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THE HIDDEN OPERATORS OF DECEPTIVE MAILINGS

HEARING

BEFORE THE

PERMANENT
SUBCOMMITTEE ON INVESTIGATIONS

OF THE

COMMITTEE ON
GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

ONE HUNDRED SIXTH CONGRESS

FIRST SESSION

JULY 20, 1999

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THE HIDDEN OPERATORS OF DECEPTIVE MAILINGS

TUESDAY, JULY 20, 1999

U.S. SENATE,
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS,
OF THE COMMITTEE ON GOVERNMENTAL AFFAIRS,
Washington, DC.

The Subcommittee met, pursuant to notice, at 9:34 a.m., in room SD–342, Dirksen Senate Office Building, Hon. Susan M. Collins, Chairman of the Subcommittee, presiding.

Present: Senators Collins, Levin, Durbin, and Edwards.

Staff Present: K. Lee Blalack, II, Chief Counsel and Staff Director; Mary D. Robertson, Chief Clerk; Glynna Christian Parde, Chief Investigator and Senior Counsel; Kirk E. Walder, Investigator; Eileen Fisher, Intern; Kathy Cutler, Congressional Fellow; Emmett Mattes, Detailee/Postal Service; Elizabeth Hays, Staff Assistant; Linda Gustitus, Minority Chief Counsel and Staff Director; Leslie Bell, Congressional Fellow; Nanci Langley; Mark Carmel (Senator Specter); Felicia Knight (Senator Collins); Steve Abbott (Senator Collins); Dan Blair (Senator Thompson); (Senator Akaka); Marianne Upton (Senator Durbin); Maureen Mahon (Senator Edwards); and Diedre Foley (Senator Lieberman).

OPENING STATEMENT OF SENATOR COLLINS

Senator COLLINS. The Subcommittee will please come to order.

Last year, the Permanent Subcommittee on Investigations began an investigation into deceptive mailings. At our first hearings on deceptive sweepstakes in March, we heard troubling—at times heartbreaking—testimony about the aggressive and deceptive marketing practices used by the four largest sweepstakes companies to persuade consumers to buy products they neither needed nor wanted in the hope of increasing their chances of winning the big prize. Deceptive sweepstakes can induce trusting consumers to buy thousands of dollars of questionable merchandise—such as the magazine subscription extending to the year 2018 purchased by an 82-year-old man through a sweepstakes promotion.

In addition to financial losses, deceptive mail promotions exact an emotional toll on those misled by apparent promises such as "You Were Declared One of Our Latest Sweepstakes Winners and You're About to Be Paid $833,337.00 in Cash."

The Subcommittee found that our senior citizens are particularly vulnerable to such deceptive mailings. At our earlier hearings, family members told of loved ones who were so convinced that they had won a sweepstakes that they refused to leave their homes for

fear of missing the Prize Patrol. In fact, one woman from Maine wrote to me that she had canceled needed surgery in order to make sure that she would be home.

The Subcommittee investigated many cases of seniors who, enticed by the bold promises in deceptive sweepstakes, spent their Social Security checks, squandered their life savings, and even borrowed money to buy unwanted magazines, trinkets, and other merchandise. I will never forget one of our witnesses who broke down in tears as he recounted how sweepstakes companies had deceived him into spending $15,000 for products that he really didn't want in an effort to win the big prize. Other witnesses explained that their elderly family members spent thousands of dollars in the vain hope that if they bought just one more trinket or one more magazine subscription, surely it would greatly improve their chances of winning. Of course, it never did.

Our hearings prompted more than 1,000 individuals from across the country to write to me to share their own experiences with deceptive mailings. As we began to examine these mailings closely, we discovered a pattern of highly deceptive solicitations by dozens of smaller companies that previously had been unknown to us. In contrast to our earlier hearings, which concentrated on the four largest sweepstakes companies, our focus today is on these smaller operations, a largely unknown segment of the industry that nevertheless reaches millions of Americans.

Those who followed our previous hearings know that I am outraged by the deceptive marketing techniques of the major sweepstakes companies. Despite these questionable marketing practices, however, these companies are legitimate companies. They are legitimate in the sense that they do award prizes, deliver the merchandise ordered, and do not seek to in any way conceal their identities. The Subcommittee's investigation of several smaller operators uncovered much more deceptive and shady business practices—including in some cases possible fraud—than we found with the larger companies.

Many of these smaller companies tend to be fly-by-night operations that use multiple trade names to hide their identities and to confuse consumers. In some cases, they are run by promoters for a year or two and then shut down. The operator then starts up a new company under yet another name, often one specifically chosen to lend credibility to the contest or to further deceive consumers. These companies profit not only from their extremely deceptive mailings, but also by reselling the names of customers to other operators who then inundate the unlucky consumer with new mailings all over again. Unfortunately, the Subcommittee's investigation suggests that this business is quite lucrative.

The companies investigated by the Subcommittee sent approximately 100 million promotional mailings in 1998 and received over 4 million purchases. The Subcommittee's investigators conservatively estimate that these purchases cost consumers more than $40 million. In return, most individuals received a discount coupon book that was frequently followed by numerous additional mailings urging the unwary contestant to send even more money to buy the exact same coupon book all over again.

Anonymity, as our hearings will show, is crucial to the success of many of these small operators. They depend on working in the shadows and underneath the radar of State and Federal regulators. They are the "stealth" sweepstakes companies, difficult to detect, to track, and to stop. Our investigation discovered that most of these companies attempt to conceal their identity through multiple corporate names and various mailbox drops in different States. And as our hearings will show, often their mailings are designed to deceive even the most cautious consumer.

During the hearing today, we will first hear from the Subcommittee chief investigator, who will review the results of the Subcommittee's investigation. We will next hear testimony from two of these sweepstakes promoters. Finally, we are pleased to have representatives from the U.S. Postal Inspection Service to discuss various types of deceptive mailings, such as government look-alike promotions and mailings that offer to sell a product that the government already provides for free.

While our investigation has exposed some of these shady operators, an investigation alone will not solve this growing problem. It requires a comprehensive legislative solution. I am very pleased that our initial hearings in March prompted the Governmental Affairs Committee to approve legislation that I sponsored—along with Senators Durbin, Levin, Cochran, Edwards, the Chairman of the full Committee, and others—that would impose strong consumer standards on promotional mailings and provide for civil penalties up to $2 million for violations of those standards. Our legislation would also give the Postal Service much needed stronger authority to crack down on deceptive mailing operations.

It is my hope that our hearing today, by revealing the complicated web of deception spun by hidden sweepstakes operators, will further build the case for prompt passage of our legislation by the full Senate.

Senator Levin, our Ranking Minority Member, is delayed in arriving today. He does have an opening statement which I am going to ask unanimous consent be entered into the record.

[The prepared statement of Senator Levin follows:]

PREPARED OPENING STATEMENT OF SENATOR LEVIN

During the Women's World Cup match a few weeks ago, I saw a commercial which demonstrates the determination these sweepstakes companies have to get people to open a mailing promoting sweepstakes. They know they can't sell a product unless the recipient opens the envelope, and since our hearings on deceptive sweepstakes promotions in March and the excellent work of the State Attorneys General in going after deceptive sweepstakes practices, press reports indicate that significantly fewer people are responding to sweepstakes promotions. More and more people are simply throwing away a mailing advertising a sweepstakes without even opening it.

Publisher's Clearing House, apparently, decided to go on the offensive against this trend and is paying for a television ad that shows someone throwing away a sweepstakes mailing and then the announcer cautions the person not to do it—not to throw away the Publisher's Clearing House envelope because it may contain a real check—a check that can be cashed immediately, as is. "Look for the green star," the ad says. If the envelope has a green star, according to the announcer, it could have a real check inside it. "So," the ad urges, "you shouldn't throw away that envelope." This is a device Publisher's Clearing House is using to entice people back into sweepstakes and into opening that envelope so they take the first and most important step towards buying something—because they think buying something will improve their chances of winning.

So, even though we made some headway with our efforts in the last hearings, at least one sweepstakes company is fighting back with a national commercial on a program as watched as the Women's World Cup, telling people not to thrown out the Publisher's Clearing House envelope. As I said at our last hearing, and this emphasizes the point, sweepstakes promotions are not junk mail, they're big business.

In the last hearing, we heard from the four biggest sweepstakes promoters that use sweepstakes to sell magazines and other products: American Family Publishers; Publisher's Clearing House; Reader's Digest; and Time, Inc. We saw their examples of truly deceptive promotions—in some cases, using direct false statements. But as bad as we thought those promotions were, the mailings from these smaller companies we are going to look at today are even worse.

These mailings are worse for several reasons. They have claim forms calling themselves "awards" or "entitlements." In reality, these claim forms are used to sell a product which itself is not clearly identified—a "cash savings voucher folio," or a "cash savings premium folio," or a "special premium," or a "special benefit." In each of these cases, the product for sale is a discount coupon book which has little value to most people. Some merchants who honor the coupons are not available locally. Some of the coupons require expenditures of significant sums of money to realize any savings. The books cost in the neighborhood of $10 to $15 and are supposed to contain savings of over $2,000, but you'd have to spend thousands of dollars on items you probably don't need to achieve that level of savings.

Many of these promoters use a different name on each promotion and exist only long enough to collect the money, close up shop (sometimes without awarding prizes), and reopen elsewhere to start the scam anew. They are small but their reach is wide; cumulatively the Subcommittee has learned they produce over 100 million mailings a year. Because they often do not mail in the States in which they operate, they avoid prosecution by the State Attorney General. When they come under scrutiny by a State Attorney General or the U.S. Postal Service, they stop mailing to those States and change their mailings to comply with any stop order.

Moreover, these companies thrive on the sale of mailing lists. The Subcommittee's investigation confirmed the rapid sale of names by various direct mailers. With each purchase, the buyer's name goes on the resale list of names, becoming a popular commodity for sale to any person desiring to buy the selling company's customer list through a list broker. And the buyer will also get resolicited from the first company another four to five times for each purchase made.

These unscrupulous practices seem to cross the line of legality, and if they do, the Postal Service needs the enforcement tools to stop them. The legislation reported by the Governmental Affairs Committee should strengthen the hand of the Postal Service so these companies will no longer be able to operate. If they don't cross the line, then we have to reevaluate where the line is drawn and make the law more protective for the sake of our American consumers. I thank the Chairman for holding these hearings, and I look forward to hearing from our witnesses.

Senator COLLINS. It is now my pleasure to call on my colleague, the Senator from Illinois, Senator Durbin. Senator Durbin has been a real leader on this Subcommittee as we have exposed and probed various kinds of consumer fraud and deception, and I am pleased to welcome him here today.

OPENING STATEMENT OF SENATOR DURBIN

Senator DURBIN. Thank you very much, Chairman Collins. I think your hearing last March really focused on the big dogs, the big four, that really do account for a lion's share of deceptive mailings and questionable mailings across America. This hearing takes it to the next step, goes after the little dogs, but their bite is just as bad when it comes to the loss that many families feel as a result of their deception.

I want to congratulate you for your leadership on this issue. Many people who are watching this don't understand really the inner workings of the Senate and how you can move a piece of legislation successfully. But I want to commend Senator Collins for her fine work, along with Senator Levin, in moving this bill forward. A bill that started with three or four cosponsors is now up

to 34, if I am not mistaken, which is testament to the fact that it is a bipartisan undertaking and I think a clear message to everyone who is in this business that they better pay attention. Some changes are going to be made here to try to protect consumers across America, and these changes are based on common-sense solutions which apply in my home State of Illinois as well as the Chairman's home State of Maine, and suggest that people really are being deceived, that they are being victimized, and that has to come to an end.

I am happy to join you at this hearing and look forward to the testimony.

Senator COLLINS. Thank you very much, Senator Durbin.

Due to time constraints, the Subcommittee was unable to invite everyone who had an interest in this issue to present oral testimony. This week we received a written statement from the Office of the Inspector General of the Social Security Administration.[1]

Without objection, that statement will be included in the printed hearing record, and the hearing record will remain open for 30 days for any additional statements.

Senator COLLINS. I now want to welcome our first witness this morning. We have with us the Subcommittee's Chief Investigator and Senior Counsel, Glynna Parde, who will describe the results of the Subcommittee's ongoing investigation of deceptive mailings.

Pursuant to Rule 6, all of the witnesses who testify before the Subcommittee must be sworn, so at this point, I would ask Ms. Parde to please stand and raise her right hand. Do you swear that the testimony you are about to give to the Subcommittee will be the truth, the whole truth, and nothing but the truth, so help you, God?

Ms. PARDE. I do.

Senator COLLINS. Thank you. You may proceed, please.

TESTIMONY OF GLYNNA CHRISTIAN PARDE,[2] CHIEF INVESTIGATOR AND SENIOR COUNSEL, PERMANENT SUBCOMMITTEE ON INVESTIGATIONS, COMMITTEE ON GOVERNMENTAL AFFAIRS

Ms. PARDE. Thank you, Chairman Collins, Senator Levin, and Members of the Subcommittee.

The Subcommittee's investigation uncovered a breed of sweepstakes companies that is wholly different than those highlighted in the Subcommittee's March 1999 hearings. Although most consumers probably recognize the names Publishers Clearing House and Reader's Digest, our investigation found that there are dozens of smaller companies that attempt to remain hidden from consumers and below the radar screen of the regulators. The Subcommittee's investigation suggests that these smaller sweepstakes and prize promoters employ marketing tactics that are much more aggressive and deceptive to sell their products. Moreover, these companies have developed ingenious ways to remain undetected by the regulators. And even if they are detected, some have developed techniques to insulate themselves from effective enforcement action.

[1] See Exhibit No. 53 which appears in the Appendix on page 304.
[2] The prepared statement of Ms. Parde appears in the Appendix on page 55.

Although the companies that we have examined are smaller than the big four in terms of total mailings and gross revenues, they nevertheless sent roughly 100 million pieces of mail last year. Though each mailing must be evaluated independently, we did find that, in general, the mailings from the smaller companies are much more deceptive than those sent by the companies the Subcommittee investigated in March.

Now, to give the Subcommittee a sense of what I mean by deceptive, I would like to show you several exhibits that are promotional mailings. We obtained these during the course of this investigation.

The first promotional mailing was mailed by North American Bureau of Assets, Inc., or NABA, and it is Exhibit No. 8.[1] Now, Exhibit No. 8 appears to be an "Original Affidavit" from NWCG/Prize Payout Division in connection with its "$10,000 Cash Opportunity Giveathon." This mailing advises the consumer that "[y]ou may not be aware that cash prizes are issued in the aforementioned amount of ten thousand, one thousand, one, one hundred, and fifty dollars, and additional vouchers entitlement in a two thousand dollar voucher pak. Said cashpak is released with mandatory release fee of ten dollars, and is over and above your previously mentioned cash winnings."

Now, this language clearly implies that the consumer will receive vouchers for an additional $2,000, going so far as to call the "voucher pak" a "cashpak." Only as an afterthought in the last sentence of the last paragraph does the mailing mention that the "cashpak" contains "redeemable vouchers from national incentive guarantors, and good for food, entertainment, travel, merchandise, etc., when fully redeemed."

Even someone who was suspicious might not be able to tell that the "voucher pak" and the "cashpak" referred to in this mailing are really nothing more than a discount coupon book. The $2,000 value is actually the estimated value of obtaining every single discount available. To realize that retail value, the consumer may actually have to purchase thousands of dollars of goods and services from the vendors listed in the coupon book.

Moreover, the mailing does not offer the consumer an opportunity to purchase a discount coupon book for $10. Instead, the consumer is told that he or she must pay a "mandatory release fee" to get the "cashpak." This mailing, therefore, illustrates one of the big differences between the promotions of the major sweepstakes companies and those that are the subject of this investigation. Unlike American Family Publishers or Publishers Clearing House, these small operators attempt to disguise both the solicitation and the product.

Exhibit No. 9[2] is another promotion from NABA that only hits that the mailing is actually a solicitation for the product. The key paragraph states that "[w]e have reserved in your name, a redemption packet valued in excess of $2,000.00 when the value certificates are fully redeemed (see reverse for details). Your initials and release honorarium are required for shipment of this value packet." Even though it is the same coupon book and the same contest as

[1] See Exhibit No. 8 which appears in the Appendix on page 100.
[2] See Exhibit No. 9 which appears in the Appendix on page 101.

in Exhibit No. 8, this time NABA calls the coupon book a "redemption packet" instead of a "cashpak," and the purchase price is a "release honorarium" rather than a "mandatory release fee."

We also discovered that these smaller companies attempt to trick the consumer into thinking that, if they purchase one of these coupon books, their odds of winning the sweepstakes will improve. I would like to show you Exhibit No. 10,[1] which is another sweepstakes promotion from NABA. The sixth paragraph of this promotion, which is highlighted at the bottom of the chart, reminds the consumer that the prizes NABA awards "are determined from private lists of participants who entered a sweepstakes or were involved in a merchandise purchase by mail. It's that simple! Your response to direct mail offers has paid off for you, and we offer you our heartiest congratulations."

The NABA mailing then confidently announces that the consumer will "undoubtedly take advantage of the elective entitlement option described below" because "most winners do." The bottom portion of the promotion goes even further to connect the purchase of the coupon book, or the "elective entitlement option," to the winning sweepstakes. This portion contains a box for the consumers to check to "take advantage" of the "elective entitlement options," reiterating again that "most winners do," but then adding, "[b]e sure and send me the check I have already won."

Despite strongly linking a purchase to the odds of winning, the promotion does state in small print at the top of the page that there is "no purchase required." Even if a consumer read this disclaimer, however, the language used in the promotion suggests strongly that, although you don't have to purchase a product to win, it will greatly improve your odds since, as the mailing notes, "most winners do."

The Subcommittee's investigation also found two other disturbing types of solicitations in these mailings. First, many of these companies imply in their promotions that the consumer has already won the grand prize and, in fact, is guaranteed to win. Upon much closer inspection, the disheartened recipient—who was only moments ago counting his money—will learn that he can only win the grand prize if he has and returns the winning number and is a guaranteed winner of only a nominal amount.

For example, if I can direct your attention to Exhibit No. 16,[2] the fifth paragraph informs the recipient that "[u]pon processing and completion of our Top Prize $10,000 Sweepstakes, the unclaimed cash will be delivered to the determined principal of record, which in this case is you." Now, that sounds pretty good. This language does not appear conditional; the recipient has won $10,000. Only by carefully reading the fine print below the postscript, which is highlighted at the bottom of the chart, and the rules on the back does it become clear that the consumer's odds of winning the $10,000 are 1 in 3 million, and actually the consumer is only guaranteed to win 25 cents. Therefore, the bulk of consumers who respond to this promotion actually lost money because their guaranteed winnings were less than the cost of the postage.

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[1] See Exhibit No. 10 which appears in the Appendix on page 104.
[2] See Exhibit No. 16 which appears in the Appendix on page 112.

The second common practice utilized by these smaller companies is to imply that the promotion is authorized by or related to a government agency, thereby lending credibility to the sweepstakes. I would like to show you one example of this practice that the Subcommittee investigators uncovered.

Exhibit No. 15[1] is a promotional mailing for a contest currently being conducted by R&R Marketing. You might be interested to know that there is an "Official United Sweepstakes of America." Now, we know that the Federal Government does not sponsor sweepstakes. Yet this promotion adds to the deception that the Federal Government has sponsored this contest with a photo of the U.S. Treasury Building that references a mailing address at 611 Pennsylvania Avenue, Washington, DC. Our investigators discovered that this is actually the address for a Mail Boxes Etc. You will also note that the promotion claims to be from the Office of Treasury of Awards and is marked with the purported seal of the Official United Sweepstakes of America.

At the bottom of the page, the mailing does state that the sweepstakes "is an independent private sweepstakes, not affiliated with the U.S. Government." It then coyly turns the disclaimer to its advantage, however, and says that, "[a]s an independent . . . company, we can with good conscience and faith make the guaranteed promise to pay the official winning $10,000."

Our investigation even uncovered evidence of simple mail fraud. For example, many of these smaller companies offer a service known as "rush processing" for an additional fee or what is referred to as a "kicker." Now, "rush processing" does not mean that the recipient will receive a prize any earlier, but only that the sweepstakes company will expedite sending its product, usually the discount coupon book. We found that some companies may not even expedite the processing of the discount coupon book.

Subcommittee investigators also discovered that, in a few cases, some sweepstakes companies completely failed to award a prize. In the case pending against Eagle Promotions, the U.S. Attorney for the District of New Jersey has commented that Eagle has not awarded a prize in its contest. The Subcommittee also obtained a copy of a letter from a sweepstakes operator named R.L.T.M.R. to the Better Business Bureau of Nashville/Middle Tennessee expressing regret that the sweepstakes company would not be awarding its prize, a Chevrolet Blazer.[2]

Now, as I mentioned earlier, these small sweepstakes operators clearly want to remain underground and hidden. And as evidence of that goal, the Subcommittee's investigation uncovered a few practices that we believe could be attempts to not only evade detection by the regulators but to also insulate the principals in these sweepstakes companies from meaningful enforcement action.

First, we believe that some of the most sophisticated of these small operators may rely on front companies to insulate themselves from tough enforcement action. Second, we believe that some small operators will form a corporation, send promotional mailings under that corporate structure for 1 or 2 years, and then dissolve the cor-

[1] See Exhibit No. 15 which appears in the Appendix on page 111.
[2] See Exhibit No. 56 which appears in the Appendix on page 328.

poration when they think that the company's promotions are coming to the attention of regulators. They then form a new company and begin the cycle all over again.

The Subcommittee has developed case studies of two different sweepstakes operators whose business practices may illustrate these techniques. The two case studies involve David Dobin, president of Lone Star Promotions, Inc., and Anthony Kasday, president of Neopolitan Consultants.

Mr. Kasday, who is the president of Neopolitan Consultants, has been in the promotional mailing business for 30 years. Although we are not aware of any sweepstakes company in which he is currently a shareholder, officer, director, or employee, the Subcommittee's investigation discovered that, through his various consulting arrangements, Mr. Kasday makes a very lucrative income from the companies that he directs.

I would like to direct the Subcommittee's attention to Exhibit No. 25.[1] As you can see from this exhibit, Mr. Kasday operates through his consulting company, Neopolitan, and through Neopolitan he received income in 1998 from at least five of the six different sweepstakes companies on this chart. These companies are: North American Bureau of Assets; Royal Sweepstakes; Cashorama; Enwood, Pressman & Ingram; and Mellon, Astor & Fairweather.

Based upon sworn answers to interrogatories and affidavits submitted by these companies, Mr. Kasday's consulting firm received almost $400,000 in 1998. Thus far in 1999, Neopolitan has received payments from these companies totaling over $500,000. Therefore, through Neopolitan alone, Mr. Kasday has been paid almost $1 million over roughly the last year and a half.

I would like to specifically discuss two of the companies on this chart: Enwood, Pressman & Ingram and Mellon, Astor & Fairweather. As you can see from Exhibit No. 25, Enwood, Pressman & Ingram and Mellon, Astor & Fairweather are owned by Nicole Kasday, who is Mr. Kasday's niece. The Subcommittee investigators interviewed Nicole Kasday and discovered that she is a college student who has no involvement in the operations of either company. She told us that Mr. Kasday approached her in 1998 about starting the two companies in her name. He asked Nicole for a copy of her driver's license and a copy of her signature. With those in hand, he had his office manager, Sheilah Williams, prepare a signature stamp with Nicole's signature on it. Ms. Williams testified that, at Mr. Kasday's direction, she used this signature stamp to open bank accounts, the mailboxes where the company received mail in response to its promotions, and to file the necessary paperwork for the two companies to do business in Nevada. Ms. Williams also testified that she uses this signature stamp on a regular basis to manage the affairs of the company, like signing checks for vendors or payroll.

Mr. Kasday essentially conceded that Nicole knows nothing of the business and is not kept apprised of its activities. She does not review copy for the mailings or select the mailing list. Therefore, we believe that the evidence strongly suggests that Nicole merely

[1] See Exhibit No. 25 which appears in the Appendix on page 138.

acts as a front for Mr. Kasday, who is the hidden operator of Enwood, Pressman & Ingram and Mellon, Astor & Fairweather.

When we asked Mr. Kasday why he had Nicole establish these two companies, he said: "I didn't expect to be around very long and I figured this could be something for their future. So I talked to her about setting up two companies while I was still alive and then they would be hers and the income would be for her and her brother and her dad."

Now, if Mr. Kasday's primary motivation for creating these companies was an estate planning device for Nicole and her family, it is not working very well. Mr. Kasday told us that he receives 25 percent of the profits from Enwood, Pressman & Ingram and the lion's share of the profits from Mellon, Astor & Fairweather.

Ms. Williams testified that she pays Nicole about $1,000 per month from Enwood, Pressman & Ingram, and she also received a one-time distribution payment of a few thousand dollars from Enwood, Pressman & Ingram in February of this year. Therefore, we believe that Nicole has probably received under $15,000 from these two companies. However, according to Mr. Kasday, from 1998 to date, he has received approximately $60,000 in his personal capacity from these two companies, and over $600,000 through his consulting company, Neopolitan. These numbers show that Mr. Kasday and his consulting firm have received an overwhelming portion of the revenues generated by these two companies and that the profits are being drained out of the company's operational expenses as payments to consultants—the most important of which is Neopolitan.

Mr. Kasday may indeed have incorporated the two companies in Nicole's name to give her a source of income, albeit modest; however, our interviews with the Postal Inspection Service suggest that there is another possible reason why Mr. Kasday is not an officer or director of Enwood, Pressman & Ingram, and Mellon, Astor & Fairweather, or any of the other sweepstakes and prize promotion companies that he directs. If State or Federal regulators ever track these companies down for sending deceptive or fraudulent mailings, Nicole Kasday will be the person that they initially contact. That is, of course, what actually happened to us. We attempted to contact Nicole through the attorneys for both companies, only to learn that her uncle actually directs the operations.

