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## **FTC Sues to Stop Massive Sweepstakes Scam**

At the request of the Federal Trade Commission, a federal court has halted a massive sweepstakes scam that has taken more than \$11 million from consumers throughout the United States and dozens of other countries throughout the world, including Canada, the United Kingdom, France, and Japan. The FTC seeks to permanently end the allegedly illegal practices that have continued for seven years and return money to victims.

According to the FTC's complaint, Liam O. Moran, a resident of Ventura, California, and his companies, mass mail personalized letters to millions of consumers telling them that they have won a large cash prize, typically more than \$2 million with bold, large-type statements such as "Over TWO MILLION DOLLARS in sweepstakes has been reserved for you." Consumers are told that they can collect the prize by sending in a small fee of approximately \$20 to \$30. The letters often indicate that recipients are "guaranteed" to receive the prize money if they pay the fee, and they create a sense of urgency by stating that it is a limited-time offer.

In "dense, confusing language," often on the back of the letters, there are statements in direct conflict with the bold claims of major winnings. A very careful reader might learn that they in fact have not won, and that the defendants do not sponsor sweepstakes but instead claim only to provide consumers with a list of available sweepstakes. Consumers frequently fail to see or understand this language and send money to the defendants. The FTC alleges that this language does not appear designed to correct deceptive statements, but exists mainly as an attempt to provide a defense to law enforcement action. Consumers get nothing of value in exchange for their payment.

The defendants have sent more than 3.7 million letters during the past two years, including nearly 800,000 letters to people in 156 countries in the first half of 2013. They have collected more than \$11 million from consumers since 2009. The vast majority of the victims of this scam appear to be over 65.

The court order temporarily stops the illegal conduct, freezes the operation's assets, and appoints a receiver over the corporate defendants while the FTC moves forward with the case.

Moran's co-defendants are Applied Marketing Sciences LLC; Standard Registration Corporation, also doing business as Consolidated Research Authority and CRA; and Worldwide Information Systems Incorporated, also doing business as Specific Monitoring Service, SMS, Specific Reporting Service, SRS, Universal Information Services, UIS, Compendium Sampler Services, and CSS.

The FTC would like to thank the United States Postal Inspection Service, the Vancouver Police Department, the Metropolitan Police in the United Kingdom, the National Fraud Intelligence Bureau, and the Australian Competition & Consumer Commission for their assistance in this case.

To learn how to avoid these kinds of scams, read the FTC's Prize Offers.

The Commission vote authorizing the staff to file the complaint was 4-0. The complaint was filed in the U.S. District Court for the Central District of California.

NOTE: The Commission files a complaint when it has “reason to believe” that the law has been or is being violated and it appears to the Commission that a proceeding is in the public interest. The case will be decided by the court.

The Federal Trade Commission works for consumers to prevent fraudulent, deceptive, and unfair business practices and to provide information to help spot, stop, and avoid them. To file a complaint in English or Spanish, visit the FTC’s online Complaint Assistant or call 1-877-FTC-HELP (1-877-382-4357). The FTC enters complaints into Consumer Sentinel, a secure, online database available to more than 2,000 civil and criminal law enforcement agencies in the U.S. and abroad. The FTC’s website provides free information on a variety of consumer topics. Like the FTC on Facebook, follow us on Twitter, and subscribe to press releases for the latest FTC news and resources.

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