infirm are popular targets. Many are victimized. Arnold often testifies before Congress on sweepstakes issues. He also

holds regular workshops in partnership with the Federal Trade Commission, the American Association of Retired People, the U.S. Postal Service, and the U.S. Department of Justice.

“According to the FBI data, almost 55 percent of people who have been victims of scams are over the age of 55,” Arnold says. “Known scams claim as much as \$60 billion per year. But as many as 85 of every 100 scams go unreported because people simply don’t want to admit that they’ve been suckered.”

Arnold says that elderly people fall victim to sweepstakes scams for several reasons. First, trips and cash prizes can be especially appealing to people on fixed incomes. Second, envelopes marked *You’re a winner!*, and those containing printed “checks,” can easily mislead those who have trouble reading small type print. Third, people who are alone and lonely tend to

welcome mail and repeat phone calls—even if those callers are marketers.

Many publishers use direct mail responsibly to increase circulation and obtain renewals. But others use sweepstake mailers to dupe people into buying books, magazines, and other merchandise.

“Eyesight and cognitive functioning are part of the problem,” Arnold says. “*You’re a winner!* messages are simple, easy to read, and usually printed in very large, bold, contrasting type. They stand out. However, the qualifying data, phrases such as *if you play, if you are selected, and no purchase necessary* are normally printed in small type and buried deep within long, wordy messages.

“The readability level, or index, of these parts of the message are more complex, harder to understand,” Arnold says.

Michael Hagerberg Illustration

As a result, many people believe they can increase their chance of winning by buying a company's magazines or books. The more they buy, the better their chances, or so they believe. They buy more and more by mail and phone. That is when things begin shifting toward the realm of scam.

"Even if you just affix one sticker and return one mailer, you've taken the first step toward being scammed," Arnold says.

Returning that single mailer gets your name on a list that is sold to other marketers—many of whom are not reputable. Worse yet, the more stickers you affix, the more work you are willing to do, the higher your perceived potential scam rating.

In early 1999, *The New York Times* ran an article about people who spend up to eight hours a day and over \$2,000 playing mail sweepstakes. Arnold admits that his own mother-in-law has played sweepstakes to excess, buying magazine subscriptions through 2003. He knows others who have spent hundreds, or even thousands of dollars on unnecessary merchandise.

"What many people like my mother-in-law don't realize is that their odds of winning most of the really big sweepstakes prizes are nearly 125 million to one. They actually have a better chance of winning the lottery," Arnold explains.

Sweepstakes publishers often increase the perception of respectability by using an official post office clause that allows them to print a statement saying their letter is an official document. If tampered with, a fine could be levied. Other publishers emboss their packages with an eagle image, use the words "official document," or use a list of official looking signatures to entice players.

Both the Federal Trade Commission and the U.S. Postal Service have units that monitor and attempt to curb direct mail fraud. To date, however, Arnold claims that legislative solutions have produced only limited results.

"As fast as we legislate, publishers seem to come up with something different," he says. Currently, various groups are lobbying to pass legislation that would require that disclosure data be printed in the same type size and color as the main message.

"Results from our own studies indicate that 85 percent of people say they would not enter sweepstakes if a statement such as *Warning! This is a sweepstakes—you don't have to play* appeared on each envelope or package," Arnold adds.

"The Direct Marketing Association opposes such warning labels. Better education of potential victims is probably going to be our bottom line."

The ASU researcher promotes a two-pronged educational attack on potential scams. His group uses national publicity and mass media outlets to inform people about the prevalence of direct mail fraud. They then use one-on-one and small group meetings to persuade people to handle sweepstakes responsibly.

"The mass media informs," he says. "However, we've found that nothing persuades quite as well as direct, personal contact."

For more information about research on sweepstakes scams and direct mail fraud, contact William Arnold, Ph.D., Department of Communication, College of Public Programs, 480.965.5559. Send E-mail to william.arnold@asu.edu

Could William Arnold and graduate student Neila Campbell already be winners?



"Even if you just affix one sticker and return one mailer, you've taken the first step toward being scammed."

Champ or Chump?

Sweepstakes scammers and the perpetrators of direct mail fraud schemes are hungry for victims. Unfortunately, there are plenty of people willing and ready to become patsies. Most are done in by their own greed or their innocent inability to comprehend messages that are deliberately concocted to confuse and mislead.

ASU's William Arnold studies those confusing messages. He offers specific bits of advice on protecting elderly targets of direct mail scams:

First, talk with elderly parents about potential direct mail fraud. If they will not confide in you, find a friend to whom they will listen.

Place stickers on their telephones that say "Warning! This might be a fraud call."

Be on the lookout for multiple checkbook or credit card entries, or a sudden influx of low quality merchandise.

Realize that younger people are also potential victims of direct mail scams.

If you find that you really cannot resist the urge to affix a 33-cent stamp or two to a sweepstakes entry, Arnold suggests that you mail the packets to his ASU group.

The ASU researchers collect all types of direct mail sweepstakes material. They analyze messages and techniques being used on specific age groups.

Arnold would welcome thousands of additional direct mail pieces, including those targeted at younger people and other demographic groups. For more information, contact him directly at 480.965.5559.

— LINDSEY MICHAELS



Left, Arnold and his students have collected examples of products sold by direct mail scams—cheaply made and often useless items sold for many times their value.