Now, this is a significant point, which I am sure the witnesses from the Postal Inspection Service can discuss in more detail. But under current law, the Postal Inspection Service does not possess the subpoena authority to dig behind the veneer of the corporate structure that insulates a hidden operator. More importantly, current law does not give the Postal Inspection Service the authority to impose civil monetary penalties on a sweepstakes or prize promoter until they violate an existing order. Since the person who is likely to sign such an order is probably the president of a company, a consultant is likely to walk away from an action by the Postal Inspection Service without having an order entered against him, and more importantly, without exposing himself to a future threat of monetary sanctions for another violation. Thus, by characterizing the relationship with a company as "consulting services," an individual may receive a lucrative income from the sweepstakes busi-

ness but avoid potential enforcement actions by State and Federal authorities that would be directed towards the officers and owners.

As I mentioned earlier, these smaller operators have another technique for remaining hidden from the regulators. We believe that some sweepstakes operators will form a corporation, send promotional mailings under that corporate structure for a few years, and then dissolve the corporation only to form a new corporation to send promotional mailings. I would like to direct the Subcommittee's attention to Exhibit No. 27,[1] which is a chart prepared by our staff. There should be a copy in your book.

The chart shows that, between December 30, 1994, and March 10, 1995, three companies were incorporated in the State of Nevada. They had as their president a man by the name of Dan Anderson, whom we unfortunately have not been able to locate. Mr. Kasday was identified as the secretary and treasurer of each of these companies, and each company had the same address: 9030 West Sahara, Las Vegas, Nevada. We believe that all three of these companies—National Prize Monitors, Express Processing, and Intercontinental Prize Distribution—were engaged in the promotional mailing business. You will note on the chart that each of these three companies only existed for roughly 3 years or less.

The chart also shows that Mr. Kasday's two other companies that I mentioned earlier—Enwood, Pressman & Ingram and Mellon, Astor & Fairweather—were incorporated in the summer of 1998. As I mentioned earlier, Nicole Kasday, Mr. Kasday's niece, is the sole shareholder and officer of these two companies, but Mr. Kasday actually directs the operations of both.

Now, with respect to the chart, you will note that Express Processing was terminated in December 1998, 6 months after the incorporation of Enwood, Pressman & Ingram and Mellon, Astor & Fairweather. In her deposition to the Subcommittee, Sheilah Williams, the office manager, testified that in the summer of 1998, Express Processing became Enwood, Pressman & Ingram. She said that the employees who were working for Express Processing became the employees of Enwood, Pressman & Ingram. They remained in the same office space, kept the same telephone number, and answered to the same boss, Anthony Kasday. Based upon Ms. Williams' testimony, we believe that the change from Express Processing to Enwood, Pressman & Ingram was one of corporate form only.

Now, the question, of course, is why someone would open three corporations, run promotional mailings under their names for a few years, shut those corporations down, and then start up two new corporations only to conduct the same business in the same location. Now, the State and Federal authorities that we contacted said that different corporate entities and names make it much more difficult for law enforcement to detect their activities or take meaningful action against them once they do.

The Federal Trade Commission specifically expressed concern about this point when it responded to the Subcommittee's request for complaint information on these smaller companies, nothing that "companies who engage in fraudulent activities often change names

[1] See Exhibit No. 27 which appears in the Appendix on page 140.

and locations when they become aware that law enforcement organizations have received a number of complaints concerning their activities. These moves can have a detrimental effect on potential law enforcement actions, making it difficult or impossible to track potential defendants or assets they fraudulently obtain from consumers."

Further support for this view can be found in an assurance of voluntary compliance between Richard Kaufman and the Attorney General of the State of Florida in connection with a promotional mailing sponsored by Mr. Kaufman's company, Millennium Sales, Inc. We sought to discuss this matter with Mr. Kaufman, but he declined to testify before the Subcommittee on the basis of his Fifth Amendment right against self-incrimination. A copy of his sworn affidavit asserting his Fifth Amendment rights can be found at Exhibit No. 39.[1] One of the key stipulations that the Florida Attorney General demanded of Mr. Kaufman was that he "not effect any change in the form of doing business nor its organizational identity as a method of avoiding the terms and conditions" of the assurance voluntary compliance.

Our second case study is David Dobin, who currently is the president and sole shareholder of Lone Star Promotions, Inc., a sweepstakes company. In connection with the promotional mailings of his first company, Wellsworth Smythe Jewelers, the U.S. Attorney for the Eastern District of New York charged Mr. Dobin and his then partner with conspiring to use the mails as part of a scheme to defraud consumers by means of false and fraudulent representations. Mr. Dobin entered a guilty plea to conspiracy to commit mail fraud and is awaiting sentencing. In addition, Mr. Dobin entered into a voluntary cease and desist order with the U.S. Postal Service in connection with an administrative action alleging several material false representations.

One of the allegations by the U.S. Attorney against Mr. Dobin involved the use of multiple trade names in connection with Wellsworth Smythe's sweepstakes. Now, unlike the major sweepstakes companies, these smaller companies do not have and are not seeking name recognition or brand loyalty. For example, Mr. Dobin's current company, Lone Star Promotions, Inc., offers three sweepstakes contests in the amounts of $5,000, $10,000, and $12,000. But he has utilized 40 different trade names. As a result, an individual may receive several promotional mailings that appear to be from different companies, but in actuality, all of them relate to the same contest.

I think an illustration will make the point. If I can direct the Subcommittee's attention to Exhibit No. 8,[2] this is the promotional mailing from NABA that appears to be an Original Affidavit from NWCG/Prize Payout Division in connection with its $10,000 Cash Opportunity Giveathon. If you will notice at the very bottom of this mailing, checks are to be made payable to NWCG.

Next, let me show you Exhibit No. 9.[3] This is the promotional mailing that appears to be a Declaration for Cash Winner from Cash Giveathon II in connection with a $10,000 sweepstakes. Now,

[1] See Exhibit No. 39 which appears in the Appendix on page 232.
[2] See Exhibit No. 8 which appears in the Appendix on page 100.
[3] See Exhibit No. 9 which appears in the Appendix on page 101.

an attachment to this mailing directs the consumer to send payment to NABA.

Finally, I would like to show you Exhibit No. 10.[1] This is a promotional mailing that appears to be from the Cash Release Department of the International Funding Distribution Center regarding unclaimed cash in the amount of $10,000. This mailing directs the consumer to send payment to the I.F.D.C.

As you can see, these three promotional mailings appear to be from three different companies: NWCG/Prize Payout Division, Cash Giveathon II, and International Funding Distribution Center. Now, the unsuspecting consumer might think that they had opportunities to win three different prizes in three different contests. However, all three of these promotional mailings were sent by NABA and all three are for the same contest.

I should note that these mailings only obliquely acknowledge that the trade names are not real. The rules on the back of the mailing state that "different graphic presentations of this sweepstakes may be made at the discretion of the sponsor." However, a consumer reading this language may not understand that this really means that the same contest may be promoted under completely different names. In fact, it is virtually impossible to discern that these different mailings are from the same contest.

I might also add that the clever trade names utilized by these companies are often misleading themselves. For example, a mailing may appear to come from a group that is trying to locate someone who has already won a prize or is the rightful owner of a cash award. These trade names include examples such as Unidentified Claimant Section, Public Winner Releasing Committee, Cash Release Office, and the Cash Claim and Disbursement Center. It is clear that by using such names, these operators are trying to confuse consumers into thinking that they have received a notice from a State unclaimed property division.

Not only will these smaller companies use multiple trade names for each contest, but they also open multiple mailboxes at post offices or CMRA's, Commercial Mail Receiving Agencies, which is shorthand for Mail Boxes Etc. and other companies like that. Many of these smaller companies actually maintain mailboxes in multiple States and have the mail forwarded by an overnight courier service to their base of operations for processing.

For instance, the two companies that we know are operated by Mr. Kasday—Enwood, Pressman & Ingram and Mellon, Astor & Fairweather—are actually headquartered in Las Vegas, but they use multiple mailboxes in different States. Enwood, Pressman & Ingram receives mail at five different mailboxes in New York and Pennsylvania for one sweepstakes and three skill contests. Mellon, Astor & Fairweather uses three different mailboxes in Illinois and New York for one sweepstakes and one skill contest. The mail from each of these locations is then forwarded to the office in Las Vegas for processing.

Mr. Kasday's office manager, Sheilah Williams, testified in a Subcommittee deposition that she really did not know why these companies use multiple mailboxes in different locations, but she as-

[1] See Exhibit No. 10 which appears in the Appendix on page 104.

sumed that it was to make sorting responses to the various promotions easier for staff. This reason seems implausible, however, since there are not enough mailboxes to be reserved for each separate promotional mailing. In other words, multiple promotions are being sent to the same mailbox. Moreover, if it was purely a function of administrative convenience, it seems unlikely that the multiple mailboxes would be operated in different States. Now, although the use of separate mailboxes may prevent one post office or CMRA from being overwhelmed with responses, our discussions with the Postal Inspection Service, the FTC, and State authorities suggest that the principal reason for opening multiple mailboxes in different States is actually to avoid the regulators.

Current law only allows the Postal Inspection Service to seek a temporary restraining order against a deceptive or fraudulent mailing from a specific mailbox. Thus, the Postal Inspection Service and a State Attorney General might be able to bring an enforcement action to stop a promotion in one State, but it would not prevent the sweepstakes operator from promoting the same sweepstakes and selling the same prize under another trade name that receives its mail in a different State. If State or Federal authorities close one mailbox, the sweepstakes company can continue its promotion under a different trade name at another location. As I mentioned earlier, the FTC cited this very reason for requesting that the Subcommittee not disclose information concerning the number of complaints against a sweepstakes company, which it breaks down by the different addresses the sweepstakes companies use.

Chairman Collins, Members of the Subcommittee, I will be glad to answer any questions about the investigation that the Subcommittee might have and to report in greater detail our specific findings. Thank you.

Senator COLLINS. Thank you very much for that very illuminating presentation. I appreciate all the work that the Subcommittee staff has done.

First, before going to just one or two questions, I want to call on Senator Edwards who has joined us in case he has any opening remarks that he would like to make. Both he and Senator Durbin have been real leaders in the effort to protect consumers against deceptive practices, and I appreciate his participation in this hearing.

OPENING STATEMENT OF SENATOR EDWARDS

Senator EDWARDS. Thank you, Madam Chairman.

What I would like to do first is thank Senators Collins and Levin for holding this important hearing which builds upon the efforts of this Subcommittee to combat the problem of deceptive sweepstakes mailings. These efforts and those of the U.S. Postal Inspection Service and groups like AARP, combined with legal measures being taken by various States Attorneys General, are clearly helping to make people aware of the deceitful practices some sweepstakes companies are engaging in, all in order to trick people into believing that buying products will increase their chances of winning a prize.

During our hearings in March, the Subcommittee Members questioned witnesses from four of the largest sweepstakes promoters:

Publishers Clearing House, American Family Publishers, Reader's Digest, and Time, Inc. These companies argued that people understand that purchases do not increase their chances of winning. For example, Publishers Clearing House stated in their testimony that, "We believe that our promotions are clear and that no reasonable person could be misled by them."

I believe my colleagues disagree with this statement, as is evidenced by the fact that the Senate Governmental Affairs Committee recently voted unanimously to send our legislation, which would help put a stop to misleading sweepstakes mailings, to the full Senate for consideration.

Our bill would require sweepstakes promoters to clearly indicate on all of their mailings that purchases do not increase the chances of winning. It would also require those companies to honor a person's request to stop sending them sweepstakes mailings. I believe these requirements are essential to our efforts to prevent people from being scammed.

As Senator Collins mentioned, our bill would also give the U.S. Postal Inspection Service the tools it needs to enforce laws that are designed to prevent deceptive mailings. The North Carolina State Attorney General's Office told me recently—told me that currently enforcement is extremely difficult, partly because of what is known as rip and tear. Rip and tear refers to operations that collect as much money as possible in a short period of time and relocate before they are identified, if they are ever identified.

I anticipate that this hearing will illustrate that these types of companies are still in existence and are quite prevalent.

The Postal Inspection Service must be able to have the most effective enforcement tools at its disposal to pursue action against companies it believes are violating our laws. Detecting these companies is further complicated by the fact that they often utilize what are known as mail drops, commercial mail receiving agencies in which individuals or businesses lease post office boxes in order to receive mail and other deliveries. It is very difficult for the Postal Inspection Service to track the real addresses of fraudulent companies that can very quickly open and close post office boxes.

I commend the Postal Service's attempts to issue new regulations that will help expose these fraudulent sweepstakes operators.

As we heard during the course of the March hearings, the four sweepstakes companies I previously mentioned adamantly defended their sweepstakes promotional techniques, saying that they are used to "generate excitement and the possibility of winning" and raise interest in a product.

It is true that sweepstakes is considered a legitimate marketing technique. However, what we find disturbing is the increased willingness of more legitimate companies to engage in practices formally only used by smaller, more deceptive operators. This hearing will also illustrate this problem.

Finally, I am very concerned about the sale of names and addresses of individuals to other sweepstakes companies. Once a sweepstakes company engaging in deceptive practices compiles a list of customers who have purchased from the company, they can sell that list to other sweepstakes companies and telemarketers who may recognize that the list is comprised of particularly vulner-

able people. These companies then flood the individuals on the list with even more misleading mailings and phone calls, enticing them to spend more money in the hopes of winning a prize. It is very important that we continue to educate people about the reality of these promotions and provide them with a simple way of preventing them from reaching their mailbox if they so choose.

Again, I thank Senators Collins and Levin for bringing this serious problem of deceptive sweepstakes mailings to the attention of the Congress and the country.

Thank you, Madam Chairman.

Senator COLLINS. Thank you very much, Senator Edwards.

Ms. Parde, when you were going through some of the exhibits—and I would like to have Exhibit No. 9[1] brought back up—you explained that one of the ways that the smaller operators differ from the large sweepstakes companies is that it is sometimes difficult to figure out exactly what it is that they are selling. And in the case of most of the mailings that you have reviewed, it turns out to be a discount coupon book.

But another problem—and you also point out that the language implies that if you buy the discount coupon book, assuming you can figure out what it is you are buying, that it increases your chances of winning. But isn't another problem with these mailings that it implies that the person has already won? Perhaps you could read us the first three sentences of the mailing that you examined earlier.

Ms. PARDE. Yes, Senator. In the first paragraph, the mailing starts off, "Your name now appears on our winner's list. Unbelievable as it may seem, you have finally won. That's right. There's no mistake about it."

Senator COLLINS. So another problem with these deceptive mailings is that, without qualification, they are telling people that they have won.

Ms. PARDE. Yes, Senator, that is correct. If you actually look at the attachment to this, there is a box for the recipient to check: "I am filing my claim for the cash prize I have already won."

Senator COLLINS. Is that typical of the copy that you have reviewed in the mailings that were sent to us by people across the Nation?

Ms. PARDE. Yes, Senator. This is a sample of one of the techniques that some of these different companies use to deceive the individual into thinking that they have already won the prize, when actually it may have only been a 25-cent check.

Senator COLLINS. The second question I want to ask you about deals with these discount coupon books.[2] I have looked at these two coupon books, and they appear to be identical except for two aspects: One is they are a different color, and the second more important difference is that one of them says that it has over $3,500 worth of money-saving coupons inside; the other one says that it has over $1,000 worth of money-saving coupons inside.

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[1] See Exhibit No. 9 which appears in the Appendix on page 101.
[2] See Exhibits No. 23a and 23b which appear in the Appendix on pages 121–136.

Was the Subcommittee able to determine—were you able to determine why there were different values placed on what appears to be an identical set of coupons?

Ms. PARDE. No, Senator, unfortunately, we were not able to. We attempted to contact the company that actually produces these coupon books, Steppin' Out, which is located in Las Vegas, Nevada, to ask them about that specific issue, the two coupon books that appear to be identical except for the different face amounts. However, the CEO informed us last week that, upon advice of their counsel, they were not going to respond to the Subcommittee's request. We will, of course, be following up on that, and we will let you know.

Senator COLLINS. The Subcommittee investigators were unable, however, to find any differences in the coupons. There were no differences in the products represented or the expiration dates or anything that would explain the different value assigned to the book of coupons. Is that correct?

Ms. PARDE. That is correct, Senator. Even the page layouts are identical in both books.

Senator COLLINS. Thank you. Senator Durbin.

Senator DURBIN. Thank you very much, Ms. Parde.

Let me stick with that line of questioning for a moment there. Do we know the ownership of this Steppin' Out? Do you know the officers involved?

Ms. PARDE. No, sir, unfortunately, we do not have that information at this time. This is something that we will be continuing to pursue, and we will be happy to advise you once we obtain that information.

Senator DURBIN. Do we know how it works? I mean, they send a solicitation to people and say if you return a certain amount of money, you will be given these coupon books for discounts? Is that how it works?

Ms. PARDE. These are the coupon books that many of the promotional mailings that I discussed and that these smaller companies mention in their promotional mailings, this is the redemption packet, the cash savings folio that are mentioned in these promotional mailings. So a promotional mailing will be sent out actually soliciting a purchase for those coupon books for a release honorarium rather than a purchase price. The consumer will then receive——

Senator DURBIN. What do they call it, a release honorarium?

Ms. PARDE. A release honorarium. Yes, Senator.

Senator DURBIN. I wonder what that means. Go ahead.

Ms. PARDE. The consumer will then receive one of these coupon books which has regular coupons in it that can be cut out and redeemed for savings.

Senator DURBIN. And it was your testimony earlier that in order to get $1,000 worth of benefit out of it, you would have to spend a much larger amount of money. Is that not true?

Ms. PARDE. That is correct, Senator. Some of these coupons are for vacations, for example.

Senator DURBIN. You know what I find curious about this. Look at the companies that are in this coupon book: Royal Caribbean Cruise Lines, Avis Rent-a-Car, Celebrity Cruises, Sheraton Hotels, Kodak, AMC, Loewes, GMC, Earl Scheib, Jiffy Lube, Godfather's

Pizza, Swiss Pretzels, and Dunkin' Donuts. In that list are some pretty substantial companies, and I wonder, if we ask these companies, do you know what is happening when you offer these coupon incentives, do you know what solicitations are being made and the companies that are using their coupons? Have we asked?

Ms. PARDE. No, Senator, we have not had an opportunity to ask them, but that is, again, something that we will be following up with in our investigation.

Senator DURBIN. Madam Chairman, I would like to do that. I would like to send a letter to these companies and ask them if they know that they are party to a scam, because, frankly, many of these are reputable companies that we respect across America, and these coupon books are being obviously misused.

The next item that you have presented I would like to ask you about, and that is Exhibit No. 24,[1] and I am trying to figure out what that is all about, this Cash Claim Service. Do you have that before you?

Ms. PARDE. No, Senator, I do not.

Senator DURBIN. It is Exhibit No. 24 in the book of exhibits that we have been given. This was a fascinating little—Cash Claim Service, who are these people?

Ms. PARDE. This is actually from a company operated by Borden Barrows, which I believe the witnesses from the Postal Inspection Service will talk about later. As you can see, they are essentially the same notice for the same amount.

Senator DURBIN. How does their scheme work?

Ms. PARDE. This is not necessarily a sweepstakes. What they are trying to do in this one, Senator, is to entice the individual to return $9.97.

Senator DURBIN. That was $9.97?

Ms. PARDE. Exactly, for a product. The postcard that you receive, it looks like the certified mail receipt that you would receive normally from the post office. This is instead a solicitation where the consumer may see this and think for $9.97 they can obtain their product from the Postal Service as certified mail.

Senator DURBIN. Do you know what is the product involved here?

Ms. PARDE. I don't believe this actually says. Sometimes what these companies do is promote products like jewelry and other trinkets through this type of mailing.

Senator DURBIN. Well, the thing that intrigues me about these—I love this—"All U.S. Government payments are 100 percent guaranteed." I wish that were true, incidentally. They are obviously trying to suggest to whomever receives it that there is some governmental involvement in this redemption of some claim and the like.

Ms. PARDE. I think that is correct, Senator. I think it adds to the overall deception that this is a certificate from the Postal Service for a certified mailing.

Senator DURBIN. Well, I think our postal inspectors will probably get a chance to address that directly.

Let me ask you, like Mr. Kasday I think is going to testify later on, and you talked about the different companies that he is in-

[1] See Exhibit No. 24 which appears in the Appendix on page 137.

volved in, are most of these companies under investigation by States and their attorneys general?

Ms. PARDE. Well, as I mentioned, part of the problem is, because they use so many different trade names, the States may not actually know who the actual operator of the sweepstakes promotion is. So they may be able to stop a mailing under one trade name but never actually figure out the real company sending out the actual mailing itself.

If there are active investigations, we obviously did not want to pursue those and interrupt those investigations.

Senator DURBIN. The use by Mr. Kasday of his niece, Nicole, the college student, was clever, but was it legal for him to list her as the major officer of the company?

Ms. PARDE. We did not see any illegality in setting up a corporation with Nicole as a sole shareholder and officer. It appears to be a legal corporation.

Senator DURBIN. And the use of a signature stamp, for example, would that be legal? Did you find any evidence that it was not?

Ms. PARDE. We didn't actually delve into that and look at the statutes in Nevada, for example, that would apply to the creation of the corporation and the use of her signature stamp. I might point out, though, there may be laws or regulations regarding the use of a signature stamp on things like a mailbox application which has an affidavit at the bottom of the application that the signer is certifying to the facts.

Senator DURBIN. OK. Thank you. Thank you, Madam Chairman.

Senator COLLINS. Senator Edwards.

Senator EDWARDS. Madam Chairman, I think I will reserve my questions for the next panel. I know we have a vote coming up soon.

Senator COLLINS. Thank you, Senator Edwards.

Just a couple of points of clarification on the chart that we have up.[1] As I recall, I received this from a constituent in Washington County, and it was accompanied by a letter that appeared to be saying that the U.S. Government had cash that belonged to the individual that could be redeemed by sending in $9.97.

Now, of course, when we do have situations of unclaimed assets, usually held by State Governments, sometimes inactive bank accounts, there is no charge to redeem or to collect the money that the consumer is owed. So this is an example of a solicitation that is attempting to charge consumers for a service that is provided for free by the government, in this case State Government. But it has certainly been designed to imply that it has been sent by a governmental agency. So I just wanted to clarify that for the record. The Postal Service representative who will be testifying later will go into more detail on this.

Just one final question, Ms. Parde, and that is, it is my understanding the Subcommittee investigators did call a couple of the companies that were listed in the coupon book[2] to see—to try to get a feel for how much the discount was really worth, and it is my understanding that there was a paint company, for example,

[1] See Exhibit No. 24 which appears in the Appendix on page 137.
[2] See Exhibits No. 23a and 23b which appear in the Appendix on pages 121–136.

that was called. Could you explain what you found in your preliminary inquiries?

Ms. PARDE. Certainly, Senator. Our Subcommittee investigators contacted one of the companies listed in that book which advertised a discount on a "Pro-Three" paint job. Now, the discount price was approximately $250 advertised in the coupon book, which was about 50 percent off the normal retail price, according to the coupon.

Now, our investigators actually contacted the paint shop. They were quoted the same $250 as in the discount coupon book. Now, the difference is you don't have to buy the coupon book in order to get that discount.

Senator COLLINS. So, in other words, this was a normal sale price that was available without the coupon, so in this particular case, the coupon brought no additional value. Is that correct?

Ms. PARDE. That is correct, Senator.

Senator COLLINS. We do not know that that is the case with every company listed, but that was the case with this one spot check of the information.

Ms. PARDE. That is correct.

Senator COLLINS. I thank you very much for your testimony.

We do have a vote that is going to begin at 10:30, so we will take a 15-minute recess and reconvene at 10:45.

[Recess.]

Senator COLLINS. The Subcommittee will reconvene. I know that Senator Edwards, Senator Levin, and Senator Durbin are all on their way, but in the interest of time, we are going to proceed.

Our second panel of witnesses this morning includes two members of the promotional mailing industry. Anthony Kasday is the president of Neopolitan Consultants, Inc., and is appearing today pursuant to a Subcommittee subpoena. David Dobin is the president of Lone Star Promotions, Inc.

Pursuant to Rule 6, all witnesses who testify before the Subcommittee must be sworn. It is my understanding that both witnesses are accompanied by counsel. If the counsels intend to testify in any way, you, too, need to stand and be sworn.

At this time I would ask that all the witnesses stand and raise your right hand. Do you swear that the testimony you are about to give to the Subcommittee will be the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. KASDAY. I do.

Mr. DOBIN. I do.

Senator COLLINS. For the record, I would like to have the counsels who are accompanying Mr. Kasday and Mr. Dobin introduce themselves.

Mr. TOMAO. My name is Peter J. Tomao, and I am the attorney for Mr. Dobin.

Mr. BURNS. And my name is John Burns, and I am the attorney for Mr. Kasday.

Senator COLLINS. Thank you very much. Mr. Kasday, I am unclear whether you have an opening statement or not. If you do have an opening statement, you are more than welcome to present it. We have allotted 10 minutes for opening statements by both you

and Mr. Dobin. If you have an opening statement, you are welcome to proceed.

Mr. BURNS. May I respond to that, Madam Chairman?

Senator COLLINS. Well, I would think that Mr. Kasday could respond to whether or not he has an opening statement.

Mr. BURNS. We are waiving the opening statement, but we would like to submit a statement at the end, in a couple of days.[1]

Senator COLLINS. That would be fine, and it will be included in the printed hearing record.

Mr. Dobin, it is my understanding that you do have an opening statement that you would like to give?

Mr. DOBIN. Yes, I do.

Senator COLLINS. I would ask that you limit your opening statement to 10 minutes, and we will put the full written statement into the hearing record. You may proceed.

TESTIMONY OF DAVID DOBIN,[2] PRESIDENT, LONE STAR PROMOTIONS, INC., MERRICK, NEW YORK, ACCOMPANIED BY PETER J. TOMAO, ESQ., GARDEN CITY, NEW YORK

Mr. DOBIN. Thank you. Chairman Collins, Members of the U.S. Senate Permanent Subcommittee on Investigations, I wish to thank the Subcommittee for this opportunity to discuss with you the sweepstakes industry and the proposed legislation to control deceptive mailings.

I am currently president of Lone Star Promotions, Inc., which is engaged in marketing coupon books using sweepstakes promotions. I first entered the direct marketing sweepstakes business in 1992. While I made some mistakes when I first entered the business, since 1994 I have operated my business with close attention to all legal requirements.

I am gratified that the proposed legislation does not seek to outlaw the sweepstakes business. Sweepstakes are enjoyed by many Americans, and I fervently believe that they should be conducted fairly and in conformance with all laws.

As I said, I first entered the direct mail sweepstakes business in 1992. Prior to that I was a partner in a successful automobile leasing business. I became friendly with one of my customers, Jeffrey Novis, who suggested that I go into the sweepstakes business with him. Another of my customers was already in the business and had offered to assist Mr. Novis and myself. We formed Wellsworth Smythe Jewelers, WSJ. In the beginning, we had a third partner, whom Mr. Novis and I subsequently bought out.

We initially planned to sell jewelry by direct mail, as well; however, when our initial efforts were unsuccessful, we decided to focus on the sweepstakes business. We were aided at the time by the decision of another individual to leave the business. We were able to move into his business premises and hire his staff of experienced employees. He remained as a consultant and taught me how to write copy for WSJ's promotional mailings. Our efforts were rewarded with a successful business.

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[1] Statement from Mr. Kasday was not submitted for the record.

[2] The prepared statement of Mr. Dobin appears in the Appendix on page 64.

However, as I said, I made a serious mistake for which I have pled guilty. Our mailings offered expedited processing and handling for an additional fee. While I collected that fee from many customers, I regrettably did not assure that these orders, in fact, were expedited. The postal inspectors searched my business on August 10, 1994, and seized not only our business accounts but my own bank accounts and those of my partner, Mr. Novis.

The postal inspectors' investigation was a shock. We were accused of engaging in various fraudulent activities and misleading representations. These allegations were largely unfounded, but I could not deny that those people who paid for expedited handling did not receive it. So after much reflection and discussion with my family, I decided that I would agree to plead guilty to one count of conspiracy before any charges were filed against me.

At the same time, I hired new counsel, including an attorney who recently became a Federal district court judge. I told my attorneys that since I wanted to stay in the sweepstakes business, I wanted to make sure that we scrupulously followed all the legal requirements. Since the search, I have personally written all of the promotions which we use in our business. I have done my best to assure that they are not misleading. We continue to offer expedited handling, but now I make sure that customers who pay for this service receive it. We have a no-questions-asked refund policy for anyone dissatisfied with either our product or our promotions. We ensure that people who do not want to receive our promotions are removed from our mailing list permanently.

Currently, I am the president and sole shareholder of Lone Star Promotions, Inc. I formed Lone Star in February 1996. After the postal inspectors searched our business in 1994, Mr. Novis and I formed a new corporation called TriStar Promotions, Inc., which we continued to operate together until 1996. I was the vice president of both TriStar and Wellsworth Smythe.

Lone Star is located in the village of Merrick, New York. We employ 12 people and mail approximately 5 million pieces of mail each year using sweepstakes promotions to sell coupon books.

Lone Star's sweepstakes offer prizes in the amounts of $12,000, $10,000, and $5,000. Currently our odds are 1 in 3 million. In other words, for each 3 million mailings, we award one prize. In 1998, Lone Star awarded three prizes. We did not reach the 3 million mark for the $5,000 drawing. Our 1998 winners were: Kim Grace of Holyoke, Massachusetts, to whom Lone Star sent checks totaling $12,000 between December 22, 1997, and June 1, 1998; Donald Martin of Gardena, California, to whom Lone Star sent a check for $12,000 on December 18, 1998; Opal P. Clark of Maryville, Washington, to whom Lone Star sent a check for $10,000 on November 30, 1998.

All of our promotional mailings clearly indicate to the consumer in several places that no purchase is required. I write the copy for Lone Star promotions. I have each new promotion carefully reviewed by Lone Star's attorneys in an effort to ensure that the promotions I mail are not misleading in any way.

In addition, our official rules state the odds of winning in bold type on a separate line. I have tried to make the rules clear and understandable and use readily readable print. I have made

changes over the years to improve the rules in this regard. I also make clear reference to the rules in my promotional copy.

While Lone Star uses a different company name for each of its promotional mailings, we make no effort to hide the fact that Lone Star is the sponsor of these promotions. The name "Lone Star Promotions, Inc." and an address and telephone number at which we can be reached appear at the end of the Official Rules which are part of every mailing. Lone Star duly registers each of its trade names it uses as a "DBA" and reports those names to its banks and the U.S. Postal Service.

Lone Star currently receives responses at post office boxes in three local post offices: Baldwin, Levittown, and Massapequa. They are all right in the same area. We do this to reduce the burden of our mail volume on the individual post offices. Each box is signed for by me as president of Lone Star Promotions, Inc.

I am aware that this Subcommittee is concerned that sweepstakes companies target certain groups such as senior citizens. I am personally responsible for obtaining our mailing lists, and I can tell you unequivocally that Lone Star does not target any age group; rather, we focus our efforts on people who have previously participated in sweepstakes and skills games.

We obtain our mailing lists from list brokers. List brokers purchase lists from sweepstakes companies and others to sell them to other companies. My only specifications to the list broker is that the list should be people who play sweepstakes and skills games. I do not specify any age group and do not believe that the list brokers with whom I deal do so for the lists they sell me.

We generally purchase several lists, which we sent to a company which compiles a single mailing list for us which we refer to as the "computer house." The computer house compiles our mailing list by eliminating any duplicates, as well as the addresses of anyone who has asked that we not send promotions to them or live in States to which we do not mail. This company also selects the winning number for each group of promotions. The computer house provides the pre-selected number to our attorney but not to Lone Star until that group of promotions is complete.

We then send the list to another company, which we refer to as the mailing house. The mailing house personalizes and mails our promotions to those on the list. We generally send two to three mailings to these people. We refer to these initial mailings as "front end" mailings.

When we receive the responses, we sort them into three categories: Those who made purchases, those who did not make purchases, and others.

The names of those people who purchased our coupon booklet are further separated into the group that requested and paid for expedited handling and those who did not. These purchases in both groups are processed and the coupon books are sent out with the appropriate handling. We enclose with the coupon booklets a form letter thanking the customer for the purchase, requesting their comments, and advising them that they have been entered in the sweepstakes and will be notified if they have the matching pre-selected winning number.

Any response that contains any additional correspondence, notations on the processing form, or anything in addition to the form and payment is placed in the "other" category and processed individually by our customer service department.

Complaints and requests for refunds are addressed immediately.

On occasion, we receive orders which make reference to increasing the entrant's chances of winning. In those cases, we return the order and payment to the customer with a letter reminding that customer that no purchase is necessary. Of course, we offer to sell the coupon book if that person still wishes to purchase it.

The names of all the people who return our promotion whether or not they purchase anything are sent to the computer house to compare to the pre-selected number. Since historically only 12 percent of those receiving the promotions return them, the pre-selected number is generally not returned. In such cases, as provided by our official rules, the prize is awarded by a random drawing of all the entries received during the promotion period.

We generally send additional promotions to individuals who make purchases. These promotions, which we refer to as "back ends," also clearly state that no purchase is necessary. Of course, additional entries do increase the entrant's chances of winning. Generally, we send four to five "back end" mailings to each purchaser. If a person purchases again, we send that person another four to five "back ends."

It is important to note that rules clearly state that purchases and expedited processing do not increase the chances of winning.

Lone Star sends out the back-end mailings using its own staff. The back-end mailings are not personalized.

When Lone Star completes a cycle of mailings, which usually takes 4 to 6 weeks, we sell the list. Lone Star does not conduct any market analysis on its lists.

Lone Star sells the list to Heatherwood Associates, Inc., which in turn sells it to a list broker. Heatherwood is wholly owned and operated by my wife. Heatherwood pays Lone Star $5,000 per month for its lists and the use of Lone Star's employees. In addition, I have another company which leases the premises Lone Star uses from its owner and subleases it to Lone Star. Other than these companies, my wife and I and our children do not own any other businesses.

Lone Star also sells the original return forms through a list broker who sells such information to other sweepstakes promoters or telemarketers. After the computer house has processed the return forms and removed all the relevant information, it returns these forms directly to Lone Star. Lone Star removes information regarding the promotion and then offers the forms for sale.

I am aware that this Subcommittee is concerned that sending multiple mailings with different copy for the same sweepstakes contest implies that each promotion involves a different sweepstakes. However, in our case, we respectfully do not believe this is true. We use trade or DBA names to sort our promotions and track results. Each of our promotions lists Lone Star as the corporate sponsor. Our rules clearly state that Lone Star may use different copy and different promotional names in the same contest. Since I do my best to make the rules clear and make reference to them in

the promotional copy, I believe that I should be able to rely on the entrants' reading them.

Similarly, I am aware that this Subcommittee is concerned that subsequent mailings may entice customers to make excessive and unneeded purchases. I expect that Lone Star's back-end mailings will lead to additional sales and the statistics show that a greater percentage of recipients purchase on the back end. However, I do not agree that in the case of Lone Star's customers these purchases are either excessive or unneeded.

Senator COLLINS. Mr. Dobin, your 10 minutes have expired, but if you are close to the end, why don't you take an additional minute or two to conclude your comments?

Mr. DOBIN. Thank you.

Lone Star receives letters from its customers complimenting our product and asking where they could purchase additional coupon books. We also have a policy to give full refunds without question to anyone who asks. I don't know how anyone can complain that Lone Star unfairly enticed them to purchase something they didn't want when we clearly explain what we are selling and readily refund their money if they are dissatisfied.

From my own experience and observations of the sweepstakes business, I believe that the most significant problems in the industry are: Promotional mailings which mislead the recipient into believing he or she has already won; use of facsimile checks; appearance that the government is involved in the sweepstakes; and nonfulfillment. I would like to address each one of these quickly.

Some mailings suggest that the recipient has already won and need only return the form to collect the prize. For example, one promotion which I have seen tells the recipient that all they have to do to collect the prize is return the form and that guarantees that person's status as a winner.

Lone Star's promotional mailings clearly advise the recipient that to win he or she must both have and return the matching pre-selected winning number.

Some mailings also seem to promise that the recipients have won a large prize when, in fact, the prize is minimal, such as $1, and may require that if the winner does not make a purchase, he cannot use the claim form provided but must claim it in a different way, such as by sending a 3-by-5 card to a different address. Needless to say, Lone Star does not engage in this practice or use such statements in its promotional mailings.

Some sweepstakes companies send out documents which look like real negotiable checks. I believe that this is also done to mislead recipients into believing that they have already won. When they discover that the check cannot be cashed, they may conclude that all they have to do is mail in the response form and they will receive the real check which they can cash.

Lone Star does not use facsimile checks.

As many other businesses in all industries, Lone Star uses terms like "American" and "United States" in its promotional mailings. However, some sweepstakes companies go too far through the use of language or official symbols and use promotional mailings which suggest that it is being sent by or with the approval of the U.S. Government. This is wrong and misleading.

I know from my own experience that sweepstakes companies did not send me the product which was offered in their promotional mailing. I know this because either I or an employee filled out a form and paid for the item but never received it. Sweepstakes are a useful tool for selling products and a company using them should fulfill all orders. It is incumbent upon the companies in the sweepstakes business to fulfill all orders, provide refunds, and pay winners. In my opinion, this is something to which the Subcommittee should give close attention.

There is another way in which sweepstakes recipients and sweepstakes companies may be victimized when criminals obtain a promotional mailing and/or a response and convince the recipient that they must pay a payment to obtain the prize. This happened to Lone Star and some of its customers last year. We learned about it when a recipient contacted us and complained that she had paid the fee for a prize but never received it. When I spoke to her myself, I learned that she had received a telephone call from someone pretending to be associated with Lone Star who had told her that she had won the prize. Later she received another call telling her that before the prize money could be given to her, she had to send a check to pay for the taxes. She did but she never received the prize check. She didn't receive it from Lone Star because she had not won. We immediately advised the postal inspectors who initiated an investigation. Subsequently, we received similar complaints which we also referred to the inspectors. I suspect that the people committing these crimes obtained copies of their responses sent in by the recipients perhaps from the leads Lone Star sold through list brokers. To avoid this problem, Lone Star initiated a process of removing information relating to the sweepstakes, such as the claim number, from the lead before it is sold. Prior to receiving these complaints, it had never occurred to us that this information could be used in this way.

This completes my prepared remarks, and I am now available to answer any questions that you may have. Thank you very much.

TESTIMONY OF ANTHONY KASDAY, PRESIDENT, NEOPOLITAN CONSULTANTS, INC., LAS VEGAS, NEVADA, ACCOMPANIED BY JOHN BURNS, ESQ., NEW YORK, NEW YORK

Senator COLLINS. Mr. Kasday, earlier this morning we heard about two firms or two corporations whom you had asked your niece to register. One was the name Mellon, Astor & Fairweather. The second name was Enwood, Pressman & Ingram. Who is Mr. Mellon or Ms. Mellon?

Mr. KASDAY. There is no such person, Senator.

Senator COLLINS. Is there a Mr. Astor or Ms. Astor?

[Mr. Kasday shook his head side to side.]

Senator COLLINS. What about Fairweather?

Mr. KASDAY. No.

Senator COLLINS. What about Enwood?

Mr. KASDAY. No.

Senator COLLINS. Or Pressman?

Mr. KASDAY. No.

Senator COLLINS. Or Ingram?

Mr. KASDAY. No.

Senator COLLINS. So these are completely fictitious names that you made up?

Mr. KASDAY. Yes.

Senator COLLINS. How did you choose these names?

Mr. KASDAY. I don't know how to answer that, Senator. One has to register——

Mr. BURNS. May I consult with him?

[Mr. Burns confers with Mr. Kasday.]

Senator COLLINS. Mr. Kasday.

Mr. KASDAY. I don't know quite how to answer that, Senator.

Senator COLLINS. It sounds to me like the names were chosen because they sound like prestigious accounting firms. It is an impression that is advanced by the copy that is included in the promotional mailing. Let's take a look at one of those. Let's take a look at Exhibit No. 5.[1] And you have an exhibit book at your table if it is easier for you to follow in that regard.

Now, this is a mailing that was sent by Mellon, Astor & Fairweather, which is one of the companies that we have just discussed. If you look at the upper left-hand corner of the mailing, where it says "Trustee of Record," and below it states "Offices of Mellon, Astor & Fairweather," it has an address listed as 736 N. Western Avenue, Suite 620, Lake Forest, Illinois. Do you see that?

Mr. KASDAY. Yes, I do.

Senator COLLINS. Does Mellon, Astor & Fairweather, in fact, have offices at that address?

Mr. KASDAY. It is a Mail Boxes Etc.

Senator COLLINS. So it is not the address of that firm. It is the address of a Mail Boxes Etc.?

Mr. KASDAY. It is the address of record of, I believe, a firm.

Senator COLLINS. But the mailing says that the offices of Mellon, Astor & Fairweather are at that address, and that isn't correct, is it?

Mr. KASDAY. In that context, probably not.

Senator COLLINS. What does it mean when it says that Mellon, Astor & Fairweather is the trustee of record?

Mr. KASDAY. I did not write this copy, Senator. I don't know what was in the mind of the copy writer at the time.

Senator COLLINS. Did you approve the copy?

Mr. KASDAY. I did.

Senator COLLINS. You did approve the copy?

Mr. KASDAY. Yes.

Senator COLLINS. So you were not troubled by the fact that it says that this firm, which is made up of fictitious individuals, is listed as the trustee, which has obviously a legal meaning?

Mr. BURNS. Objection. May I consult with him, Your Honor? We want to—I am sorry. I am calling you "Your Honor," Senator. I have been instructed by my client to try to help you get answers, but I have to consider his privileges, too, and I want to discuss them with him briefly.

[Senator Collins nods head up and down.]

[Mr. Burns confers with Mr. Kasday.]

Mr. BURNS. He may answer.

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[1] See Exhibit No. 5 which appears in the Appendix on page 93.

Mr. KASDAY. I am sorry, Senator. Would you rephrase the question, restate the question?

Senator COLLINS. You had stated that you approved the copy for this promotional mailing.[1] I asked you whether you were concerned about the use of the term "trustee" to describe this fictitious firm.

Mr. KASDAY. No, I was not.

Senator COLLINS. And why were you not concerned about the use of the term "trustee"?

Mr. BURNS. It is at that point that I have to assert his privilege, Your Honor—I am sorry—Senator.

Senator COLLINS. Would you state for the record the specific privilege that you are asserting on behalf of your client?

Mr. BURNS. It is the Fifth Amendment privilege not to be forced to give testimony which tends to incriminate.

Senator COLLINS. Mr. Kasday, will you assert the privilege personally?

Mr. KASDAY. Yes, I wish to take the Fifth Amendment on that question.

Senator COLLINS. Mr. Kasday, let's move to a different part of this mailing. You will notice that there is a seal in the middle of the page on the right-hand side that purports to be that of Mellon, Astor & Fairweather, and right next to the seal—and it is in your book as well—it says "J. Remington Astor, Prize Registrar," and it indicates that Mr. Astor's appointment expires August 29, 2000.

Mr. Kasday, who is J. Remington Astor? And where did you get the seal?

Mr. KASDAY. The seal was an artist's creation, and there is no J. Remington Astor.

Senator COLLINS. I want to show you the same promotion with an enlarged seal from Exhibit No. 5 and right next to it is an enlargement of a notary public seal on the certificate to do business that your other company, Enwood, Pressman & Ingram, filed with the State of Nevada. If you look closely, you will see that the two seals are identical, except that on your promotion MAF has replaced the State of Nevada on the seal, and the notary public's name has been replaced by that of J. Remington Astor. Is that correct?

Mr. KASDAY. I can't tell exactly by the reproduction, but that certainly was not the intention.

Senator COLLINS. Why are you mimicking the seal of a notary public on this publication?

Mr. BURNS. Madam Chairman, may I consult with my client?

Senator COLLINS. You may.

[Mr. Burns confers with Mr. Kasday.]

Mr. BURNS. He may answer.

Mr. KASDAY. I don't know.

Senator COLLINS. Are you trying to imply to the recipients of this promotional mailing that there is a trustee who is holding an award for the lucky consumer?

Mr. BURNS. At this point I do have to assert the same privilege we asserted before.

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[1] See Exhibit No. 5 which appears in the Appendix on page 93.

Senator COLLINS. And, again, I would ask that Mr. Kasday assert the privilege for the record.

Mr. KASDAY. I claim the Fifth Amendment privilege.

Senator COLLINS. I would like you to look at a second promotion from Mellon, Astor & Fairweather, and that is Exhibit No. 6.[1] You will notice that it follows the same kind of pitch as the previous promotion. It once again lists Mellon, Astor & Fairweather as a trustee, and with a big heading, it states, "Revocation Notice," and you inform the recipient that this matter is, "Urgent, Urgent, Urgent."

The promotion then reads, "Dear [Addressee]: I have been instructed by my client to locate a certain [addressee] whose last known address was 1200 Oak Street. If you are this person, our client has authorized us to release your portion of the disbursement fund."

"Our client has requested anonymity, as he wants to remain an anonymous benefactor."

Did you approve the copy of this solicitation?

Mr. KASDAY. Yes, I did.

Senator COLLINS. Did you write it?

Mr. KASDAY. No, I don't believe I wrote this one.

Senator COLLINS. But you did approve the writing that was submitted to you by the copy writer?

Mr. KASDAY. Yes, I did.

Senator COLLINS. Who is the anonymous benefactor?

Mr. KASDAY. I guess technically it could be myself.

Senator COLLINS. Why does this mailing say that the "client has authorized us to release your portion of the disbursement fund"?

Mr. BURNS. May I consult?

Senator COLLINS. Yes.

[Mr. Burns confers with Mr. Kasday.]

Mr. KASDAY. I don't know.

Senator COLLINS. You don't know, yet you approved the copy for this mailing?

Mr. KASDAY. That is correct.

Senator COLLINS. Do you know why it implies that there has been a search for the consumer by saying that the last known—it is listing the last known address?

Mr. KASDAY. As I stated before, Senator, I did not write this particular promotion. I don't know what was in the mind of the copy writer when he wrote it.

Senator COLLINS. But you did approve it, so you were not troubled by the fact that this appears to be misleading?

Mr. KASDAY. I am sorry. I don't consider it misleading.

Senator COLLINS. You don't consider it misleading that it says, "I have been instructed by my client to local [the addressee] whose last known address is 1200 Oak Street. If you are this person, our client has authorized us to release your portion of the disbursement fund"?

Mr. BURNS. May I consult?

Senator COLLINS. Yes.

[Mr. Burns confers with Mr. Kasday.]

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[1] See Exhibit No. 6 which appears in the Appendix on page 97.

Mr. KASDAY. I am not troubled by that, Senator.

Senator COLLINS. The promotion goes on to say that a $10 purchase fee is required for a $3,000 savings voucher folio. Are those the discount coupon books that we discussed earlier?

Mr. KASDAY. Yes.

Senator COLLINS. How much do you pay for the discount coupon books?

Mr. KASDAY. I am not sure of the exact price. I think it is in the neighborhood of somewhere between 30 and 50 cents each.

Senator COLLINS. I would note that in your interview with the Subcommittee staff, you stated that the cost of the coupon books cost between 25 cents and 30 cents.

Mr. KASDAY. That is quite possible. I did not check into the actual price.

Senator COLLINS. I see that my time has expired for this round of questions, so I will next call upon the Subcommittee's Ranking Member, Senator Levin.

Senator LEVIN. Thank you, Madam Chairman.

Mr. Dobin, I would like you to take a look at Exhibits No. 11 and 12.[1]

Mr. DOBIN. Yes, sir.

Senator LEVIN. Are these promotions for the same prize?

Mr. DOBIN. Yes, these are two $10,000 prizes, and they would be for the same prize, yes.

Senator LEVIN. No, these are one $10,000 prize.

Mr. DOBIN. The way we do it is——

Senator COLLINS. Excuse me. Is there one $10,000 prize or two?

Mr. DOBIN. There is one $10,000 prize.

Senator LEVIN. You said these are two $10,000 prizes. Do you want to correct that?

Mr. DOBIN. No, sir. There is one $10,000 prize, but there's two promotions. That encompass—if I could explain?

Senator LEVIN. Because the time is limited, please just answer the questions that I ask of you.

How many different formats did you send out for that same $10,000 prize?

Mr. DOBIN. I am not sure exactly how many I do with the $10,000. I never counted them up.

Senator LEVIN. How many could it be?

Mr. DOBIN. A maximum could be 40.

Senator LEVIN. And how many could one person get?

Mr. DOBIN. In a cycle, they could probably get maybe 20 or 25. I can't say it's impossible for them to get them all if they continue to stay on the mailing lists.

Senator LEVIN. If a person sends in some money and purchases what you called at one point a special benefit, then that is the front end. Is that correct? And then if that purchase is made, you would then send out back-end mailings to that person?

Mr. DOBIN. Well, if I access the name by buying lists——

Senator LEVIN. No, forget how you do it. Someone buys something from you.

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[1] See Exhibits No. 11 and 12 which appear in the Appendix on pages 106 and 107.

Mr. DOBIN. Well, but they could buy it on the back end as well as the front end. Initially, if I get it, it would be from a front-end piece. If they purchased that, then I would go and send them a back end.

Senator LEVIN. And when you send the same person back-end mailings, how many different mailings could that same person get on the back end?

Mr. DOBIN. They could get 5, and if they purchased, they could get as many as 10 more.

Senator LEVIN. So it could be as many as 15 mailings?

Mr. DOBIN. Through the whole cycle of my mailings, they could get 25 or 26 mailings.

Senator LEVIN. And what percentage of your sales are back-end mailings, approximately?

Mr. DOBIN. I have never broken it down.

Senator LEVIN. Would it be a quarter, a half, three-quarters?

Mr. DOBIN. I would be guessing. I could find that information out for the Senator.

Senator LEVIN. All right. Why do you change the format to make it look as though it is a different sweepstakes for each of your mailings to the same person?

Mr. DOBIN. Well, we are trying for different looks. What may work for one person may not work for another.

Senator LEVIN. I am talking about the same person. Why do you send the same person 5, 10, and 15 different mailings for the same prize?

Mr. DOBIN. These people enjoy to play the sweepstakes, and we continue to send them the promotions. They're our customers.

Senator LEVIN. You are not answering my question, though. You are suggesting to that person when you send out a different, totally different sweepstakes item with a different name and a different claim number and a different format and a different company, all names of which you have made up, you are telling that person that these are different prizes. That is the clear impression that anybody reading 5 or 10 different items would get.

Mr. DOBIN. Well——

Senator LEVIN. You are under oath here. Is that not your motive?

Mr. DOBIN. Senator, I put "Lone Star Promotions" on the back of each and every one of my promotions with the same address and the same phone number. Each and every one. I also have a thing in my rules that says that the contest can appear in different graphic presentations. That is not what I do, no.

Senator LEVIN. Yes, but what you also do is tell people in each one of these that they can win $10,000. Isn't that correct?

Mr. DOBIN. They can win $10,000. That is correct.

Senator LEVIN. They can't win more than $10,000, can they?

Mr. DOBIN. On that particular contest, no.

Senator LEVIN. I am talking about that particular contest, even though it has 15 or 20 different sweepstakes offers. They only can win once. Isn't that correct, at the most?

Mr. DOBIN. They can only win once—in that universe.

Senator LEVIN. Yes, in that universe. But like on Exhibits No. 11 and 12,[1] that person receiving that isn't told that. That person is told that he can win on Exhibit No. 11, and then he is told he can win on Exhibit No. 12, is he not?

Mr. DOBIN. If he has and returns the matching pre-selected winning number.

Senator LEVIN. He is told on each of them he can win $10,000——

Mr. DOBIN. That is correct.

Senator LEVIN [continuing]. Is that not true?

Mr. DOBIN. That is true.

Senator LEVIN. And that is a lie, isn't it?

Mr. DOBIN. No, it isn't.

Senator LEVIN. He can't win more than one $10,000, can he?

Mr. DOBIN. But it also says that the more times they enter, the more chances they have of winning.

Senator LEVIN. The first $10,000.

Mr. DOBIN. And it also explains——

Senator LEVIN. Excuse me. Let me ask my questions.

Mr. DOBIN. I'm sorry, sir.

Senator LEVIN. The person is told on the first one he can win $10,000. Isn't that correct?

Mr. DOBIN. Yes.

Senator LEVIN. He is told on the second one he can win $10,000. Is that not correct?

Mr. DOBIN. Yes.

Senator LEVIN. He is told on the third one he can win $10,000. Is that not correct?

Mr. DOBIN. Yes.

Senator LEVIN. If he wins on the first one, he cannot win on the second one. Is that not true?

Mr. DOBIN. Yes. If he wins on the first one, he wouldn't win on the second.

Senator LEVIN. But you don't tell——

Mr. DOBIN. But I'm saying he can——

Senator LEVIN. You don't tell him that on the second. You tell him on the second one he can win $10,000 on that one. You tell him on the third one he can win $10,000 on that one. You tell him on the fourth he can win $10,000 on that one. You tell him on the fifth he can win $10,000 on that one. You tell him on each one he can win $10,000, and all of those but one is a lie.

Mr. DOBIN. I disagree, Senator. You're looking at it not the way it is. You're not looking at what we're saying in the rules and how I'm explaining it to the people. You're taking a point of view, but it isn't the full point of view, I respectfully say.

Senator LEVIN. Will you admit that if the person wins on the first one, he cannot win on the second one? Will you admit that much?

Mr. DOBIN. If he had it in the universe of the three-winner universe——

Senator LEVIN. That is correct.

Mr. DOBIN. He can only win one time.

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[1] See Exhibits No. 11 and 12 which appear in the Appendix on pages 106 and 107.

Senator LEVIN. He cannot win on the second one if he wins on the first one.

Mr. DOBIN. But I'm not saying he won. I'm saying if he has and returns the matching pre-selected winning number, then he will win. My promotions do not say you've won $10,000 and then I don't send another one saying you've won $10,000.

Senator LEVIN. Can he win on each of them?

Mr. DOBIN. He cannot win on each of them, not in the universe.

Senator LEVIN. You have told him on each of them he can win.

Mr. DOBIN. If he has and returns the matching pre-selected winning number.

Senator LEVIN. He can't win on each of them.

Mr. DOBIN. But he may have the pre-selected winning number on the first one and not on the second, or he may get the first one and not have the pre-selected winning number and get it on the second.

Senator LEVIN. Mr. Dobin, he cannot win on each of them.

Mr. DOBIN. That is correct.

Senator LEVIN. He is told on each of them he can win.

Mr. DOBIN. He can win. That's correct.

Senator LEVIN. He can't win on each of them, you've just told us under oath.

Mr. DOBIN. I disagree, sir.

Senator LEVIN. No. You just told us he cannot win on each of them.

Mr. DOBIN. He cannot win on each of them.

Senator LEVIN. You tell him on each of them he can win.

Mr. DOBIN. But he's been assigned a claim number. If I send him 10 and one of those has the winning number, obviously he can only win one time.

Senator LEVIN. Let's go through two simple questions.

Mr. DOBIN. Yes, sir.

Senator LEVIN. He cannot win on each of them, can he?

Mr. TOMAO. May I consult with my client?

[Mr. Tomao confers with Mr. Dobin.]

Mr. DOBIN. OK. His odds of winning, no matter how many he gets, are still 1 in 3 million.

Senator LEVIN. Now let me try my question. Is it not true that he cannot win on each of them?

Mr. DOBIN. In the same universe, he cannot win on each of them. That's correct.

Senator LEVIN. But he is told in each of them he can win. Is that not true?

Mr. DOBIN. That he can win, that is true.

Senator LEVIN. Therefore, he is told a lie in all but one.

Mr. DOBIN. I don't see it as a lie, Senator.

Senator LEVIN. Therefore, it's deceptive. It is highly deceptive——

Mr. DOBIN. I disagree——

Senator LEVIN [continuing]. What you were doing, and we will check with the postal folks because they are going to be up here, again, and be answering questions for the record.

Mr. Dobin, this is fundamentally a tissue of lies. It is a fabric of lies. And what you are doing—and I think you are doing it purposely, is that you are sending out 5, 10, 15, and 20 different-look-

ing offers so that people will believe that they are entering different sweepstakes. And if that were not your motive, you would send them the same format over and over and over again. I believe it is deceptive. The thing you pled guilty to, the information that you pled guilty to, by the way, sets forth almost exactly that same set of circumstances, that you sent different sweepstakes offers for the same prize to the same person, that it looks different, has different claim numbers. That was all set forth in the information to which you pled guilty.

After you pled guilty, you then formed Lone Star and continued that same pattern. I believe it should be stopped. I think under current law it is illegal. If it isn't—and we will check with our U.S. Attorneys General and our postal people on this—it ought to be illegal because it is so fundamentally deceptive what you are doing here. And I will tell you that straight up. I will look you in the eye and tell you that. It is shameful to me what you are doing. You are taking advantage of vulnerable people, gullible people, over and over and over again up to 25 times, your so-called back-end mailings. I don't know that you get it. I don't believe you do, but I do hope that if the U.S. Attorneys General, or the Justice Department informs this Subcommittee that what you do is not already illegal under law, as I believe it is, well, then, I do hope that the Congress will very promptly make it illegal because this is wrong. What you are doing is wrong and is a lottery. I believe it is very clearly a lottery. I think it is deceptive to boot. And I hope we can put you out of business.

Thank you, Madam Chairman.

Senator COLLINS. Senator Durbin.

Senator DURBIN. Thank you, Madam Chairman.

Mr. Dobin, you have been involved in coupon book promotions that we discussed earlier in the hearing.[1] Is that not correct?

Mr. DOBIN. Yes, sir.

Senator DURBIN. Was Steppin' Out one of your products?

Mr. DOBIN. Yes.

Senator DURBIN. It is. Well, good, that makes this easier. How did you happen to lure Avis Rent-a-Car, Sheraton Hotels, Kodak, Earl Scheib, Jiffy Lube, Godfather's Pizza, Swiss Pretzels, and Dunkin' Donuts into your business?

Mr. DOBIN. Well, I don't own Steppin' Out. I purchase the books from Steppin' Out. How they do that I'm really not sure. I just know that those companies are in the book because that is the reason I like to offer the book for sale.

Senator DURBIN. Are they paid in order to be able to use their corporate trade names in the book?

Mr. DOBIN. That I have no idea about.

Senator DURBIN. So what is the name of the company—Steppin' Out is a separate company, is it?

Mr. DOBIN. Steppin' Out, yes, sir.

Senator DURBIN. And where is Steppin' Out located?

Mr. DOBIN. They're in Las Vegas.

Senator DURBIN. In Las Vegas. Well, I want to pursue this because, frankly, I don't know if these major companies know that

[1] See Exhibit No. 23a and 23b which appear in the Appendix on pages 121–136.

they are complicitous in what is going on here. But I think they ought to have an opportunity to come and tell us how they make a decision about whether or not Dunkin' Donuts will offer you three extra muffins if you buy three in one of these little mailings here. I think that is a legitimate question, and I would like to have an answer to it at some point.

Let me follow this a little further. I want to try to figure out for a moment here the mailing business that you are in, why you decided to get in it. Clearly, it is profitable. But at one point in your testimony you said you mail about 5 million pieces a year. Is that all your businesses together?

Mr. DOBIN. Yes, sir.

Senator DURBIN. OK, 5 million pieces a year.

Mr. DOBIN. I only have the one business.

Senator DURBIN. Lone Star?

Mr. DOBIN. Yes, sir.

Senator DURBIN. OK. Five million pieces. What is the return rate?

Mr. DOBIN. Out of every hundred I mail out, approximating, I get 12 promotions back. So 88 out of 100 don't respond to me.

Senator DURBIN. That is a 12 percent return. Now, you have a box on some of them that says you don't have to send any money back, just return it if you want to. So out of the 12 percent return, how many come back with money in the envelope?

Mr. DOBIN. Between 4.5 and 5 percent.

Senator DURBIN. About 5 percent. And so what would you gross from 5 million mailings? What would be a good number to work with in terms of anticipated gross if 5 percent are returning the $10 or whatever it happens to be?

Mr. TOMAO. Can we just have a moment?

Senator DURBIN. Sure.

[Mr. Tomao confers with Mr. Dobin.]

Senator DURBIN. I think 5 percent of 5 million is 250,000. Does anybody in the audience want to jump in? Does that sound right?

Mr. DOBIN. Yes, just about.

Senator DURBIN. Two hundred and fifty thousand returns coming back, each one of them with $10. Is that what you are asking——

Mr. DOBIN. It doesn't come out that way, though. That's what we're going to try to find for you.

Mr. TOMAO. One second.

[Mr. Tomao confers with Mr. Dobin.]

Mr. DOBIN. Once again, we're using an approximation, but that should be very close to what it would be.

Senator DURBIN. Well, let's try this. Five percent of 5 million is 250,000. If you get $10 a return, you get $2.5 million gross revenue coming back.

Mr. DOBIN. Yes, sir.

Senator DURBIN. You keep an office open, you are paying 12 employees, and you decided that every year you want to give out of that $2.5 million $34,000 in prizes.

Mr. DOBIN. Yes, sir.

Senator DURBIN. Is that right? Would 1998 reflect that is about how it works?

Mr. DOBIN. That's about it, yes.

Senator DURBIN. So this is a pretty profitable undertaking.

Mr. DOBIN. Well, we have—there are a number of costs in there, also, printing and mail. The post office bill is over $1 million a year and things like that. But it's profitable, yes, sir.

Senator DURBIN. It clearly is.

Let me ask you, Mr. Kasday, what percentage of the replies that come back from your mailings have no cash inside, just send it back and check off the box that says, yes, I want to be in the contest but, no, you can't have any money?

Mr. KASDAY. I'm not sure of the exact number, Senator. I can only guess. I'd say about 7 or 8 percent.

Senator DURBIN. Seven or 8 percent. And how many mailings come back with money in the envelope?

Mr. KASDAY. Between 5 and 6 percent.

Senator DURBIN. Pretty close to what Mr. Dobin testified to.

Mr. KASDAY. Yes.

Senator DURBIN. Kind of an industry standard on sweepstakes, it sounds like——

Mr. KASDAY. Yes.

Senator DURBIN [continuing]. Moving in that direction. Where do you get your mailing lists, Mr. Kasday?

Mr. KASDAY. We rent them.

Senator DURBIN. Rent them from?

Mr. KASDAY. From list management companies.

Senator DURBIN. Is there a major company that does list management?

Mr. KASDAY. Well, there are many.

Senator DURBIN. Can you give us the names of the largest ones?

Mr. KASDAY. Well, we rent our names primarily through Walter Carl.

Senator DURBIN. Based in what city?

Mr. KASDAY. They're in a small town in New York. New City, I think, but I wouldn't swear to it.

Senator DURBIN. Any other major sources?

Mr. KASDAY. Yes. I'm trying to think of a couple other names. Nothing is popping into my head right now.

Senator DURBIN. Well, Mr. Dobin, how about yourself? Where do you turn to for lists of people to mail these to?

Mr. DOBIN. I use a list broker called Saavoy, and they're located in New Jersey.

Senator DURBIN. And when you made your request to them for lists to use, what kind of criteria do you tell them: Here is what I'm looking for, don't send me people who are part of a garden club, that isn't what I'm doing here; I'm trying to find people who will send me 10 bucks if I send them an enticing offer. What do you tell your mailing list source?

Mr. DOBIN. Basically the lists that I use are either people that have played sweepstakes or skills games.

Senator DURBIN. So are you looking for those who have already done that or who are likely to do that, or both?

Mr. DOBIN. Really, both.

Senator DURBIN. Both. And it's our impression here, from letters that I get in my office, and I think Senator Collins might say the same, that some of the saddest and most tragic stories—and I have

seen references from attorneys general in the States to back it up—are elderly folks who get to a point in life where they are so easily misled that they are sending money hand over fist. So do you have any policy to keep names off the list of certain age groups or to include certain age groups on lists?

Mr. DOBIN. I don't discriminate as far as age is concerned. I do agree that that can be a problem. How to stop that from being a problem, that I don't know. What I do is any letter that I get that says—and I've gotten them from people—my father spent $50, my father spent $100, whatever it is, we immediately refund it. We don't ask for the book back or anything else, and we immediately take them off our list.

Also, if they request to be taken off the list, they're taken off the list as well.

Senator DURBIN. Out of the 5 million mailings a year, how many such requests do you get to have a name taken off the list?

Mr. DOBIN. It's a very small percentage, but we do get—I could give you that exactly.

Senator DURBIN. More than 100?

Mr. DOBIN. More than 100, but not a whole lot more, I don't believe.

Senator DURBIN. Out of 5 million?

Mr. DOBIN. Yes.

Senator DURBIN. Mr. Kasday, how about your own business? I mean, when you are looking for these mailing lists, do you have any standards that you use saying, listen, I don't want to take advantage of people over a certain age, so please don't send me their names? Do you cull it out and say I want to look for folks who would respond positively but not in certain categories?

Mr. KASDAY. We never do age selects, Senator, and we look for people who are experienced in sweepstakes or contests.

Senator DURBIN. I am asking from the other perspective. You don't do age selects, but do you tell your mailing list source, listen, don't send me folks who are over a certain age, we know that they are more vulnerable and by our experience we have heard about this? Is that part of your business?

Mr. KASDAY. Senator, I don't believe that most mailing lists are divided by age, so I'm not even sure if the list owner knows what the age of their constituents are.

Senator DURBIN. And when you say that you are soliciting those who have played sweepstakes, I guess there is a universe of mailing list source that you all traffic in, once you've gotten responses from 12 percent of—now we are going to do some more calculation here—5 million, so you have—stick with me—600,000 people who have responded. Do you then sell that list, Mr. Dobin, to others? Is that part of your business, too?

Mr. DOBIN. The lists are broken down two ways, buyers and nonbuyers. OK?

Senator DURBIN. Those who send money and then those who don't?

Mr. DOBIN. That's correct. And we sell the list of the buyers. Some people have asked for the other list, but very rarely.

Senator DURBIN. So that 250,000-name list is something that you then have as an asset that you can turn around and sell?

Mr. DOBIN. Yes, sir.

Senator DURBIN. Mr. Kasday, same experience?

Mr. KASDAY. Yes, sir.

Senator DURBIN. Let me just ask, in terms of investigations—I know, Mr. Dobin, you have testified that you have been involved in some investigation by authorities. How many different States are actively investigating your mailings at this point? Do you know?

Mr. TOMAO. One moment.

[Mr. Tomao confers with Mr. Dobin.]

Mr. DOBIN. We receive attorney general letters from time to time—which I have my attorney take care of. Right now there is one pending in Illinois.

Senator DURBIN. And any other State?

Mr. DOBIN. That is all, sir.

Senator DURBIN. That is the only one?

Mr. DOBIN. Yes, sir.

Senator DURBIN. OK. Mr. Kasday, how about yourself? How many different State Attorneys General or consumer protection agencies in those States are currently investigating your mailings?

Mr. KASDAY. I'm not aware of any attorney general investigations.

Senator DURBIN. How about other State agencies or local agencies?

Mr. KASDAY. I don't quite know how to answer that because consumer protection agencies, we may get a letter from time to time—which is answered. I don't know if that's considered an investigation.

Senator DURBIN. Well, but you would certainly understand a subpoena.

Mr. KASDAY. Yes, sir.

Senator DURBIN. And if a State, like Illinois, Missouri, Maine, or whatever it might be, decided to subpoena information from you, you would be aware of that. Has that happened to you in the course of your business?

Mr. KASDAY. Not to my recollection. Any business that I've owned, we've never—I don't believe we've ever been subpoenaed.

Senator DURBIN. One of the points made earlier by the investigator, Ms. Parde, is the fact that you operate under so many different names and appear to be changing addresses and moving. Is there a design, a strategy here to stay as elusive as possible, not to be pinned down? Reader's Digest, for example, came in in the first round here, and they kind of stick with the name. But you seem to—you have a pretty creative sense here when it comes to J. Remington Astor—is it?—J. Barrister Tipton, whatever you came up with there. Is it your idea that, you know, to be kind of quick on your feet so that they can't catch up with you?

Mr. KASDAY. Not at all, sir.

Senator DURBIN. Well, why do you keep operating under so many different names?

Mr. KASDAY. Well, we don't, really. There's three different companies currently operating, and there's the same name, and we'll remain the same name.

Senator DURBIN. The one that sounds—or the two that sound like Main Line law firms or accounting firms are the ones that you continue to operate under?

Mr. KASDAY. I don't believe that they sound like Main Line law firms or accounting firms. As a matter of fact, we put on our literature "not a law firm."

Senator DURBIN. I noticed that in very small print at the bottom of the letter.

Let me see if I can clarify this for the record. The Lustigman firm, is that representing—Mr. Kasday, has that represented you?

Mr. KASDAY. No. Mr. Burns represents me.

Senator DURBIN. OK.

Mr. KASDAY. But we have used the Lustigman firm from time to time.

Senator DURBIN. There was a question asked of them on July 6, 1999, in reference to some of your companies. Please provide a total of the attorney general's letters received. Enwood, Pressman & Ingram received 28 inquiries in 1999; Mellon, Astor, 7.

Mr. KASDAY. I believe that is correct.

Senator DURBIN. OK. So when I asked earlier if there were letters of investigation or investigations underway, this would be more reflective, would it not? Or is your firm wrong in saying that?

Mr. KASDAY. I don't consider those investigations. Usually they're just asking for information or they're responding to a letter from one of their constituents. I presumed you were talking about an active investigation.

Senator DURBIN. So if they would write to you and say we've received a complaint from someone living in this State, they want to be taken off your list, for example, they don't want to be solicited anymore, you think Lustigman's referring to that sort of thing?

Mr. KASDAY. I believe so. If that happens, we take them off the list, and we respond to the——

Senator DURBIN. And when you turn around and sell that list, again, is their name on it?

Mr. KASDAY. The name is off it.

Senator DURBIN. The name is off.

Mr. KASDAY. Off the list. It's out of the computer.

Well, when I say out of the computer, it's in a permanent—what we call a kill file that we don't mail to, and we don't rent those names.

Senator DURBIN. I have run out of time here. I was going to try and delve into how you made your career choices here. I wanted to try to get an idea of how you decided to get into this business. But I don't have time. Madam Chair? Well let me find out.

Mr. Kasday, how did you decide to get into this business?

Mr. KASDAY. It was a long, long time ago, Senator, and it was purely a fluke. It's a long story if you want to hear it.

Senator DURBIN. Give me the short version.

Mr. KASDAY. All right. I think it was about 28 years ago. Someone I knew who was a bridge player was very friendly with another bridge player who owned an advertising agency. He was looking for a business to get into because he didn't like what he was doing. She suggested the contest business. And he was rather inexperi-

enced, and he approached me and said, Would you like to form a partnership? It sounded interesting, I examined it, and that was it.

Senator DURBIN. And your background before that, what had you done?

Mr. KASDAY. I've done a little bit of everything. I've been in sales. I owned with my wife a duplicate bridge club in Los Angeles. Nothing related to this field.

Senator DURBIN. Mr. Dobin, how about yourself? How did you happen to get in this business?

Mr. DOBIN. I had a customer of mine when I was in the automobile leasing business named Jeff Novis who was interested in getting into the business, and I knew another guy who was in the business. And I liked it. I thought that the hours were good, and I thought that it was a business that—I like to write and things like that. I thought it was a good business to go into, run properly.

Senator DURBIN. Well, if you can gross $2.5 million and pay out $34,000, it does sound like a pretty decent business to get into.

Mr. DOBIN. I don't get that in my pocket, unfortunately.

Senator DURBIN. Thank you very much. Thank you, Madam Chair.

Senator COLLINS. Thank you, Senator Durbin.

Mr. Dobin, I'd like to ask you some questions about Exhibit No. 14,[1] if you could turn to that and if we could have the chart put up. Now, it is my understanding that this is one of Lone Star's promotions that uses the trading name of Darwin American Selection Services. Is that correct? It's one of your promotional mailings?

Mr. DOBIN. Yes, it is.

Senator COLLINS. In the middle of the mailing in red are the words "Guaranteed Prize Payout $5,000.00 CASH."

Mr. DOBIN. Yes.

Senator COLLINS. You see those words?

Mr. DOBIN. Yes, Senator.

Senator COLLINS. Have you paid out the $5,000 in cash that is the guaranteed prize payout?

Mr. DOBIN. Not yet.

Senator COLLINS. Why haven't you paid out the amount that is promised by this mailing?

Mr. DOBIN. Well, what happened was we selected a winning number in a range of 1 to 3 million, like we do for all our other promotions. But I don't send out that many $5,000 solicitations. We wanted to do a test on $5,000. Of course, once it's out and we've already picked the number, we sort of got caught between and betwixt. We realized it was going to take longer to reach that 3 millionth name than we anticipated.

Now, it does say in our rules that we're allowed to extend the deadline, and we should be awarding this prize within the next couple of months. But as of yet, we haven't done that.

Now, what I'm going to do is change the rules, and that's completely unrelated to this Subcommittee meeting, and we were going to do this a long time ago because we realized it was taking too long to get to that number. We're probably going to drop the odds to maybe 2 or 1.5 million.

[1] See Exhibit No. 14 which appears in the Appendix on page 110.

Senator COLLINS. On the back of the mailing, it clearly states, "The prize will be awarded"—this is the $5,000 cash prize—"on or about December 15, 1998."

Mr. DOBIN. Yes.

Senator COLLINS. That is 7 months ago.

Mr. DOBIN. Yes.

Senator COLLINS. Can you show me where on this mailing it says that the prize will not be awarded if you don't send out 3 million solicitations?

Mr. DOBIN. Yes. Where it says in the sentence, "To enter without receiving special premium, after 1998, sponsor reserves the right to extend the deadline."

Senator COLLINS. It says it reserves the right to extend the deadline. It does not say that you are not going to award the prize.

Mr. DOBIN. Oh, we are going to award the prize, but it's got to be in the 1 to 3 million numbers, because, see, I don't——

Senator COLLINS. Aren't you controlling the number of solicitations that are sent out? Aren't you the one who determines whether you get to 3 million?

Mr. DOBIN. Yes, I do determine that.

Senator COLLINS. So if you wanted to meet the deadline that is listed in here of December 15, 1998, all you had to do was to send out 3 million solicitations by that date. Is that not correct?

Mr. DOBIN. Well, it's not so easy to get 3 million names sometimes to mail out. But our intention was not to deceive in any way, shape, or form. But what did happen—see, we pick a winning number. We don't know what it is. It goes to the attorney. When I say "we," my computer house picks a winning number. He sends it to my attorney. I have no idea what the winning number is. If I were allowed to ask what the winning number was and it was in the universe that I'd already mailed out, I would have paid that winner. But I couldn't do that.

Now, I may send some of these out——

Senator COLLINS. Mr. Dobin, you're the one who determines whether or not 3 million solicitations are sent. Is that not correct?

Mr. DOBIN. That is correct, yes.

Senator COLLINS. And you have told the contestants, the people who are entering your contest, that the prize will be awarded on or about December 15, 1998. Is that correct?

Mr. DOBIN. That's correct.

Senator COLLINS. And yet you did not award the $5,000 prize on or about December 15, 1998. Is that correct?

Mr. DOBIN. That is correct. But we also do say that the sponsor reserves the right to extend the deadline in these type of circumstances.

Senator COLLINS. Do you have the right to extend it indefinitely?

Mr. DOBIN. Well, my purpose is not to extend it indefinitely. My purpose is to pay the $5,000 when the 3 million names come in.

Senator COLLINS. But you are the one who controls when the 3 million figure is reached.

Mr. DOBIN. Well, but you're asking—you're saying am I trying not to pay the winners, then you would be right, I'd be a bad guy. That's not what I'm trying to do. You know, my word, I mean, we do it on 3 million names.

Senator COLLINS. Then why don't you put in for your deadline the date by which you are going to reach the 3 million solicitation mark?

Mr. DOBIN. Well, we try to guesstimate it as best we can. Unfortunately, with the $5,000 prize, it was the first time we offered a $5,000 prize. I didn't realize it was going out in such small quantities. When I did and I started to increase the mail-out, it extended beyond December 1998. It's really as simple as that.

Senator COLLINS. Well, I don't think it is simple at all. I think it is highly misleading to tell consumers that a prize will be awarded on or about December 15, 1998, and then 7 months later still not to have awarded the prize. I think that is very misleading. But let me ask you another question.

Why is this mailing void in Indiana?

Mr. DOBIN. There are certain States which, from my understanding, sweepstakes companies do not mail into all of them. I've never really looked into why. I just know there are certain States that we do not mail into, and that's one of them.

Senator COLLINS. Is that the same reason you say this is void in Connecticut, Minnesota, Louisiana, Florida, and Kansas?

Mr. DOBIN. Yes, I think it's illegal to mail into those States.

Senator COLLINS. None of these States have prohibitions against sweepstakes per se. Is it that their laws would prohibit the kind of deceptive sweepstakes that you are sending out?

Mr. DOBIN. I thought that they had laws that prohibited that. I was wrong. That's the reason.

[Mr. Tomao consults with Mr. Dobin.]

Mr. DOBIN. Also, Senator, we don't consider our pieces to be deceptive.

Senator COLLINS. Well, I think that is something that we obviously have a profound disagreement on. I have no further questions for this panel. We may be submitting some additional written questions from myself and other Members of the Subcommittee for you to respond to. You will have 30 days to respond to those questions. You are excused.

Mr. TOMAO. Excuse me, Senator? May we also have the right to submit additional comments as you offered to Mr. Kasday at the beginning of the session?

Senator COLLINS. You may.

Mr. TOMAO. Thank you, Senator.

Senator COLLINS. I would now like to call our final panel of witnesses this morning. I want to welcome Kenneth J. Hunter and Robert G. DeMuro from the U.S. Postal Inspection Service. Mr. Hunter is the Chief Postal Inspector, and Mr. DeMuro is an Inspector Attorney. They will discuss some of the cases that the Postal Inspection Service has pursued recently and what, if any, new enforcement authorities are needed to help them effectively combat deceptive mailings.

Pursuant to Rule 6, all witnesses are required to be sworn, so I will ask that you stand and raise your right hand. Do you swear that the testimony you are about to give to the Subcommittee is the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. HUNTER. I do.

Mr. DEMURO. I do.

Senator COLLINS. Thank you.

Mr. Hunter, I am going to ask you to begin, and you will have 10 minutes for your prepared testimony.

TESTIMONY OF KENNETH J. HUNTER,[1] CHIEF POSTAL INSPECTOR U.S. POSTAL INSPECTION SERVICE, AND ROBERT G. DEMURO,[1] U.S. POSTAL INSPECTOR ATTORNEY, U.S. POSTAL INSPECTION SERVICE

Mr. HUNTER. Good morning, Chairman. As you said, I am Ken Hunter, Chief Postal Inspector, and accompanying me today is Postal Inspector/Attorney Bob DeMuro from Newark, New Jersey. We appreciate this opportunity to appear before your Subcommittee to discuss sweepstakes and government look-alike mailings. I want to thank you, Senator Levin, Senator Cochran, and Senator Edwards for the work that all of you have done to develop legislation to provide additional protections for consumers. We, too, are concerned that the adverse impact deceptive promotions can have is significant. I have submitted more detailed written testimony for the record and will simply summarize its main points today.

For over 200 years, the Postal Inspection Service has been protecting postal employees, the mails, and postal facilities from criminal attack and protecting businesses and consumers from being victimized by fraudulent schemes and other crimes involving the use of the mails.

Congress initially created the Nation's mail service to maintain a reliable, efficient, affordable, and secure means of communication. A recent Harris poll affirms that the American public feels significantly more confident about the security of the mail than telephones, fax, or Internet.

Inspection Service employees are dedicated to preventing unscrupulous promoters from damaging public confidence in the U.S. mail. The Postal Inspection Service is not opposed to sweepstakes in general. They can be lawful, non-deceptive marketing programs. However, any sweepstakes promotion that does not clearly represent the true nature of the offer it is making in an effort to deceive and prey upon citizens deserves to be penalized.

Thanks to the attention you and Senator Levin have drawn to this problem, we are all now more aware of the heartbreaking stories of citizens, many of them elderly, who have invested their fortunes in deceptive and sometimes fraudulent sweepstakes promotions, receiving virtually nothing of value in return. This is a disgrace.

Unfortunately, the statutes that most readily address fraudulent and deceptive promotions are not adequate and provide little incentive for the operators to quit their promotions.

One of our best-known remedies to address fraudulent schemes that utilize the mail is the criminal mail fraud statute. During the past fiscal year, 1,339 investigations were initiated by postal inspectors regarding possible mail fraud violations. We obtained 1,278 convictions resulting in prison sentences, fines in excess of

[1] The prepared combined statement of Mr. Hunter and Mr. DeMuro appears in the Appendix on page 75.

$11.9 million, and court-ordered and voluntary restitution of over $311 million.

Prosecuting fraudulent promoters under criminal statutes often occurs only after damage has been done to the victims. Additionally, many of the promotions that we address skirt the elements of guilty knowledge and criminal intent which are necessary to prove violations and sustain convictions under Federal and State criminal statutes.

Most often, we address these activities under current civil mailability statutes in an attempt to stop the schemes and limit the number of victims. What often happens is that our actions deny promoters the fruits of their schemes—incoming mail containing money—and diminishes the likelihood of criminal prosecution due to the fact that we stem the victims' losses.

This would be an acceptable situation if promoters were influenced to discontinue the operation of their deceptive promotions. Unfortunately, as you know, this is not the case.

Current civil statutes concerning fraudulent promotions have been utilized by us to reduce victim losses related to a particular scheme. However, it is too easy for the promoter to set up new addresses and continue the scheme or start a new scheme.

What is missing are possible sanctions that make promoters who have been shut down think twice before resuming business as usual.

We remain committed to protecting consumers through any means available. However, it is time to quit trying to explain why our effectiveness is limited by weaknesses in the existing laws. As you have demonstrated, there is overwhelming evidence that people are misled by language allowed by the existing statutes. We need clear and unambiguous legislation to protect both consumers and businesses from deceptive promotions.

We wholeheartedly support S. 335, which we believe will greatly enhance our ability to conduct investigations, shut deceptive promotions down, and decrease the likelihood of a promoter's recidivism. Provisions that you have included in the legislation will allow multi-district temporary restraining orders, establish significant civil penalties for mailing deceptive promotions or evading stop orders, and grant limited administrative subpoena authority to the Inspection Service for production of records relevant to the investigations. These provisions are key to more effective enforcement efforts.

Also, the legislation will establish for the first time specific guidelines for solicitations involving sweepstakes, games of skill, and facsimile checks. In addition, government look-alike provisions will be better defined.

While I am proud of our success in conventional law enforcement efforts, I am also convinced that arrests, convictions, and civil judgments are only part of the way to effectively deal with consumer fraud. The results of these efforts may only come after the victims have lost their money and the con artists have spent it.

For this reason, we have been working closely with consumer groups and industry to develop fraud prevention strategies and share best practices. These efforts have produced dramatic results in the areas we have targeted. Last September, while testifying be-

fore the Subcommittee on International Security, Proliferation, and Federal Services, I announced that the Inspection Service had joined with the National Council of Better Business Bureaus to make a vision we share a reality. Assisted by other consumer and government agencies, including AARP, the Department of Justice, the Federal Trade Commission, and the Federal Bureau of Investigation, we plan to launch perhaps the most ambitious fraud prevention initiative ever undertaken, Project kNOw Fraud.

In October, we will mail to every home in America a card containing valuable fraud prevention tips and providing a toll-free number to call and an address to write for information. Also, there will be a dedicated web site which links to the participating agencies and organizations, and an informational video is being produced which will be available through 16,000 public libraries and on the website.

Senator the only way to reach everyone in this great country is through the mail, and that is what we intend to do.

Now, this card is being designed to be displayed by the phone as a reference and prevention tool in hopes of helping citizens make informed decisions regarding mail and telemarketing solicitations and to help them avoid becoming victims of fraud. Of course, I would much prefer that they not ever receive those offers that this education is necessary for. And in that regard, I applaud you for the bipartisan effort that you are leading on this bill and certainly commend you for holding this series of hearings.

We very much appreciate your interest in protecting the American public. We believe your bill is the most comprehensive legislation to date that relates to fraudulent and deceptive mailings. I assure you that the Postal Inspection Service will continue to combine aggressive investigations and widespread public awareness campaigns to rid the mail of fraudulent schemes. The American public's confidence in the mail is not only important to the Postal Service, but also to the millions of businesses that rely on the mail as an important communications and marketing tool.

At this time, as you have requested, I would like to ask Postal Inspector Attorney Bob DeMuro to discuss a few examples of sweepstakes and government look-alike schemes that we have investigated. Thank you very much.

Senator COLLINS. Thank you very much, Mr. Hunter.

Mr. DeMuro.

Mr. DEMURO. Thank you, Senator. I would like to thank the Subcommittee for this opportunity to address them concerning S. 335, the Deceptive Mail Prevention and Enforcement Act. The proposed legislation would enhance the Inspection Service's efforts in combating deceptive mail practices that are plaguing American consumers. Several aspects——

Senator COLLINS. Excuse me for interrupting. Could you move the mike just a little bit closer to you? They are very directional, so you have to speak right into them. Thank you.

Mr. DEMURO. I would like to illustrate some provisions of the proposed legislation with current and past investigation cases of how your legislation would have been very helpful to us.

With respect to multi-district TRO authority, in the current investigation of Eagle Promotions, it was determined that after we

filed for a TRO in New Jersey and that the promoter, James Bierman, was operating in 13 different trade styles, we discovered that he was also operating out of New York with a different corporation and in four different solicitations with different trade styles. Had we had multi-district TRO authority, the TRO we received in New Jersey would have impacted on the New York operation.

Typically, promoters do use multiple addresses, multiple trade names, as testified earlier. In a previous case, a person by the name of Borden Barrows operated four different sweepstakes promotions in four States under three different names. Now, again, if we had the TRO authority for multi-district filing, if we were to have that authority, we could stop the future Barrows from operating with only one filing. This would promote judicial economy and it would help us to protect consumers better.

With regard to Mr. Barrows, interestingly, when we approached him in 1993 in New York City, Mr. Barrows closed up shop, failed to award the prize, which was cash or a car, and moved on. He set up shop sometime later in Massachusetts. Again, postal inspectors approached him. Once approached, he closed up shop, failed to award the prize, which was cash and a car, and moved on.

He then surfaced in Florida, again, incorporating under new corporations using new trade styles, and this time he started to solicit the public with a solicitation called Cash Claim Service and National Cash Distribution Bureau. The solicitation was a delivery notice. It represented that the U.S. Government was holding money for the addressee. Barrows had set up CMRA, commercial mail receiving agencies, addresses in Arizona, New York City, Washington State, Washington, DC, White Plains, New York.

Senator COLLINS. Mr. DeMuro, I am going to have that put up since we do have that as Exhibit No. 24.[1] It is this one that you are describing, I believe. Is that correct?

Mr. DEMURO. Yes, it is.

Senator COLLINS. Thank you. Please keep going.

Mr. DEMURO. In the case of Cash Claim Service, each time Mr. Barrows was approached, he would merely stop—or we would stop him in one location, and he would merely move on to another location.

Currently, the penalties that promoters receives are only after they have violated a cease and desist order and after the Postal Service has granted us a breach petition. Barrows had signed a settlement agreement with the Postal Service for Cash Claim Service and National Cash Distribution Bureau in November 1997. Subsequently, he set up two addresses several months later, in April 1998 and June 1998, using a new trade style called Distribution Center. Barrows then solicited the public with a different delivery notice, violating the settlement agreement he signed with the Postal Service.

In August 1998, the Inspection Service and the Postal Service Law Department sought and obtained a breach petition against Barrows. Barrows defaulted on the breach petition, and it was granted. Barrows simply ignored the agreement and the cease and

[1] See Exhibit No. 24 which appears in the Appendix on page 137.

desist order. The proposed legislation would have subjected Barrows to penalties for the initial violation, and it would have taken the profit out of his illicit promotions. It would also have subjected Barrows to a double fine for violating the cease and desist order.

In another case, Mailworks International operated several sweepstakes out of Tempe, Arizona. Postal inspectors obtained a TRO in September 1998. Most of the defendants did settle in November 1998, except one, who has then become subject to a preliminary injunction. Interestingly, in March 1999, a company called Wilson Perrie Corporation operated from Nebraska. Now, Wilson Perrie Corporation was using a Mailworks sweeps solicitation substantially similar to a trade style called Monetary Fulfillment Agency out of Tempe, Arizona. If we had administrative subpoena authority, we would be able to identify the parties behind Wilson Perrie Corporation, established the links between Wilson Perrie Corporation and Mailworks, and determine the scope of the scheme and the volume of mail to assess penalties.

In Eagle Promotions, again, we initially filed against them in New Jersey, but did not know about the New York operation. Had we had subpoena authority, we would have known very quickly about the New York operation and could have moved very quickly against it.

Subpoena authority also helps us establish whether there are funds available for consumer restitution. In the area of government look-alike legislation, the current law is a subjective standard. In the Eagle case, the government has argued that 2 of the 13 promotions violate the law. It violates it as reasonably construed as implying a Federal Government standard—excuse me, a Federal Government connection. Your legislation would provide an objective standard which would strengthen it, and it would also provide penalties.

The legislation calls for conspicuously listing on sweepstakes a no-purchase option. A clear and conspicuous no-purchase option on the claim and entry form allows consumers to make an informed decision as to whether to participate in the sweepstakes. In the Eagle promotion and in the Mailworks promotion, the no-purchase option on the claim forms would have helped clear consumer confusion about whether they are obligated to send money to receive the cash award.

Finally, with regard to working with State Attorney General's Offices, the Inspection Service has worked in cooperation with the State Attorney General's Offices and Consumer Affairs Divisions. In the Eagle Promotions investigation, we have worked jointly with the New Jersey Attorney General's Office and Consumer Affairs Division. We shared information, exchanged consumer complaints, and jointly developed consumer witnesses. We even coordinated the filing of our cases in Federal and State court.

Promoters often do not solicit from consumers in the same State that they are operating from. In the Eagle Promotions case, it did not solicit New Jersey consumers with Eagle Promotions, and only with Lexington, which is located in New York. Promoters believe that the attorney generals do not have jurisdiction over them if they do not solicit consumers from their States or perhaps that the attorney generals will put them on a lower priority list.

As in the Eagle Promotions case, the Inspection Service has worked jointly with the New Jersey Attorney General's Office to develop out-of-State witnesses for both of our cases. The proposed legislation would enhance the Inspection Service's ability to assist the Attorney Generals with their investigation as well.

Thank you very much.

Senator COLLINS. Thank you very much. I want to thank you both for your support for our legislation, for the excellent work that you have done to try to curtail deceptive mailings, and also for your technical advice and expertise which you have shared with the Subcommittee throughout our investigation and in drafting our legislation. That has been extremely helpful.

When the Subcommittee first began looking into deceptive mailings, I was familiar with the four large sweepstakes companies. I had no idea that there was an underground operation of dozens of small operators who are also reaching millions of Americans with their solicitations. It troubles me greatly that we have people, these underground operators, what I call the stealth sweepstakes operators, which are very difficult to detect, to track, to close down, who have been in operation for decades. Why is it so difficult to identify these small promoters? Why are they able to stay in business so long, Mr. Hunter?

Mr. HUNTER. Well, I think probably there are hundreds who are operating and that many of them are operating, as you have heard today, under multiple names so that many of them have multiple branches. And it has been possible for a number of reasons, primarily centering on their anonymity, the ability to use so many different names, and also loopholes in the law that you are trying to close such that, for example, if a TRO is issued in one judicial district, it would apply even if they moved to other districts. As you have heard, it is very easy to use commercial mail receiving agencies and not even have a physical presence in those locations, just a business you pay to receive those payments and forward them to you. And, of course, if there were some penalties, if there were some teeth in these civil administrative proceedings, the financial penalties that you are proposing, because, frankly, people are in the business for the money.

Likewise, the subpoena power would be very helpful, too, because as you heard today from the person responsible for your investigations, who has some of those powers, even then it is difficult to get this information. And we are hindered even further without the administrative subpoena power to learn more about the operation more quickly, and the victims, so that it can be shut down before further individuals are victimized.

Senator COLLINS. Following up on Mr. Hunter's point, Mr. DeMuro, as we investigated Mr. Dobin's enterprises, we found out that he had 40 different trade names that he was using for only three sweepstakes. Is the use of this complex layer of different names and different companies for the same promotion common? And does that make detection that much more difficult?

Mr. DEMURO. Yes, Senator, it is. It is very typical that promoters will use multiple names. Again, going to the Eagle Promotions case, there were 13 different trade styles in New Jersey and four in New York. Now, with the New York operation, we did not be-

come aware of it until after we had filed. And Barrows, for instance, he had used three different sweepstakes operations in three different States.

What the difficulty is is to link those particular solicitations back to Barrows, and because they are in different locations, the complaints go to different locations. And it is only really by conversations with other inspector attorneys or inspectors that we find that there is a link between the two.

Senator COLLINS. We found that also in our investigation, that it took a great deal of work and digging to find out all of the multiple corporations, all the multiple DBAs, all of the fictitious names that were being used by these promoters. And we also found that there are companies that use straw owners who have nothing to do with the operations. So you think you have the individual who is the person responsible, and you find that you do not.

Have you had experience with companies being run by straw owners as someone who really has little or no involvement with the company that is putting out the deceptive mailings?

Mr. DEMURO. Yes, there's been numerous examples, Senator, where even the postal forms will have the names of individuals who are straw owners or third parties, and when you approach those third parties, they know little or nothing about the operation. But we at that point, through interviews of vendors, will try to reach beyond that straw person to reach the real promoter or the principal who actually directs and controls those corporations.

Senator COLLINS. That was one of the challenges for us in getting into this whole matter, was finding out who really is pulling the strings and benefiting from the money that consumers deceived by these mailings are sending in.

I think that is why the administrative subpoena power is so important that is in our legislation, as well as the ability for you to have multi-district TROs so that you can't have a Mr. Barrows just moving his operations to another State and you have to start all over again. Is that correct, Mr. Hunter?

Mr. HUNTER. I would agree those are very valuable tools.

Senator COLLINS. Let me ask just one final question to you, Mr. DeMuro. On the exhibit that we have on the posterboard[1]—and this is the Barrows case, I believe—this really troubles me not only because it was received from one of my constituents, but because it is a perfect example of a government look-alike mailing that is deliberately using words associated with government to deceive consumers.

For example, it says that all U.S. Government payments are 100 percent guaranteed. True, but totally irrelevant to this mailing, is it not?

Mr. DEMURO. That's correct, Senator.

Senator COLLINS. It also says special notification—it appears to be designed to look like a postal document, one of those postcards that the Postal Service uses. Is that correct?

Mr. DEMURO. That's correct. That's what we call a delivery notice scheme, if you will.

Senator COLLINS. How common are these kinds of schemes?

[1] See Exhibit No. 24 which appears in the Appendix on page 137.

Mr. DEMURO. The ingenuity of the people, of questionable promoters, are unlimited. In this particular case, Senator, the fulfillment is a book of addresses, U.S. Government addresses, and when the consumer gets it, basically it is like a telephone book of free information.

Senator COLLINS. Thank you very much. Again, I want to thank you for your very valuable assistance to the Subcommittee throughout our investigation. I am very hopeful that the hearings that we have held will result in the legislation that we have introduced being passed to give you the tools that you need.

Senator Edwards.

Senator EDWARDS. Thank you. Thank you both very much for being here.

I want to follow up on a question that was asked by Senator Collins for just a minute. Could the two of you just comment on why you believe the administrative subpoena power that is in our bill is so important?

Mr. HUNTER. Sure. It gives us the ability under the constraints that are provided in the bill to quickly get in and to ascertain the significant details in terms of the extent of the scheme and to be able to make a determination for referral to the appropriate authority more quickly for appropriate action so that you avoid further victimization.

Senator EDWARDS. Mr. DeMuro.

Mr. DEMURO. Senator, I think the administrative subpoena power is the keystone of the bill in that it allows us to reach beyond and peel away the layers that protect the true principals that are operating, and most importantly because once we do obtain a cease and desist order, we want to be able to serve it on the true principal so that that principal could be assessed the penalties and they could be subject to further fines down the line.

Senator EDWARDS. Both of you I think have advocated—changing subjects, both of you have advocated there being real and meaningful separation between the processes used to enter a sweepstakes and the processes used for purchasing a product. Can I get the comments from the two of you on how you think that could be done most effectively?

Mr. HUNTER. Well, I think the key for both is the same in that people who are extending an offer to someone for something of value should be required to explain very clearly what the nature of the offer is and what the reasonable expectation in terms of an outcome is. If it is a sweepstakes, that it is a sweepstakes, what the odds are, what the term of the sweepstakes is, etc.; and likewise for products, a clear representation——

Senator EDWARDS. If I can interrupt you just a minute, what about, for example, the idea of requiring separate addresses, separate envelopes for the two so that you can't—so they are both not part of the same envelope and same address?

Mr. HUNTER. You mean for the response back, that requirement?

Senator EDWARDS. Buying a product versus entering the sweepstakes.

Mr. HUNTER. Well, I would encourage very clear information and uniform information on how you respond. If I understand you cor-

rectly, you are talking about if you are not going to buy, you follow some different procedure than if you are.

Senator EDWARDS. Well, what I am really saying is you just have two separate envelopes, requiring that you have two separate envelopes, so that if you are responding to the sweepstakes, you send one envelope in; if you are responding to it by buying a product, you send a separate envelop in.

Mr. HUNTER. Very good. I emancipated myself from those types of responses a couple of years ago, and I've felt very free every since. But only if it would be very clear to the consumer what the ramifications are, because I think today that it is misleading often in those offers. So if the provision facilitated the rapid filling of an order, but it was very clear in the offer that that was the case, perhaps it would not be objectionable. But it would be very important that the legislation be such that the wording was very clear in that regard.

Mr. DEMURO. I think, Senator, the no-purchase option clearly and in boldface on the entry form would probably be the best advice to permit consumers to check off that option. Currently what happens is on the reverse side of most of these sweepstakes, the consumer does have an option to send in a No. 10 or a No. 9 envelope with a 3-by-5 card and/or the claim form if they don't want to participate by sending money. That is very confusing. I find that lawyers can kind of wiggle the language so that the consumer will remain confused. But I think on the claim form if you have in boldface no-purchase option and you just check that off, I think that is probably the best device to allow consumers to participate without sending money in.

Senator EDWARDS. So basically just the most effective thing, you think, is just a clear, easily identifiable, conspicuous disclaimer.

Mr. DEMURO. Yes, I do, particularly for our senior citizens who may not read the rules as astutely as someone else will.

Senator EDWARDS. Can we get Exhibit No. 14 up, please?[1]

I don't know if you all can read this from where you are, you have a copy in your book there. But if you look down at the lower right-hand corner of this exhibit, it says, "Do you have a valid major credit card?" Then there are two boxes to check, yes or no. Do you all have any idea why this information is requested? Or have you looked into that? What do they do with that information?

Mr. DEMURO. Well, Senator, I could only speculate because I didn't investigate this particular case. But I think what they will end up doing is adding that to their mailing list, which then they will rent to other questionable promoters, and on there they will indicate that the consumer has a credit card, and then that consumer will suddenly be targeted either for legitimate or non-legitimate mail that will involve the use of credit cards.

Senator EDWARDS. I understand that you haven't specifically investigated this particular case, but one reasonable interpretation of this would be that it would be used to make the list more valuable for selling it to other people or renting it to other people. Is that right?

[1] See Exhibit No. 14 which appears in the Appendix on page 110.

Mr. HUNTER. To make either list more valuable, because there are a lot of schemes that extend credit to people or the ability to get credit to people who otherwise are unable to. So I don't know which names would be more valuable, those who have the valid credit card or those who don't who could be targeted in a scheme to get credit cards in which they don't get a card are valuable.

Senator EDWARDS. But the information in any event is valuable, no matter how you use it. Is that correct?

Mr. DEMURO. That's correct, Senator.

Senator EDWARDS. Could we get Exhibit No. 9 up, please?[1] About halfway down on this, there is a portion that says that this mailing is void, and then there is a list of States: Arkansas, etc.—my State of North Carolina is listed. Do you have any idea why they make their mailings void in those States? I think there are 21 States listed in here.

Mr. DEMURO. Senator, in my experience, I have seen both situations where they don't list any States and those States where perhaps there are orders pending against that particular company where the State Attorney General's Office was successful. I can't answer the question specifically for these particular States, but it could be a combination of things. And one situation definitely is where the attorney general has taken action and the promoter signed a settlement agreement with that State.

Senator EDWARDS. What about whether they are just under investigation in those States? Do they sometimes void them in those States, too?

Mr. DEMURO. I don't believe so. I think they wait until there is some final action by the State before they void because it is too profitable for them.

Senator EDWARDS. Mr. Hunter, do you have any comment about that?

Mr. HUNTER. My comment in general is that our country continues to have an adequate supply of attorneys, and I would encourage legislation that doesn't require you to be an attorney to understand it.

Senator EDWARDS. Right.

Mr. HUNTER. But specifically these States on this offer, I don't know.

Senator EDWARDS. Right. You ought to be able to figure it out without being a lawyer is what you are saying.

Mr. HUNTER. Yes, sir.

Senator EDWARDS. Thank you both very much. We really appreciate your being here and participating. Both Senator Collins and I both feel this is very, very critical legislation, and your support of it is very important. Thank you.

Mr. DEMURO. Thank you, Senator.

Mr. HUNTER. Thank you.

Senator COLLINS. Thank you very much, Senator Edwards, and I thank our final witnesses for their tremendous contributions.

I believe that the Subcommittee has learned a great deal from our investigation and the hearings that we held both in March and today. From today's hearings and investigations, we have learned

[1] See Exhibit No. 9 which appears in the Appendix on page 101.

that there is a largely unknown and hidden segment of the promotional mailing industry that does a very lucrative business with sweepstakes and skill contests that have involved at least in a 100 million mailings last year.

Second, we have learned that these smaller operators engage in marketing tactics that are much more deceptive than those of the larger, more prominent sweepstakes companies and that in some cases border on outright fraud. And as those who have followed this issue know, I am very critical of the deceptive practices of the large companies, but it seems to me we have seen a whole new nature of deception in the mailings that we have examined through these hearings.

Third, these smaller operators often pursue this lucrative business without detection and without fear of prosecution because they very craftily obscure their true identities so that neither the public nor the regulators can easily identify or pursue them.

And, finally, we have learned that the Postal Inspection Service needs strong additional authority to meet the challenges presented by these hidden operators and their apparently endless capacity for new forms of deception.

I do want to particularly thank our two witnesses from the Postal Inspection Service. You have been very helpful in giving us information on how to close the loopholes in current law.

In light of the testimony we have received today, I believe the need for the comprehensive Federal legislation which Senator Levin, Senator Edwards, Senator Cochran, and I and others have introduced is more apparent than ever. I do hope very much that today's legislation will prompt consideration by the full Senate before we adjourn for the August recess.

In closing, I want to thank our Subcommittee staff. They have worked extremely hard on a very difficult and complex investigation and to prepare this hearing. In particular, I want to thank Lee Blalack, Glynna Parde, who did an excellent job testifying for us today, Kirk Walder, Emmett Mattes, who is our detailee from the Postal Service, and we thank you for that as well; Kathy Cutler, Eileen Fisher, and Mary Robertson.

In addition, I want to thank Senator Levin who has worked very hard on this issue. He has been a long-time leader in the attempt to crack down on deceptive mailings. And, again, thanks to Senator Edwards for his always very valuable contributions to the Subcommittee's hearings.

The Subcommittee is now adjourned.

[Whereupon, at 12:34 p.m., the Subcommittee was adjourned.]

APPENDIX

TESTIMONY OF
GLYNNA CHRISTIAN PARDE
Chief Investigator and Senior Counsel
Permanent Subcommittee on Investigations

THE HIDDEN OPERATORS OF DECEPTIVE MAILINGS
before the
U.S. SENATE COMMITTEE ON GOVERNMENTAL AFFAIRS
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
July 20, 1999

Thank you Chairman Collins, Senator Levin, and Members of the Subcommittee.

The Subcommittee's investigation uncovered a breed of sweepstakes companies that is wholly different from those highlighted in the Subcommittee's March 1999 hearings. Although most consumers probably recognize the names Publisher's Clearing House and Reader's Digest, our investigation found that there are dozens of smaller companies that attempt to remain hidden from consumers and below the radar screen of the regulators. The Subcommittee's investigation suggests that these smaller sweepstakes and prize promoters employ marketing tactics that are much more aggressive and deceptive to sell their products. Moreover, these companies have developed ingenious ways to remain undetected by the regulators. And, even if they are detected, some have developed techniques to insulate themselves from effective enforcement action.

Although the companies that we examined are smaller than the big four in terms of total mailings and gross revenues, they nevertheless sent roughly 100 million pieces of mail last year. Though each mailing must be evaluated independently, we did find that -- in general -- the mailings from the smaller companies are much more deceptive than those sent by the companies the Subcommittee focused on in March.

To give the Subcommittee a sense of what I mean by deceptive, I would like to show you several exhibits that are promotional mailings that the Subcommittee obtained during the course of this investigation. The first promotional mailings was mailed by North American Bureau of Assets, Inc. ("NABA"); it is Exhibit 8. Exhibit 8 appears to be an "Original Affidavit" from NWCG/Prize Payout Division in connection with its "$10,000 Cash Opportunity Giveathon." This mailing advises the consumer that "[y]ou may not be aware that cash prizes are issued in the aforementioned amount of ten thousand, one thousand, one, one hundred, and fifty dollars, and additional vouchers entitlement in a two thousand dollar voucher pak. Said cashpak is released with mandatory release fee of ten dollars, and is over and above your previously mentioned cash winnings." This language clearly implies that the consumer will receive vouchers for an additional two thousand dollars, going so far as to call the "voucher pak" a "cashpak." Only as an afterthought in the last sentence of the last paragraph does the mailing mention that the "cashpak" contains "redeemable vouchers from national incentive guarantors, and good for food, entertainment, travel, merchandise, etc., when fully redeemed."

Even someone who was suspicious might not be able to tell that the "voucher pak" and the "cashpak" referred to in this mailing are really nothing more than a discount coupon book. The two thousand dollar value is the estimated value of obtaining every single discount available. To realize that retail value, the customer may actually have to purchase thousands of dollars of goods and services from the vendors who are listed in the coupon book.

Moreover, the mailing does not offer the consumer an opportunity to purchase a discount coupon book for ten dollars. Instead, the consumer is told that he or she must pay a "mandatory release fee" to get the "cashpak." This mailing, therefore, illustrates one of the big differences between the promotions of the major sweepstakes and those that are the subject of this investigation. Unlike American Family Publishers or Publishers Clearing House, these small operators attempt to disguise both the solicitation and the product.

Exhibit 9 is another promotion from NABA that only hints that the mailing is actually a solicitation for a product. The key paragraph states that "[w]e have reserved in your name, a redemption packet valued in excess of $2,000.00 when the value certificates are fully redeemed (see reverse for details). Your initials and release honorarium are required for shipment of this value packet." Even though it's the same coupon book and the same contest as Exhibit 8, this time NABA calls the coupon book a "redemption packet" instead of a "cashpak" and the purchase price is a "release honorarium" rather than a "mandatory release fee."

We also discovered that these smaller companies attempt to trick the consumer into thinking that, if they purchase one of these coupon books, their odds of winning the sweepstakes will improve. I'd like to show you Exhibit 10, which is another sweepstakes promotion from NABA. The sixth paragraph of this promotion, which is highlighted at the bottom of the chart, reminds the consumer that the prizes NABA awards "are determined from private lists of participants who entered a sweepstakes or were involved in a merchandise purchase by mail. It's that simple! Your response to direct mail offers has paid off for you, and we offer you our heartiest congratulations."

The NABA mailing then confidently announces that the consumer will "undoubtedly take advantage of the elective entitlement option described below" because "most winners do." The bottom portion of the promotion goes even further to connect the purchase of the coupon book, or "elective entitlement option" as it's called here, to winning the sweepstakes. This portion contains a box for the consumer to check to "take advantage" of the "elective entitlement option," reiterating that "most winners do," and then adding, "[b]e sure and send me the check I have already won."

Despite strongly linking a purchase to the odds of winning, the promotion does state in small print at the top of the page that there is "no purchase required." Even if a consumer read this disclaimer, however, the language used in the promotion suggests strongly that – although you don't have to purchase a product to win – it will greatly improve your odds since – as the mailing notes – "most winners" did purchase.

The Subcommittee's investigation also found two other disturbing types of solicitations in these mailings. First, many of these companies imply in their promotions that the consumer has already won the grand prize and, in fact, is guaranteed to win. Upon much closer inspection, the disheartened recipient – who was moments ago counting his money – will learn that he can only win the grand prize if he has and returns the winning number and is a guaranteed winner of only a nominal amount.

For example, if I can direct your attention to Exhibit 16. The fifth paragraph informs the recipient that "[u]pon processing and completion of our Top Prize $10,000 Sweepstakes, the unclaimed cash will be delivered to the determined principal of record, which in this case is you." Sounds pretty good. This language does not appear conditional; the recipient has won ten thousand dollars. Only by carefully reading the fine print below the P.S., which is highlighted at the bottom of the chart, and the rules on the back does it become clear that the consumer's odds of winning the ten thousand dollars are one in three million and that the consumer is only guaranteed to win 25¢. Therefore, the bulk of consumers who responded to this promotion actually lost money because their guaranteed winnings were less than the cost of postage.

The second common practice utilized by these smaller companies is to imply that the promotion is authorized by or related to a government agency – thereby lending credibility to the sweepstakes. I'd like to show you one example of this practice that Subcommittee investigators uncovered. Exhibit 15 is a promotional mailing for a contest currently being conducted by R&R Marketing, Inc. You might be interested to know that there is an "Official United Sweepstakes of America." We know that the federal government does not sponsor sweepstakes. Yet, this promotion adds to the deception that the federal government has sponsored this contest with a photo of the U.S. Treasury Building that references a mailing address at 611 Pennsylvania Avenue, S.E. #1135, Washington, D.C. Our investigators discovered that this is the address for a Mail Boxes, Etc. You will also note that the promotion claims to be from the Office of Treasury of Awards, and is marked with the purported seal of the Official United Sweepstakes of America.

At the bottom of the page, the mailing does state that the sweepstakes "is an independent private sweepstakes, not affiliated with the United States government." It then coyly turns the disclaimer to its advantage, however, and says that, "[a]s an independent private company, we can with good conscience and faith make the guaranteed promise to pay the official winning $10,000."

Our investigation even uncovered evidence of simple mail fraud. For example, many of these smaller companies offer a service known as "rush processing" for an additional fee or what's referred to as a "kicker." "Rush processing" does not mean that the recipient will receive a prize earlier, but only that the sweepstakes company will expedite sending its product, usually the discount coupon book. We found that some companies may not even expedite the processing of the discount coupon book.

Subcommittee investigators also discovered that, in a few cases, some sweepstakes companies completely failed to award a prize. In the case pending against Eagle Promotions, Inc. ("Eagle"), the U.S. Attorney for the District of New Jersey has commented that Eagle has not

awarded a prize in its contest. The Subcommittee also obtained a copy of a letter from a sweepstakes operator named, R.L.T.M.R., to the Better Business Bureau of Nashville/Middle Tennessee expressing regret that the sweepstakes company would not be awarding its prize, a Chevrolet Blazer.

As I mentioned earlier, these small sweepstakes operators clearly want to remain underground and hidden. And, as evidence of that goal, the Subcommittee's investigation uncovered a few practices that we believe could be attempts to not only evade detection by the regulators but also to insulate the principals in these sweepstakes companies from meaningful enforcement action.

First, we believe that some of the most sophisticated of these small operators may rely on front companies to insulate themselves from tough enforcement action. Second, we believe that some smaller sweepstakes operators will form a corporation, send promotional mailings under that corporate structure for one or two years, and then dissolve the corporation when they think that the company's promotions are coming to the attention of regulators. They then form a new company and begin the cycle all over again.

The Subcommittee has developed case studies of two different sweepstakes operators whose business practices may illustrate these techniques. The two case studies involve Mr. David Dobin, President of Lone Star Promotions, Inc. and Anthony Kasday, President of Neopolitan Consultants.

Mr. Kasday, who is the President of Neopolitan Consultants, Inc., has been in the promotional mailing business for 30 years. Although Mr. Kasday is not currently a shareholder, officer, director or employee of a sweepstakes company, the Subcommittee's investigation discovered that, through his consulting arrangements, Mr. Kasday makes a very lucrative income from the companies that he may direct.

I would like to direct the Subcommittee's attention to Exhibit 25. As you can see, Mr. Kasday operates through his consulting company, Neopolitan, and through Neopolitan he received income in 1998 from at least five of the six different sweepstakes companies. These companies are: North American Bureau of Assets or NABA; Royal Sweepstakes, Inc.; Cashorama, Inc.; Enwood, Pressman & Ingram; and Mellon, Astor & Fairweather.

Based upon sworn answers to interrogatories and affidavits submitted by these companies, Mr. Kasday's consulting firm received almost four hundred thousand dollars in 1998. Thus far in 1999, Neopolitan has received payments from these companies totaling over five hundred thousand dollars. Therefore, through Neopolitan alone, Mr. Kasday has been paid almost one million dollars over roughly the last year and a half.

I'd like to specifically discuss two of these companies: Enwood, Pressman & Ingram and Mellon, Astor & Fairweather. As you can see from Exhibit 25, Enwood, Pressman & Ingram and Mellon, Astor & Fairweather are owned by Nicole Kasday – Mr. Kasday's niece. Subcommittee investigators interviewed Nicole Kasday and discovered that she is a college student, who has no involvement in the operations of either company. She told us that Mr. Kasday approached her in

1998 about starting two companies in her name. He asked Nicole for a copy of her driver's license and a copy of her signature. With those in hand, he instructed his office manager, Ms. Williams, to prepare a signature stamp with Nicole's signature on it. Ms. Williams testified that, at Mr. Kasday's direction, she used this signature stamp to open bank accounts, the mailboxes where the companies would receive mail in response to their promotions, and to file the necessary paperwork for the two companies to do business in Nevada. Ms. Williams also testified that she uses this signature stamp on a regular basis to manage the affairs of the company, like signing checks for vendors or the payroll.

Mr. Kasday essentially conceded that Nicole knows nothing of the business and is not kept apprised of its activities. She does not review copy for the mailings or select mailing lists. Therefore, we believe that the evidence strongly suggests that Nicole merely acts as a front for Mr. Kasday, who is the hidden operator of Enwood, Pressman & Ingram and Mellon, Astor & Fairweather.

When we asked Mr. Kasday why he had Nicole establish the two companies, he said: "I didn't expect to be around very long and I figured this could be something for their future. So I talked to her about setting up two companies while I was still alive and then they would be hers and the income would be for her and her brother and her dad."

If Mr. Kasday's primary motivation for creating these companies was as an estate planning device for Nicole and her family, it's not working very well. Mr. Kasday told us that he receives 25% of the net profits for Enwood, Pressman & Ingram and the "lion's share" for Mellon, Astor & Fairweather.

Ms. Williams testified that she pays Nicole $1,000 per month from Enwood, Pressman & Ingram. Nicole also received a one-time distribution payment of a few thousand dollars from Enwood, Pressman & Ingram in February of this year. Therefore, we believe that Nicole has received under $15,000 from these two companies. However, according to Mr. Kasday, from 1998 to date, he has received approximately $60,000 in his personal capacity from the two companies, and over $600,000 through his consulting company, Neopolitan. These numbers show that Mr. Kasday and his consulting firm have received an overwhelming portion of the revenues generated by the two companies and that the profits are being drained out of the companies' operational expenses as payments to consultants – the most important of which is Neopolitan.

Mr. Kasday may indeed have incorporated the two companies in Nicole's name in order to give her a source of income -- albeit modest -- in the coming years; however, our interviews with the Postal Inspection Service suggest that there is another possible reason why Mr. Kasday is not an officer or director of Enwood, Pressman & Ingram, Mellon, Astor & Fairweather, or any of the other sweepstakes and prize promotion companies that he directs. If state or federal regulators ever track these companies down for sending deceptive or fraudulent mailings, Nicole Kasday will be the person that they initially contact. That is, of course, what happened in our investigation – we

attempted to contact Nicole through the attorney for both companies only to learn that her uncle directs the operation.

This is a significant point, which I am sure the witnesses from the Postal Inspection Service can discuss in more detail. Under current law, the Postal Inspection Service does not possess the subpoena authority to dig behind the veneer of the corporate structure that insulates a hidden operator. More importantly, current law does not give the Postal Inspection Service the authority to impose civil monetary penalties on a sweepstakes or prize promoter until they violate an existing order. Since the person who is likely to sign such an order is probably the president of a company, a consultant is likely to walk away from an action by the Postal Inspection Service without having an order entered against him -- and more importantly -- without exposing himself to a future threat of monetary sanctions for another violation. Thus, by characterizing the relationship with a company as "consulting services," an individual may receive a lucrative income from the sweepstakes business but avoid potential enforcement actions by state and federal authorities that would be directed toward the officers and owners.

As I mentioned earlier, these smaller operators have another technique for remaining hidden from the regulators. We believe that some sweepstakes operators will form a corporation, send promotional mailings under that corporate structure for a few years, and then dissolve the corporation only to form a new corporation to send promotional mailings. I would like to direct the Subcommittee's attention to Exhibit 27, which is a chart prepared by our staff. The chart shows that, between December 30, 1994 and March 10, 1995, three companies were incorporated in the State of Nevada, which had as their president a man by the name of Dan Anderson, whom we, unfortunately, have not been able to locate. Mr. Kasday was identified as the secretary and treasurer of each of the companies and each of these companies had the same address: 9030 West Sahara #171, Las Vegas, Nevada. We believe that all three of these companies, National Prize Monitors, Express Processing, and Intercontinental Prize Distribution, were engaged in the promotional mailing business. You will note on the chart that each of these companies only existed for roughly three years, or less.

The chart also shows that Mr. Kasday's two other companies, Enwood, Pressman & Ingram and Mellon, Astor & Fairweather, were incorporated in the Summer of 1998. As I mentioned earlier, Nicole Kasday, Mr. Kasday's niece, is the sole shareholder and officer of these two companies, but Mr. Kasday directs the operations of both.

With respect to the chart, you will note that Express Processing was terminated in December of 1998, six months after the incorporation of Enwood, Pressman & Ingram and Mellon, Astor & Fairweather. In her deposition to the Subcommittee, Sheilah Williams testified that in the Summer of 1998, Express Processing became Enwood, Pressman & Ingram. She said that the employees who were working for Express Processing became employees of Enwood, Pressman & Ingram. They remained in the same office space, kept the same telephone number, and answered to the same boss, Anthony Kasday. Based upon Ms. Williams' testimony, we believe that the change from Express Processing to Enwood, Pressman & Ingram was one of corporate form only.

The question, of course, is why someone would open three corporations, run promotional mailings under their names for a few years, shut down the corporations, and then start up two new corporations only to conduct the same business in the same location. The state and federal authorities that we contacted said that different corporate entities and names make it much more difficult for law enforcement to detect promoters' activities or take meaningful action against them once they do. The Federal Trade Commission ("FTC") specifically expressed concern about this point when it responded to our request for complaint information on these smaller operators, noting that "companies who engage in fraudulent activities often change names and locations when they become aware that law enforcement organizations have received a number of complaints concerning their activities. These moves can have a detrimental effect on potential law enforcement actions, making it difficult or impossible to track potential defendants or assets they fraudulently obtained from consumers."

Further support for this view can be found in an assurance of voluntary compliance between Richard Kaufman and the Attorney General of the State of Florida in connection with a promotional mailing sponsored by Mr. Kaufman's company, Millennium Sales, Inc. We sought to discuss this matter with Mr. Kaufman, but he declined to testify before the Subcommittee on the basis of his Fifth Amendment right against self-incrimination. A copy of his sworn affidavit asserting his Fifth Amendment rights can be found at Exhibit 39. One of the key stipulations that the Florida Attorney General demanded of Mr. Kaufman was that he "not effect any change in the form of doing business nor its organizational identity as a method of avoiding the terms and conditions" of the assurance of voluntary compliance.

Our second case study is Mr. David Dobin, who currently is the President and sole shareholder of Lone Star Promotions, Inc., a sweepstakes company. In connection with the promotional mailings of his first company, Wellsworth Smythe Jewelers, the United States Attorney for the Eastern District of New York charged Mr. Dobin and his then-partner with conspiring to use the mails as part of a scheme to defraud consumers by means of false and fraudulent representations. Mr. Dobin entered a guilty plea to conspiracy to commit mail fraud and is awaiting sentencing. In addition, Mr. Dobin entered into a voluntary cease and desist order with the United States Postal Service in connection with an administrative action alleging several material false representations.

One of the allegations by the U.S. Attorney against Mr. Dobin involved the use of multiple trade names in connection with Wellsworth Smythe's sweepstakes. Unlike the major sweepstakes companies, these smaller companies do not have, and are not seeking, name recognition or brand loyalty. For example, Mr. Dobin's current company, Lone Star, offers three sweepstakes contests in the amounts of $5,000, $10,000, and $12,000, but he has utilized forty different trade names – a different trade name for each promotional mailing. As a result, an individual may receive several promotional mailings that appear to be from different companies but, in actuality, all of them relate to the same contest.

I think an illustration will make the point. If I can direct the Subcommittee's attention to Exhibit 8. This is a promotional mailing that appears to be an Original Affidavit from NWCG/Prize

Payout Division in connection with a $10,000 Cash Opportunity Giveathon. If you will notice at the very bottom of this mailing, checks are to be made payable to NWCG. Next, let me show you Exhibit 9. This is a promotional mailing that appears to be a Declaration for Cash Winner from Cash Giveathon II in connection with a $10,000 sweepstakes. An attachment to this mailing directs the consumer to send payment to NABA. Finally, I'd like to show you Exhibit 10. This is a promotional mailing that appears to be from the Cash Release Department of the International Funding Distribution Center regarding unclaimed cash in the amount of $10,000. This mailing directs the consumer to send payment to the I.F.D.C.

As you can see, these three promotional mailings appear to be from different companies, NWCG/Prize Payout Division, Cash Giveathon II, and International Funding Distribution Center. The unsuspecting consumer might think that they had received opportunities to win three different prizes in three different contests. However, all three of these promotional mailings were sent by NABA and all three are for the same contest.

I should note that these mailings only obliquely acknowledge that the trade names are not real. The rules on the back of the mailing state that "different graphic presentations of this sweepstakes may be made at the discretion of the sponsor." However, a consumer may not understand that this cryptic language means that the same contest may be promoted under completely different mailings. In fact, it is virtually impossible to discern that these different mailings are for the same contest.

I might add that the clever trade names utilized by these companies often are misleading themselves. For example, a mailing may appear to come from a group that is trying to locate someone who has already won a prize or is the rightful owner of a cash award. These trade names include examples such as Unidentified Claimant Section, Public Winner Releasing Committee, Cash Release Office, and the Cash Claim and Disbursement Center. It is clear that, by using such names, these operators are trying to confuse consumers into thinking that they have received a notice from a state unclaimed property division.

Not only will these smaller companies use multiple trade names for each contest, but they also open multiple mailboxes at post offices or CMRAs, Commercial Mail Receiving Agencies, which is shorthand for companies like Mail Boxes, Etc. Many of these smaller companies actually maintain mailboxes in multiple states and have the mail forwarded by an overnight courier service to their base of operations.

For instance, the two companies that we know are run by Mr. Kasday, Enwood, Pressman & Ingram and Mellon, Astor & Fairweather, are headquartered in Las Vegas, but use multiple mailboxes in different states. Enwood, Pressman & Ingram receives mail at five different mailboxes located in New York and Pennsylvania for one sweepstakes and three skill contests. Mellon, Astor & Fairweather uses three different mailboxes in Illinois and New York for one sweepstakes and one skill contest. The mail from each of these locations is then forwarded to their office in Las Vegas where it is processed.

Mr. Kasday's office manager, Sheilah Williams, testified in a Subcommittee deposition that she did not know why the companies use multiple mailboxes in different locations, but she assumed that it was to make sorting responses to various promotions easier for office staff. This reason seems implausible, however, since there are not enough mailboxes to be reserved for each separate promotional mailing. In other words, multiple promotions are being sent to the same mailbox. Moreover, if it was purely a function of administrative convenience, it seems unlikely that the multiple mailboxes would be opened in different states. Although the use of separate mailboxes may prevent one post office or CMRA from being overwhelmed with responses, our discussions with the Postal Inspection Service, the FTC, and state authorities suggest that the principal reason for opening multiple mailboxes in different states is to evade the regulators.

Current law only allows the Postal Inspection Service to seek a temporary restraining order against a deceptive or fraudulent mailing from a specific mailbox. Thus, the Postal Inspection Service and a state Attorney General might be able to bring an enforcement action to stop a promotion in one state, but it would not prevent the sweepstakes operator from promoting the same sweepstakes and selling the same prize under another trade name that receives its mail in a different state. If state or federal authorities close one mailbox, the sweepstakes company can continue its sweepstakes promotion under a different trade name at another location. As I mentioned earlier, the FTC cited this very reason for requesting that the Subcommittee not disclose information concerning the number of complaints against a sweepstakes company, which are broken down by the different addresses used by the company.

Chairman Collins, Members of the Subcommittee, I will be glad to answer any questions about the investigation that the Subcommittee might have and to report in greater detail our specific findings. Thank you.

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PREPARED STATEMENT OF DAVID DOBIN
PRESIDENT OF LONE STAR PROMOTIONS, INC.
BEFORE
UNITED STATES SENATE
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

JULY 20, 1999

Introduction

Chairman Collins, Senator Levin, members of the U.S. Senate Permanent Subcommittee on Investigations. I wish to thank the Subcommittee for this opportunity to discuss with you the sweepstakes industry and the proposed legislation to control deceptive mailings.

I am currently president of Lone Star Promotions, Inc. which is engaged in marketing coupon books using sweepstakes promotions. I first entered the direct marketing sweepstakes business in 1992. While I made some mistakes when I first entered the business, since 1994, I have operated my business with close attention to all legal requirements.

I am gratified that the proposed legislation does not seek to outlaw the sweepstakes business. Sweepstakes are enjoyed by many Americans and I intend to remain in the business and follow whatever laws are enacted.

Background

As I said, I first entered the direct mail sweepstakes business in 1992. Prior to that I was a partner in a successful automobile leasing business. I became friendly with one of my customers, Jeffrey Novis, who suggested that I go into the sweepstakes business with him. Another

of my customers was already in the business and had offered to assist Mr. Novis and myself. We formed Wellsworth Smythe Jewelers, Inc. (WSJ). In the beginning, we had a third partner, whom Mr. Novis and I subsequently bought out.

We initially planned to sell jewelry by direct mail, as well, however, when our initial efforts were unsuccessful we decided to focus on the sweepstakes business. We were aided at the time by the decision of another individual to leave the business. We were able to move into his business premises and hire his staff of experienced employees. He remained as a consultant and taught me how to write copy for WSJ's promotional mailings. Our efforts were rewarded with a successful business.

However, as I said I made a serious mistake for which I have plead guilty to conspiracy to commit mail fraud and am waiting sentence. Our mailings offered "expedited handling" for an additional fee, while I collected that fee from many customers, I did not assure that these orders, in fact, were expedited. The Postal Inspectors searched my business on August 10, 1994, arrested one of our employees, and seized not only our business accounts but my own bank accounts and those of my partner, Mr. Novis.

The postal inspectors' investigation was a shock. We were accused of engaging in various fraudulent activities and misleading representations. These allegations were largely unfounded but I could not deny that those people who paid for expedited handling did not receive it. So I decided that I would agree to plead guilty to one count of conspiracy before any charges were filed against me and to cooperate with the government's investigation of the sweepstakes business. Mr. Novis agreed to the same.

At the same time, I hired new counsel including William Pauley who recently became a federal district court judge. I told Mr. Pauley and his associates that since I wanted to stay in the sweepstakes business, I wanted to make sure that we scrupulously followed all the legal requirements. Since the search, I have personally written all of the promotions which we use in our business. I have done my best to assure that they are not misleading. We continue to offer expedited handling but now I make sure that customers who pay for this service receive it. We have a no-quibble refund policy for anyone dissatisfied with either our product or our promotions. We ensure that people who do not want to receive our promotions are removed from our mailing list permanently. We also do not send promotional mailings into any state whose attorney general has asked us not to do so. While these efforts have reduced our business volume, I am still able to make a good living and receive numerous letters from our customers complimenting our products.

Operation Lone Star Promotions

Currently, I am the president and sole shareholder of Lone Star Promotions, Inc. I formed Lone Star in February 1996. After the postal inspectors' searched our business in 1994. Mr. Novis and I formed a new corporation TriStar Promotions, Inc. which we continued to operate together until 1996. I was the vice president of both Tri Star and Wellsworth Smythe.

Lone Star is located in the village of Merrick, New York. We have approximately 12 employees and mail approximately five (5) million pieces of mail each year using sweepstakes promotions to sell coupon books.

Lone Star's sweepstakes offer cash prizes in the amounts of $12,000.00, $10,000.00 and $5,000.00. Currently our odds are 1 in 3 million. In other words for each 3 million **mailings**,

we award one prize. In 1998, Lone Star awarded three prizes. We did not reach the 3 million mark for the $5,000.00 drawing. Our 1998 winners were:

1. Kim Grace of Holyoke, MA, to whom Lone Star sent checks totaling of $12,000.00 between December 22, 1997 and June 1, 1998;

2. Donald Martin of Gardena, CA, to whom Lone Star sent a check for $12,000.00 on December 18, 1998; and

3. Opal P. Clark of Maryville, WA to whom Lone Star sent a check for $10,000.00 on November 30, 1998.

Promotional Mailings

All of our promotional mailings indicate in several places that no purchase is required or necessary. I write all the copy for Lone Star's promotions. I have each new promotion carefully reviewed by Lone Star's attorney prior to mailing.

In addition, our official rules state the odds of winning in bold type on a separate line. I have tried to make the rules clear and understandable and use readily readable print. I have made changes over the years to improve the rules in this regard. I also make clear references to the rules in the promotion copy.

While Lone Star uses a different company name for each of its promotional mailings, we make no effort to hide the fact that Lone Star is the sponsor of these promotions. The name "Lone Star Promotions, Inc." and an address and telephone number at which we can be reached appear at the end of the Official Rules which are part of every mailing. Lone Star duly registers each of the names it uses as a "DBA" and reports those names to its banks and to the U.S. Postal Service.

Lone Star currently receives responses at post office boxes in three (3) local post

offices (Baldwin, Levittown and Massapequa). We do this to reduce the burden of our mail volume on the individual post offices.

Mailing Lists

I am aware that this committee is concerned that sweepstakes companies "target" certain groups such as senior citizens. I am personally responsible for obtaining our mailing lists and I can tell you unequivocally that Lone Star does **not** target any age group. Rather, we focus our efforts on people who like sweepstakes and skills games.

We obtain our mailing lists from list brokers. List brokers purchase lists from sweepstakes companies and others and resell them to other companies. My only specifications to the list broker is that the list should be people who like to play sweepstakes and skills games. I do not specify any age group and do not believe that the list brokers with whom I deal do so for the lists they sell me.

We generally purchase several lists, which we send to a company which compiles a single mailing list for us which we refer to as the "computer house". The computer house compiles our mailing list by eliminating any duplicates, as well as the addresses of anyone who has asked that we not send promotions to them or live in states to which we do not mail. This company also selects the winning number for each group of promotions. The computer house provides the preselected number to our attorney but not to Lone Star until that group of promotions is complete.

We then send the list to another company, which we refer to as the mailing house. The mailing house personalizes and mails our promotions to those on the list. We generally send two to three mailings to these people. We refer to these initial mailings as the "front end" mailings.

Responses

When we receive the responses, we sort them into three categories: those who made purchases, those who did not make purchases and others.

The names of those people who purchased our coupon booklet are further separated into the group that requested and paid for expedited handling and those who did not. These purchases in both groups are processed and the coupon books are sent out with the appropriate handling. We enclose with the coupon booklets a form letter thanking the customer for the purchase, requesting their comments and advising them that they have been entered in the sweepstakes and will be notified if they win.

Any response that contains any additional correspondence, notations on the processing form or anything in addition to the form and payment is placed in the "other" category and processed by our customer service department.

Complaints and requests for refunds are addressed immediately.

On occasion we receive orders which make reference to increasing the entrants chances of winning. In those cases, we return the order and payment to the customer with a letter reminding that customer that no purchase is necessary. Of course, we offer to sell a coupon book if that person still wishes to purchase it.

The names of all the people who return our promotion whether or not they purchase anything are sent to the computer house to compare to the pre-selected number. Since historically only 12% of those receiving the promotions return them, the preselected number is generally not returned. In such cases, as provided by our official rules, the prize is awarded by a random drawing

of all the entries received during the promotion period.

We generally send additional promotions to individuals who make purchases. These promotions, which we refer to as "back-ends", also clearly state that no purchase is necessary. Of course, additional entries do increase the entrants chances of winning. Generally, we send four to five "back-end" mailings to each purchaser. If a person purchases again, we send that person another four to five back-ends.

The rules clearly state that purchases and expedited processing does not increase the chances of winning.

Lone Star sends out the back-end mailings using its own staff. The back-end mailings are not personalized.

When Lone Star completes a cycle of mailings, which usually takes four to six weeks, it sells the list. Lone Star does not conduct any market analysis on its mailing lists.

Lone Star sells the list to Heatherwood Associates which, in turn, sells it to a list broker. Heatherwood is owned by my wife. Heatherwood pays Lone Star $5,000.00 per month for its lists and the use of Lone Star's employees. In addition, I have another company which leases the premises Lone Star uses from its owner and subleases it to Lone Star. Other than these companies, my wife and I and our children do not own any other businesses.

Lone Star also sells the original return forms to telemarketers through a list broker. After the computer house has processed the return forms and removed all the relevant information, it returns these forms directly to Lone Star. Lone Star removes information regarding the promotion and then offers the forms for sale.

I am aware that this subcommittee is concerned that sending multiple mailings with different copy for the same sweepstakes contest implies that each promotion involves a different sweepstakes. However, in our case, we respectfully do not believe this is true. We use dba names to sort our promotions and track the results. Each of our promotions list Lone Star as the corporate sponsor. Our rules clearly state that Lone Star may use different copy and different promotional names in the same contest. Since I do my best to make these rules clear and make reference to them in the promotion copy, I believe that I should be able to rely on the entrants reading them.

Similarly, I am aware that this Subcommittee is concerned that subsequent mailings may entice customers to make excessive and unneeded purchases. I expect that Lone Star's back-end mailings will lead to additional sales and the statistics show that a greater percentage of recipients purchase on the back-end. However, I do not agree that in the case of Lone Star's customers, these purchases are either excessive or unneeded. Lone Star receives letters from its customers complimenting our product and asking where they could purchase additional coupon books. We also have a policy to full give refunds without question to anyone who asks. I don't know how any one can complain that Lone Star unfairly enticed them to purchase something they didn't want when we clearly explain what it is we are selling.

PROBLEMS IN THE SWEEPSTAKES BUSINESS

From my own experience and my observations of the sweepstakes business, I believe that the most significant problems in the industry are (1) promotional mailings which mislead the recipient into believing he or she has already won; (2) use of facsimile checks; (3) appearance that the government is involved in the sweepstakes; (4) non-fulfillment. Let me address each of these

briefly.

1) Promotional Mailings which Mislead the Recipients into Believing They Have Won

Some mailings suggest that a recipient has already won and need only return the form to collect the prize. For example, one promotion which I have seen tells the recipient that all they have to do to collect the prize is return the form and guarantees that person's status as a winner.

Lone Star's promotional mailings clearly advise the recipient that to win he or she must both have and return the matching preselected winning number.

Some mailings also seem to promise that the recipient has won a large prize when, in fact, the prize is minimal, such as one dollar ($1), and may require that if the "winner" does not make a purchase, he can not use the claim form provided but must claim in it a different way, such as sending in a 3X5 card to a different address. Needless to say, Lone Star does not engage in this practice or use such statements in its promotional mailings.

2) Use of Facsimile Checks

Some sweepstakes companies send out documents which look like real negotiable checks. I believe that this is also done to mislead recipients into believing that they have already won. When they discover that the check can not be cashed, they may conclude that all they have to do is mail in the response form and they'll receive the real check which they can cash.

Lone Star does not use facsimile checks.

3) Appearance that the Government is Involved in the Sweepstakes

As many other businesses in all industries, Lone Star proudly uses terms like American and United States in its promotional names. However, some sweepstakes companies go

too far and use promotional mailings which suggest that it is being sent by or with the approval of the United States Government. This is wrong and misleading.

4) Non-Fulfillment

I know from my own experience that some sweepstakes companies did not send me the product which was offered in their promotional mailing. I know this because either I or an employee filled out a form and paid for the item but never received it. Sweepstakes are a useful tool for selling products and a company using them should fulfill all orders. It is incumbent upon companies in the sweepstakes business to fulfill all orders, provide refunds and pay winners. In my opinion, this is something to which the Subcommittee should give close attention.

Other Criminal Activity

There is another way in which sweepstakes recipients and sweepstakes companies may be victimized when criminals obtain a promotional mailing and/or response and convince the recipient that they must may a payment to obtain the prize. This happened to Lone Star and some of its customers last year. We learned about it when a recipient contacted us and complained that she had paid the fee for a prize but never received it. When I spoke to her myself, I learned that she had received a telephone call from someone pretending to be associated with Lone Star who told her that she had won a prize. Later she received another call telling her that before the prize money could be given to her, she had to send a check to pay the taxes. She did but never received the prize check. She didn't receive it from Lone Star because she had not won. We immediately advised the Post Inspectors who initiated an investigation. Subsequently, we received similar complaints which we also referred to the inspectors. I suspect that the people committing these crimes obtained copies

of the responses sent in by the recipients perhaps from the "leads" Lone Star sold through list brokers. To avoid this problem, Lone Star initiated a process of removing information relating to the sweepstakes, such as the claim number, from the lead before it is sold. Prior to receiving these complaints, it had never occurred to us that this information could be misused in this way.

CONCLUSION

This completes my prepared remarks and I am available to answer any questions that you may have.

Thank you.

UNITED STATES POSTAL INSPECTION SERVICE

STATEMENT OF

KENNETH J. HUNTER

CHIEF POSTAL INSPECTOR

AND

ROBERT G. DE MURO

POSTAL INSPECTOR ATTORNEY

BEFORE THE

PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

SENATE COMMITTEE ON GOVERNMENTAL AFFAIRS

July 20, 1999

INTRODUCTION

Chairman Collins, the U.S. Postal Inspection Service appreciates this opportunity to appear before your subcommittee to discuss deceptive mailings. We want to thank you, Senator Levin, Senator Cochran and Senator Edwards for the work you have done to develop legislation to provide additional protections to consumers. We too are concerned about the adverse impact deceptive promotions can have upon consumers.

The Postal Inspection Service is responsible for protecting postal employees, the mails, and postal facilities from criminal attack, and for protecting consumers from being victimized by fraudulent schemes or other crimes involving the mails. We also work to rid the mails of drug trafficking and money laundering; mail bombs; and one of the most despicable crimes - child pornography. In addition, we along with the Office of Inspector General, conduct internal audits of postal operations. The Postal Inspection Service, which employees about 2,100 postal inspectors, 1,400 postal police officers and 900 professional, technical and support employees, has performed many of these duties for over 200 years and is one of the oldest federal law enforcement agencies.

A number of statutes enable us to take action against fraudulent practices involving the use of the mails. The public policy, which underlies these statutes, remains valid today: the postal system created by Congress to serve the American public should not be used to conduct schemes to defraud.

The nation's mail service was designed to assure that there is always a reliable, efficient, affordable and secure means of communication for its citizens. Last year a Harris Poll affirmed that the American public feels significantly more confident about the security of mail than they do in telephone, fax or Internet communications. Our mission is to prevent damage to that confidence.

FRAUD AND DECEPTIVE MAIL STATUTES

One of our best known remedies is the criminal mail fraud statute, 18 U.S.C. § 1341. During the past fiscal year, 1339 investigations were initiated regarding possible mail fraud violations. Last fiscal year we obtained 1278 convictions, resulting in prison sentences, fines in excess of $11.9 million, and court-ordered and voluntary restitution of over $311.5 million.

Our criminal enforcement efforts are not limited to federal investigations. We also utilize our expertise in consumer fraud to provide assistance to state and local authorities in cases being pursued in state courts.

The False Representation and Lottery Statute, 39 U.S.C. § 3005, allows the Postal Service to take administrative action to return to consumers all mail sent in response to a lottery or a scheme that seeks to obtain money or property by mail through false

representations. These proceedings may be very time-consuming and the penalties are limited to stopping further mail from being received by the promoter, often after the promoter has received most of the proceeds of the scheme, and issuing cease and desist orders prohibiting future operation of the lottery or false advertising scheme. Violation of these orders can result in penalties of up to $11,000 per violation. The Postal Service Law Department initiates administrative proceedings under this statute before the Postal Service Judicial Officer. The Judicial Officer considers whether we have proven by a preponderance of the evidence that material facts about a particular product or service have been misrepresented. Last fiscal year, complaints filed with the Judicial Officer alleging violations of Section 3005 resulted in 70 consent agreements, 78 cease and desist orders and 137 False Representation Orders.

Because the administrative proceedings may be time-consuming and mail scams often are of short duration, two federal statutes (18 U.S.C. § 1345 and 39 U.S.C. § 3007) authorize the U.S. district courts to issue injunctions to prevent consumer losses while the administrative proceedings are pending. Section 1345 permits injunctive orders ranging from stopping the delivery of mail in response to the fraudulent solicitation to the appointment of a receiver to manage a fraudulent company and provide restitution to victims. Section 3007 allows the U.S. district courts to issue temporary restraining orders and preliminary injunctions permitting the Postal Service to withhold from delivery mail in response to schemes that are the subjects of pending actions under the false representation and lottery statute. In cases where a promoter receives mail at addresses in multiple judicial districts, the use of Section 3007 creates an inefficient use of resources within the Postal Service, the Department of Justice, and the U.S. district courts, because a separate case must be pursued in each district. This also places an unreasonable burden upon the promoter who has to litigate the matter in multiple jurisdictions. Additionally, in some cases, less litigation would leave more money for victim restitution.

We also enforce 18 U.S.C. § 1302, which makes it a crime to mail lottery tickets and related matter. With limited exceptions for certain mailings conducted by state-operated lotteries or nonprofit organizations, this statute applies to any mailing that involves the three legal elements of a "lottery": prize, chance and consideration. Any scheme in which a prize is awarded based upon chance and in which consideration must be given in order to be eligible to win constitutes an unlawful lottery under Section 1302. However, if any one of these required elements is missing, the promotion does not violate the statute. Accordingly, while the statute could apply not only to classic lottery ticket promotions but to sweepstakes promotions as well; it would only apply where the sweepstakes requires the remittance of a fee or the purchase of goods or services in order to be eligible to win a prize through a drawing. Often, sweepstakes promotions offer a free entry option and thus no legal "consideration" under the statute. Games of skill generally avoid being in violation of the lottery statute by not having the element of chance.

Under other statutes, the Postal Service can withhold from delivery mail sent to false or fictitious names or addresses. Title 39 U.S. Code, Sections 3003 and 3004, provide that if a promoter uses a false or fictitious name or address to conduct a scheme in violation of the mail fraud statute (18 U.S.C. § 1341) or to escape identification, the Postal Service can withhold mail sent in response to the scheme pending adequate identification and proof of entitlement to the mail. These statutes were used in 191 cases during the past fiscal year, preventing the promoters' receipt of their intended victims' money.

SWEEPSTAKES, GAMES OF SKILL AND LOTTERY MAILINGS

Sweepstakes mailings often are completely lawful, non-deceptive marketing programs. They seek to solicit a response by satisfying the enjoyment many people derive from entering sweepstakes. Unfortunately, there also are sweepstakes that constitute fraudulent or deceptive advertising practices or constitute illegal lotteries.

As I previously mentioned, a promotion is an unlawful lottery if, in order to win a prize based upon chance, the participant must pay some consideration. A "prize" can consist of anything of value. "Chance" is present if winning any prize, or one prize as opposed to another, depends predominately upon events beyond the participant's control--for example, random selection of a winning number. "Consideration" normally consists of requiring participants to make a purchase from, or otherwise pay money to, the sponsor of the promotion, in order to be eligible to obtain a prize. So-called "sweepstakes" promotions often avoid the postal lottery statutes by allowing optional participation with "no purchase required," thereby removing the required legal element of "consideration."

We have continued to pursue the operators of deceptive promotions using the False Representation and Lottery Statute. During the first nine months of Fiscal Year 1999 prize promotion cases have resulted in six consent agreements, eight cease and desist orders, three False Representation Orders and one voluntary discontinuance. The lottery cases have resulted in 3 consent agreements, 4 cease and desist orders, 88 False Representation Orders and 8 voluntary discontinuances.

To further combat illegal lotteries and prevent the victimization of American citizens, U.S. Customs Service officials work with the Inspection Service to stop such offerings from entering the country. U.S. Customs agents now contact postal inspectors when they find such mail during border searches. The mail is detained and samples are forwarded to the Postal Service Law Department to determine their legality. If mail is considered illegal, the mailer is notified that the material is subject to destruction and may appeal the notice. If the mailer fails to appeal or loses the appeal, the detained mail is destroyed. Over 3.4 million pieces of illegal foreign lottery mail were destroyed during Fiscal Year 1998.

At this time, we have 34 open sweepstakes investigations and 70 open lottery investigations.

GOVERNMENT LOOK-ALIKE MAILINGS

During the late 1980s, so-called government look-alike mailings reached near epidemic proportions. The mailings commonly used a name that would include the word "federal," a return address in Washington, DC, and an eagle or other official looking symbol on the envelope. The 101st Congress responded by enacting the Deceptive Mailings Prevention Act of 1990, codified as 39 U.S.C. § 3001(h). Under this statute, solicitations using any symbol or name that could reasonably be construed as implying a connection with the federal government were declared nonmailable unless the mailing or its envelope bears a disclaimer of government affiliation. In 1991 Congress enacted Public Law 102-91, which supplemented the Deceptive Mailings Prevention Act by declaring that a violation of its mailability provisions constituted prima facie evidence of a violation of the False Representations and Lottery Statute.

These laws resulted in a substantial reduction in government look-alike mailings. However, we continue to receive complaints from the public - 236 during the first nine months of this fiscal year - and to refer any that appear to be a possible violation of the statute to the Law Department for review and possible initiation of administrative proceedings under the False Representations Statute. In most cases, the Law Department obtains voluntary agreement of the mailer to discontinue practices, which appear to violate the statute. However, many of the mailings that individuals complain about do not violate the existing statute.

LEGISLATION

We have worked with members of each Congress beginning with the 101st Congress to develop proposals that, if enacted, will strengthen federal statutes relating to fraudulent and deceptive mailings and allow us to more effectively protect the public from these types of solicitations. In the 105th Congress laws were enacted to address two serious areas of consumer fraud that we aggressively investigate - telemarketing fraud and identity fraud. In the 106th Congress six bills have been introduced, four in the Senate and two in the House, addressing mailings that may be deceptive. We appreciate the level of concern Congress has demonstrated in the area of consumer protection.

In testimony before the International Security, Proliferation and Federal Services Subcommittee last September, we discussed suggestions for improvements to Chapter 30 of Title 39. If made, the improvements would enhance our ability to protect consumers through civil enforcement. We are pleased with the provisions that were subsequently included in S. 335, the Deceptive Mail Prevention and Enforcement Act. We believe the legislation has balanced the need for stronger consumer protection with

the concerns of the business community to be able to use the mail as an advertising medium without unreasonable constraints.

Your legislation would, for the first time, provide specific parameters and guidelines for solicitations containing sweepstakes, games of skill and facsimile checks. Your proposal to require a clear and conspicuous "no purchase necessary" statement on the sweepstakes claim or entry form would allow consumers to make a more informed decision. It also enhances the restrictions on government look-alike mailings for the first time since the beginning of this decade. Additionally, the bill requires any person or company using the mail for any covered mailing to adopt procedures to prevent the mailing of such materials to anyone who submits a written request stating their intent not to receive such mailings.

The legislation also recognizes the very limited ability the Postal Service has under current civil statutes to investigate, penalize and stop deceptive mailings. The weaknesses in current law are addressed by granting the Postal Service administrative subpoena authority and the ability to impose civil penalties, and giving U.S. district courts the ability to impose nationwide temporary restraining orders. Together, these three provisions will enhance the effectiveness and efficiency of our consumer protection work, while at the same time providing for review by U.S. district courts to ensure the authorities granted by this legislation are properly administered.

We also appreciate your concern to not preempt the authority of the states. We often work in cooperation with state attorneys' general offices and with various consumer affairs offices in a cooperative and coordinated effort to combat deceptive mailings. We share information and consumer complaints, assist each other in identifying witnesses, and coordinate the filing of our respective cases. This cooperative effort has produced significant results in limiting a variety of frauds. Our combined efforts enable state attorneys general to reach questionable promoters beyond their state borders. The proposed change in this legislation would not only enhance the Postal Inspection Service's ability to investigate and stop deceptive mailings, but it would also help us help the state attorneys general work more effectively as well.

CASE EXAMPLES

As you can see from the following examples, although we utilize the civil statutes to try to protect consumers from deceptive promotions, the operators have identified and exploited weaknesses in the statutes. These cases serve as good examples of how the provisions in your legislation would assist the Postal Inspection Service in providing the public with much more effective protection from deceptive promotions.

ailworks International During the latter part of 1998 we pursued civil action against umber of promotions using six post office boxes (22037, 22041, 22043, 22046, 047, and 22048) under the control of Mailworks International in Tempe, Arizona. The

promotions used direct mail solicitations advising or implying that a check was being held for the addressee in amounts that ranged from $10,000 to $11,200.47, depending upon the promotion. They also stated that the promoter was holding "an entitlement" (also referred to as a redeemable bankpak, redeemable documentation package, quick reply elective, early bird elective, etc.) valued at from $2,200 to $3,500 depending upon the promotion. The entitlement involved a "mandatory processing fee" that ranged from $10 to $16. The promotions advised the winnings are available "without mandatory purchase," "with non-requisite purchase," or "monetary options are elective and non-requisite." During a 10-day period of time it was determined that the six post office boxes generated an average total of 8,000 pieces of mail per day.

The Postal Service filed a civil complaint against Mailworks International and its principal, Bruce White, on September 14, 1998. On the same day, with the assistance of the U.S. Attorney's office, a temporary restraining order (TRO) stopping delivery of mail to the post office boxes was obtained in U.S. district court. A consent agreement was reached with the promoters on December 23, 1998, and the Postal Service Judicial Officer issued a false representation order and a cease and desist order on December 31, 1998. On January 15, 1999, the Postal Service returned to the senders approximately 30,000 pieces of mail that had been stopped by the TRO. Had the administrative subpoena authority and civil penalty provisions been available, we would have been able to establish the number and quantity of mailings which, based on the number of responses, would have been significant and led to the possible imposition of civil penalties. Also, the provisions in the legislation would require much clearer disclosure of the terms of the offer, including a "no purchase necessary" statement on the return order form.

On April 20, 1999, the Postal Inspection Service discontinued delivery of mail to a post office box in Papillion, Nebraska, which was being used for a promotion in the name of Wilson Perrie Corporation (WPC). The promotion involved direct mail solicitations appearing to be from accounting or monetary fulfillment firms. The solicitations, mailed from Tempe, Arizona, gave the impression the recipient had already won $10,000. For fees ranging from $13 to $19, the addressees received a coupon booklet for various products and services. In some instances, the complainants received three different variations of the award notification, each asking for another fee. It was determined that 400 to 1,000 pieces of mail were received per day. Some of the WPC solicitations were mailed in envelopes bearing the return address of P.O. Box 22048, Tempe, AZ 85285. Postage for all of the WPC solicitations we reviewed was paid using two of the same postage meters that had been used for postage on some of the Mailworks International mailings.

Several solicitations were sent with portions of the text blacked out. At the bottom of the page of one solicitation, the overprinting did not obscure an address used for responses to one of the Mailworks International promotions. Additionally, some return envelopes had WPC address labels pasted over the original preprinted addresses for Mailworks International promotions.

We believe the civil penalty provisions of S. 335 might have worked as a deterrent to prevent either scheme. In addition, administrative subpoenas would be needed to obtain records showing the number and the size of mailings necessary for the proper imposition of civil penalties. The subpoena could also help identify the principals of each promotion, victims and the location of funds that could be used for victim restitution.

J.R. Publishing, Inc. Beginning in January 1997 J. R. Publishing, Inc., Missoula, Montana, used direct mail solicitations to promote games of skill involving three-stage contests. Ronald James Ellis of Las Vegas, Nevada ran the promotions. The first two stages were very simple word games. The third stage was a complex word puzzle. Entry fees varied from $5 to $20. Often a person would submit as many as six first and second stage entries, but only receive one stage three puzzle. Many of the solicitations were prepared in a manner that would lead individuals to believe they were winners. Some solicitations included the statement, "You are guaranteed $10,000 cash as our sole grand prize winner."

An administrative complaint was filed on June 23, 1998, and a hearing was held in Las Vegas, Ellis' actual business and residential location, on October 22, 1998. A temporary restraining order to stop the delivery of mail to the Montana addresses was obtained in U.S. district court on October 28, 1998. The Postal Service Judicial Officer issued a false representation order and a cease and desist order on March 26, 1999.

However, Mr. Ellis was not deterred by the actions we took. Beginning four days after the hearing, he opened boxes in commercial mail receiving agencies in five states in order to continue his promotions. We have referred this matter to the U.S. Attorney for the District of Montana.

If U.S. district court judges had the authority to issue multi-district temporary restraining orders, we could have reacted quickly to prevent the victimization of more people through the new addresses he established. We believe the civil penalties also would have functioned as a deterrent to the expansion of this scheme. Finally, through the use of administrative subpoenas, we might have obtained information that would have alerted use to his intention to expand the scheme to new addresses.

Eagle Promotions, Inc. On May 25, 1999, the U. S. Attorney for the District of New Jersey obtained a temporary restraining order against Eagle Promotions, Inc., and its principal, James Bierman.

Eagle Promotions operated out of P.O. Box 3177 in South Hackensack, New Jersey. The corporation utilized 13 different business names, soliciting members of the public for a "sweepstakes" promotion. All 13 sweepstakes solicitations were similar in form

and contained similar representations. The solicitations were personalized to represent that consumers are eligible for a large cash award. However, the large cash award (e.g. $15,000) cannot be released until the "claim form" attached to the solicitation is completed "in full" and returned promptly to Eagle Promotions. The claim form is attached to the solicitation. It is a forced choice checklist requiring payment in the form of "cash, check or money order" and does not contain a "no purchase" option or statement. The fees required for entry are variously described as a "transferal fee, acquisition fee, release fee, redemption fee," etc. The claim forms have clever titles such as "Award/Entitlement Verification Form," "Award Transfer Claim," "Award Denouement," "Award/Entitlement Security Form," and "Award Transfer Claim." The claims are intentionally confusing to consumers, leading them to believe that they must pay a fee to receive the large cash award.

The rules to Eagle Promotions sweepstakes are contained on the opposite side of the solicitation. Although there is a "no purchase" option included in the rules, to utilize the no purchase option, consumers are instructed to mail a 3X5 card with their name, I.D. Number and the claim form (in 11 of 13 solicitations) in a No. 10 business envelope to P.O. Box 3177, Hackensack, NJ. However, consumers are warned that if they use the "courtesy reply envelope" included in the solicitation to return their 3X5 card, they will be automatically disqualified from the sweepstakes.

It has been our experience that consumers who remit fees to "sweepstakes" and other similar promotions become "hot commodities" and are targeted with additional solicitations from promoters. Such was the case with the Eagle Promotions solicitations. One consumer who responded to a solicitation received an additional 22 solicitations from 8 different related Eagle Promotions business names.

Two of the Eagle Promotions businesses: National Judging Services and Consumer Fulfillment Center were to issue cash awards on or about April 1, 1999, pursuant to the rules in the solicitations. As of June 1, 1999, no cash award was awarded to any consumer.

Eagle Promotions also solicited the public with two separate alleged "government look-alike solicitations." The solicitations were mailed in official looking envelopes with governmental-type seals bearing the names "US Entitlement Service, Eastern Region, South Hackensack NJ 07606-1177"; and "Internal Monitoring Service, Dept. of Sweepstakes, Eastern Region, P.O. Box 3177 S. Hackensack, NJ 07606-1177/Official Business, Penalty for Unauthorized Use." The Postal Service has argued that the seals on the envelope can be reasonably construed as implying a federal government connection, in violation of Title 39 U.S.C. 3001(h).

Eagle Promotions' fulfillment for all 13 different business names and their respective solicitations is a coupon book entitled "Step into Savings." The "Step into Savings" coupon book contains various coupons, many of which can be found in local newspapers, allegedly valued somewhere between $2500 and $3500. In fact, the

coupon book requires the consumer to spend thousands of dollars to realize the so-called discounts. Consumers have complained they were not interested in the coupon book, but wanted the large cash award. Moreover, consumers are remitting the required fees because they believe they must in order to receive the large cash award.

Eagle Promotions' principal, James Bierman, is also a principal in a New York corporation entitled Lexington Promotional Systems, Inc., utilizing P.O. Box 1381, Church Street Station, New York, NY. Utilizing three different business names, Lexington Promotional Systems solicits the public with "sweepstakes" promotions that are similar in form and in substance to the Eagle Promotions sweepstakes promotions. Interestingly, Eagle Promotions, located in New Jersey, did not solicit consumers from the State of New Jersey; however, Lexington Promotional Systems, located in New York, did solicit consumers living in New Jersey.

In this case, as in other cases we have pursued, questionable direct mail promoters are known to mail to and from multiple judicial districts. Under current law (39 U.S.C. 3007), the government must file for temporary restraining orders in each of the districts in which consumer response mail is received. The proposed change granting the district court the power to "direct the detention by the Postmaster in any and all districts, of the defendants' incoming and outgoing mail, which is subject to the proceeding under Section 3005..." would be a very useful tool in combating deceptive mailings.

In addition, administrative subpoena authority would have enhanced our ability to investigate and gather evidence of alleged deceptive mailings before seeking injunctive relief in district court. Moreover, subpoena authority would enable the Inspection Service to identify and link the participants to the promotion, and to determine the true scope of the scheme through business and mailing records.

Borden Barrows Another example of the types of difficulties postal inspectors face attempting to protect consumers utilizing current law is that of direct mail promoter Borden Barrows. Barrows has been operating a variety of direct mail promotions and sweepstakes since at least 1992. In 1993, when Barrows and his associates were approached by postal inspectors, he closed up shop in one location, moved on to another location, and set up again under a different name. In fact, in his most recent promotions, "Cash Claim Service, National Cash Distribution Bureau and Distribution Center," Barrows has used several locations for consumer response including New York, NY; Washington, DC; Issaquah, WA; Mesa, AZ; Atlanta, GA; San Francisco, CA; White Plains, NY; Northampton, MA; and Chicopee, MA.

Barrows used numerous addresses at commercial mail receiving agencies nationwide, which collected the consumer responses and then forwarded them to him. Barrows has been known to operate several sweepstakes promotions in which no prize has been awarded. He closes up shop after collecting consumer monies and leaves for new locations to start soliciting the public again using different names. Barrows and

associates were the subject of consent agreements and cease and desist orders in which he agreed to discontinue his promotions; however, because the statutes lack significant penalties there is no real deterrent to continuing the deceptive promotions.

BENEFITS OF PROPOSED LEGISLATION

As illustrated in the four cases, the provisions of S. 335 are expected to play a major role in consumer protection. It has been our experience that some questionable direct mail promoters, when approached by the government, simply close their operation in one location and "hopscotch" across the country to other locations and resume business as usual. There is little in the current law to deter unscrupulous promoters from repeatedly violating Postal Service cease and desist orders. The proposed change in the penalties for violation of this statute would put "teeth" in the statute and – in our opinion – deter promoters from resurfacing in new locations and continuing business as usual. The civil penalties will also be a deterrent to some individuals who contemplate running deceptive mail promotions

The multi-district TRO authority would have been very useful in several of the cases, allowing us to go back to the judge who issued the initial TRO, rather than having to go into additional judicial districts to get individual TROs. This authority will result in a much more efficient use of Postal Service, Department of Justice and federal court resources, by reducing the number of court filings and hearings necessary to consider applications for TROs. Additionally, as previously stated, the promoters will not be forced to defend their actions in multiple judicial districts. This will not only reduce the financial burden on private citizens, but will also preserve more funds for cases where victim restitution can be obtained.

In each case the use of administrative subpoenas could have expedited the process, resulting in quicker actions that would reduce the number of victims. Currently the Postal Service has no subpoena authority available for this type of civil case. The result is that it takes longer to develop sufficient information to pursue civil action against a deceptive promotion. The subpoenas will also be a critical tool in developing sufficient information to obtain TROs due to the increased burden of proof placed on the government by this legislation. The subpoenas will also play an important role in obtaining sufficient information to determine the number and size of mailings for the purposes of establishing the appropriate assessment of civil penalties. As stated earlier in the testimony, the legislation contains provisions for judicial review of subpoenas issued, civil penalties assessed and applications for temporary restraining orders.

PREVENTION THROUGH CONSUMER AWARENESS

While we are pleased with our success in our law enforcement efforts, we are convinced that reducing fraud losses resulting from improper uses of the mail requires

more than historic law enforcement responses. Too often, the results of law enforcement - arrests and civil orders - occur after victims have lost money that cannot be recovered. Increased arrests do not necessarily demonstrate success, but rather they reveal a continuing problem requiring a more lasting solution. In recent years we have had significant success working in close partnership with the credit card industry, the rebate industry, and the mail order industry to reduce fraud losses they have experienced. For many years, we have worked with the Better Business Bureaus, state consumer protection groups and others to share our knowledge of prevailing mail order scams and to arm the public with the information that can help them avoid becoming victims.

The Postal Inspection Service aggressively participates in a wide range of consumer protection and public education efforts such as reverse boiler rooms with AARP, public service announcements, video news releases, press releases, brochures and posters warning consumers about the signs of fraud. Admittedly, each of these efforts only reaches a targeted segment of the population. Fraud is one crime that can be dealt with most effectively through education because every potential fraud victim must first make a choice. Our goal is to help the consumer make the right choice.

In the hearing last September, we announced that we had joined with the National Council of Better Business Bureaus to make a vision we share a reality. Assisted by other consumer and government agencies including AARP, the Federal Trade Commission, the Department of Justice, and the Federal Bureau of Investigation, we plan to launch what may be one of the most ambitious fraud prevention initiatives ever. In October we will mail to every home in America- approximately 114 million - a card containing valuable fraud prevention tips, which provides an 800-phone number to call and an address to write for additional information. There will also be a dedicated web site with links to the participating agencies and organizations. Additionally, an informative video is being produced that will be available at 16,000 public libraries and on the web site. The card is being designed for display by the telephone as a reference and prevention tool, in hopes of helping citizens make informed decisions regarding mail and telemarketing solicitations when they occur, so they avoid becoming victims of fraud. This very exciting and promising initiative has been named "kNOw Fraud."

Over the many years we have enforced the postal fraud, lottery and false representation statutes we have observed that the tactics of con artists are similar, and if profitable, will be repeated. I want to assure you that the Postal Inspection Service will continue to combine aggressive investigations and widespread public awareness campaigns to rid the mail of fraudulent schemes. As in the past, this effort will include schemes that include the use of the mail, which are initiated through any advertising medium - mail, telemarketing, television, newspaper or more recently the Internet. The American public's confidence in the mail is not only important to the Postal Service, but also to the millions of businesses that rely on the mail as an important marketing tool. We would like to commend you for holding this hearing and generating publicity that will result in increased public awareness and a reduction in consumer vulnerability.

Senate Permanent Subcommittee on Investigations

EXHIBIT # 1

ACKNOWLEDGEMENT VOUCHER

This is a Receipt For Transferred Sweepstakes Cash Award and must be Returned to our Comptroller's Office At Time of Delivery of the Following Designated Amount:

$10,000 DOLLARS .00 CENTS

THIS FORM IS TO BE USED AS AN ACKNOWLEDGMENT DOCUMENT UPON YOUR ACCEPTANCE OF THE CASH INDICATED ABOVE. THIS NOTICE IS SENT BY THIS OFFICE TO INDIVIDUALS ELIGIBLE TO RECEIVE A PRIZE PAYMENT. IT CONSTITUTES FIRST AND POSSIBLE ONLY PHASE OF SWEEPSTAKES NOTIFICATION PROCEDURES. NEXT PROVISIONAL PHASE IS OFFICIAL NOTIFICATION OF CASH ENTITLEMENT AND ARRANGEMENT OF MONETARY TRANSFER.

Z2008995034 P04860
21-103-DIGIT 891
[redacted]

SWEEPSTAKES TRACKING NUMBER:	AMOUNT (Fill-in At Time of Receipt):	SIGNATURE:	DATE:
Z2008995034 P04860			

OFFICE OF THE COMPTROLLER
Provisional Advance Notification Section
1214 W. Boston Post Road, Suite 112, Mamaroneck, NY 10543

Attention [redacted] 05/24/99

We have been instructed to inform you that your name has been forwarded to this Section as among those officially eligible to be awarded a monetary cash payment in excess of the minimum amount of $600.00 required for Internal Revenue Service notification. The sum in question: $10,000.00 has been officially authorized for payment.

This money constitutes the full and final prize of a Publicity Sweepstakes created to publicize a National Discount Voucher Program.

In order to facilitate processing of your file, a **Sweepstakes Tracking Number** has been assigned to you (see both the above Acknowledgment Voucher and Confirmation Form below). Inspect the Tracking Number digits carefully. Both sets must be intact and identical. We cannot be responsible for printing errors, tears or any other circumstance which might change or alter your number so as to affect your status. If your assigned number has all seventeen of the digits listed by these offices as exchangeable for the awaiting $10,000.00 payment and you send it to us for required match-up verification before our registered deadline (see rules on reverse side), we will arrange expeditious delivery of the winner's check. Upon such delivery we will require submission of your Acknowledgment Voucher above. NOTE: all state and federal taxes due on the sum in question are the sole responsibility of winner.

As specified, this sweepstakes was created to publicize a National Discount Voucher Program. Be on notice, You are not required to make any purchase as a condition of participation in this sweepstakes. Nevertheless, because of your current status and the obvious advantage of our being able to state that [redacted] is an actual user of the product for which this sweepstakes was created to promote, we are hoping you will freely expend the small amount necessary for us to list you as a customer. Accordingly, we have set aside a maximum of two packages of the MoneyPak Vouchers used in this National Program for your personal request. We have been assured that each set of Vouchers has a guaranteed

(continued on reverse side...)

DETACH FORM BELOW AND RETURN IN PRE-ADDRESSED ENVELOPE

TRANSMITTANCE FORM

For transmittal of information relative to **Sweepstakes Tracking Number:** Z2008995034 P04860

Name of eligible monetary recipient: [redacted]

Total value of undelivered cash award: **$10,000 DOLLARS .00 CENTS**

I am transmitting this form so that all procedures relative to my eligibility to be awarded $10,000.00 may be set in motion. I have checked my Sweepstakes Tracking Numbers (on top of your notice and on this form) and they are identical and all seventeen digits are present and totally recognizable. I understand if you verify that I have submitted the winning digits in conformity to your rules, arrangements to send me the full award will be initiated promptly.

Please include: _____ Sets of National MoneyPak Vouchers @ $10.00 each (plus one time charge of $5 (S&H) Thank you for helping to make this sweepstakes promotion a success. Please make your CHECK or MONEY ORDER payable to "EPI". For high-priority RUSH handling please include an extra $3.

Mail this TRANSMITTANCE FORM in the enclosed envelope to:
EPI, Provisional Advance Notification Section • 1214 W. Boston Post Road, Suite 112, Mamaroneck, NY 10543

Be on notice, You are not required to make any purchase as a condition of participation in this sweepstakes. Nevertheless, because of your current status and the obvious advantage of our being able to state that [redacted] is an actual user of the product for which this sweepstakes was created to promote, we are hoping you will freely expend the small amount necessary for us to list you as a customer.

Senate Permanent Subcommittee
on Investigations

EXHIBIT # 2

ONE THOUSAND DOLLARS
1,000 THE UNITED STATES OF AMERICA 1,000

Quick Bucks

1214 W BOSTON POST RD.
SUITE 112
MAMARONECK, NY 10543

S-S 3-DIGIT 891

[redacted]

QUICKBUCKS
"CASH EXCHANGE"
SWEEPSTAKES

HERE IS A WINNING $1,000.00 QUICKBUCKS
BILL FOR [redacted]

Make a match and ... **YOU ARE A GUARANTEED WINNER!!!**

If the serial number on this faux $1,000.00 bill matches ANY of the serial numbers below, it is exchangeable for **REAL CASH!** (use the envelope provided)

D5052314 4A 879381154A C107890710 L35836992F

I wanted to send you this swappable faux THOUSAND DOLLAR BILL right now, because if your serial number matches one of the numbers above, YOU HAVE WON ONE OF OUR VARYING AMOUNT REAL CASH PRIZES! Believe it!! As I write these words, I'm looking at the ten crisp one hundred dollar bills sitting in my desk right now. I'M KEEPING THEM IN MY LOCKED DESK SO I CAN SEND THEM BY COURIER MAIL TO THE WINNER!! I get a big kick out of hearing from delighted winners, AND I'D LOVE TO SAY "HI" TO YOU AS A WINNER!

My name is Henry Wickerson, and I'm the President of QUICKBUCKS WINNERS SWEEPSTAKES.
YOU are a guaranteed winner! You may be someone who has never won before, but THIS TIME, YOU HAVE "money in the bank".

Grand Prize is $11,000.00 with other prizes of $1,000.00, $500.00 and lesser amounts as indicated in sweepstakes rules without mandatory purchase.

CHECK THE SERIAL NUMBER ON YOUR FAUX ONE THOUSAND DOLLAR BILL AGAINST THE PRINTED LIST ABOVE RIGHT NOW. If you make a "match", RUSH your faux bill back in the special winner's envelope enclosed. I promise to exchange it for REAL CASHABLE MONEY as soon as the numbers are confirmed. Eleven thousand dollar grand prize has been computer pre-selected to matching personal ID numbers, as have all other awards.

BUT WAIT... THERE'S MORE... You have full pre-approval for release to you of the charter WINNERS PAK consisting of additional cash win opportunity and two thousand five hundred dollars in WINNERS PAK discount vouchers good for food, entertainment, services, merchandise, etc., and all from national incentive guarantors GUARANTEED to be worth a full $2,500.00 when fully redeemed. Modest mandatory activation fee required for release.

Sincerely,

Henry Wickerson, President

P.S. **This is NOT a joke!** YOU have won cash money, guaranteed! You must return your faux $1,000.00 bill to collect!! I MUST hear from you within 10 days of receipt of this letter or your winnings could be forfeited.

P.P.S. I can't wait to send out these crispy real $100.00 bills! You've practically got some cash in your hands... GO FOR IT!!

CUT ALONG DOTTED LINE AND MAIL IN ENVELOPE PROVIDED

[ ] I am the person named above.

[ ] I have made a serial number match. Send me the cash I have won.

[ ] I have never won $1,000.00 (or more) before.

[ ] Enclosed is $10.00 MANDATORY activation fee for $2,500.00 Winners Pak.

[ ] I wish RUSH processing! Enclosed is $3 additional.

Entitlements Waived: [ ] YES [ ] NO

My phone # is: (____)_____-_____

ID# Z2008995034 P04842

[redacted]

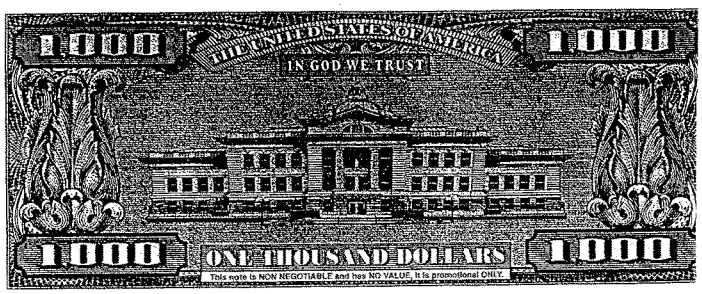
Send cash, check or money order payable to: DPF QUICKBUCKS, 1214 W. Boston Post Road, Suite 112, Mamaroneck, NY 10543

CASH DECLARATIVE

MUST BE 18 YEARS OF AGE OR OLDER TO PARTICIPATE. IMMEDIATE FAMILY MEMBERS OR RELATIVES OF SPONSOR OR THEIR EMPLOYEES NOT ELIGIBLE TO ENTER. PURCHASE IS NOT REQUIRED. ONLY ONE MAJOR PRIZE REDEMPTION PER PERSON OR RESIDENT HOUSEHOLD. ILLEGIBLE, IMPROPER OR INCOMPLETE RESPONSES AND/OR ENTRIES MAY BE DISQUALIFIED. THIS IS A MULTIPLE PROGRAM WITH SEPARATE ENTITIES FIRST PART IS A NATIONAL SWEEPSTAKES WITH GRAND PRIZE OF ELEVEN THOUSAND DOLLARS ODDS 1/286,500; SECOND PRIZE ONE THOUSAND DOLLARS ODDS 1/286,500; THIRD PRIZE FIVE HUNDRED DOLLARS ODDS 1/286,500; FOURTH PRIZE ONE HUNDRED DOLLARS ODDS 1/286,500; FIFTH PRIZE FIFTY DOLLARS ODDS 1/286,500; AND ADDITIONAL CASH WILL BE ADDED SO THAT ONE DOLLAR WILL BE THE MINIMUM PAYOUT ODDS 1/1. ONE THOUSAND DOLLAR FAUX BILL MATCHING SERIAL NUMBER DOES NOT GUARANTEE CASH [illegible] AMOUNT. TAXES ON WINNINGS ARE SOLE RESPONSIBILITY OF WINNERS. UNCLAIMED PR[illegible] WILL BE AWARDED TO NEXT NEW RANDOMLY SELECTED ID NUMBER FROM TOTA[illegible], AT LEAST ONE OF EVERY LISTED CASH AWARD WILL BE RELEASED. [illegible] MAIL NOTIFICATION BY A MATCHING OF INDIVIDUAL ID NUMBERS WITH WI[illegible] BY AN INDEPENDENT JUDGE. DEADLINE FOR CLAIMING CASH PRIZES IS EITHER NINE DAYS FROM RECIPIENTS RECEIPT OF NOTIFICATION OR SIXTY DAYS FROM DATE OF THIS NOTIFICATION. THIS SWEEPSTAKES BEGINS JANUARY 1, 1998 AND ENDS JUNE 30, 1999. POSTMARK DETERMINES DATE OF RESPONDERS REPLY. ALL MAJOR PRIZES VERIFIED AND PAID BY AUGUST 30, 1999. SPONSOR NOT RESPONSIBLE FOR LOST, STOLEN OR MISDIRECTED MAIL. VOID IN ND, AK, AR, NV, IA, VT, MN, WY, WI, KS, MO, AZ, IN, NC, WA, OR, OK, RI, NM, WV, ID, PQ, OR WHERE OTHERWISE PROHIBITED. DIFFERENT GRAPHIC PRESENTATIONS AND PROMOTIONAL NAMES MAY BE UTILIZED BY SPONSOR DURING THE COURSE OF THIS SWEEPSTAKES. COMPLETE LIST OF WINNERS AVAILABLE AT CONCLUSION OF JUDGING BY SENDING A S.A.S.E. #10 (LARGE) TO: WINNERS LIST, EPI, 1214 WEST BOSTON POST ROAD, SUITE 112, MAMARONECK, NY 10543. COMPLETE SWEEPSTAKES SUBJECT TO THESE RULES AND ALL JUDGES DECISIONS MUST BE FINAL. SECOND PART IS AN ELECTIVE, FEE-BASED FOR PROFIT OFFERING, DESIGNED TO INCREASE CONSUMER AWARENESS OF NATIONAL RETAIL FOOD, MERCHANDISE AND ENTERTAINMENT SERVICES FROM NATIONAL INCENTIVE GUARANTORS, AND CONSISTING OF A DISCOUNT VOUCHER PROGRAM WITH A VALUE OF AT LEAST TWO THOUSAND TWO HUNDRED DOLLARS WHEN FULLY REDEEMED. SWEEPSTAKES ENTRY IS WITHOUT CHARGE AND NON-CONTINGENT ON OTHER ELECTIVE OFFERS. WHEN ENTERING SWEEPSTAKES IN COMBINATION WITH ELECTIVE OFFERING, USE THE ENCLOSED REPLY ENVELOPE. WHEN ENTERING SWEEPSTAKES ONLY, PRINT YOUR FULL NAME AND ADDRESS ON A 3x5 INDEX CARD WITH THE WORDS "CASH CLAIM ENTRY" PRINTED IN LOWER LEFT HAND CORNER OF CARD. CHECK ENTITLEMENTS WAIVED BOX ON CLAIM FORM WHEN ELECTING THIS METHOD. THEN PLACE THE CARD IN A BUSINESS SIZE #10 ENVELOPE ADDRESSED TO: SWEEPSTAKES ENTRY 130 GARTH RD., SUITE 308, SCARSDALE, NY 10583-3764. DO NOT USE ENCLOSED ENVELOPE FOR SWEEPS ONLY ENTRIES AS THIS WILL DISQUALIFY YOUR ENTRY AND CASH CLAIM SATISFACTION 100% GUARANTEED.

RESIDENT HOUSEHOLD. ILLEGIBLE, IMPROPER OR INCOMPLETE RESPONSES AND/OR ENTRIES MAY BE DISQUALIFIED. THIS IS A MULTIPLE PROGRAM WITH SEPARATE ENTITIES FIRST PART IS A NATIONAL SWEEPSTAKES WITH GRAND PRIZE OF ELEVEN THOUSAND DOLLARS ODDS 1/286,500; SECOND PRIZE ONE THOUSAND DOLLARS ODDS 1/286,500; THIRD PRIZE FIVE HUNDRED DOLLARS ODDS 1/286,500; FOURTH PRIZE ONE HUNDRED DOLLARS ODDS 1/286,500; FIFTH PRIZE FIFTY DOLLARS ODDS 1/286,500; AND ADDITIONAL CASH WILL BE ADDED SO THAT ONE DOLLAR WILL BE THE MINIMUM PAYOUT ODDS 1/1.

ONE THOUSAND DOLLARS
THE UNITED STATES OF AMERICA
1,000
B79381154A
PHILADELPHIA, PA
ONE THOUSAND DOLLARS


THE UNITED STATES OF AMERICA
IN GOD WE TRUST
1,000
ONE THOUSAND DOLLARS
This note is NON NEGOTIABLE and has NO VALUE. It is promotional ONLY.

NOTIFICATION OF CASH PAYOFF

The awards desk is scheduled to release cash payment in full of ELEVEN THOUSAND DOLLARS

$11,000.00

[redacted]

Subject to return of this form with matching pre-selected claim number without purchase requirement.
Cash will be released immediately after validation is confirmed.

2 1 3-DIGIT 891
[redacted]

1. **Subject:** $11,000.00 CASH PRIZE!
2. **Location of Funds:** FEDERALLY INSURED BANKING FACILITY
3. **Cash Payment Schedule to:** GRAND PRIZE WINNER
4. **Validation:** ☐ Pending ☒ Confirmed ☐ Void
5. **Cash Claim I.D.** #Z2008995034 P04542
6. **Number of Payments:** ☒ One ☐ Three ☐ Eleven

▼ CUT ON DOTTED LINE AND RETURN CLAIM FORM BELOW ▼

CLAIM FORM

IMPORTANT INFORMATION

1. The cash prize ($11,000.00) is confirmed to the grand prize sweepstakes winner.
2. Identification may be required from the grand prize winner, such as a valid driver's license, copy of birth certificate, electric bill, etc. (NOTE: Do NOT send I.D. at this time!)
3. No taxes are withheld from the grand prize winners. Taxes are the sole responsibility of the grand prize winners.
4. The grand prize winners are asked if they wish to have their local newspapers or TV stations notified.
5. Your eligibility for fee based bonus options is hereby confirmed. Answer questions at right.

Sincerely,
Auditing Department

CLAIM I.D. NUMBER: Z2008995034 P04542

[redacted]

☐ **YES!** I, _____ will accept **$11,000.00 in full payment of Grand Sweepstakes Prize** subject to verification of matching pre selected claim number.

☐ I am enclosing $19.00 payable to **EPI** for commodity elective entitlement of one thousand eight hundred dollars in discount vouchers from National Incentive Guarantors and consisting of food, entertainment travel, and merchandise incentives with total redeemable value exceeding $3,000.00. I understand that most winners elect this incentive option.

☐ I am enclosing $3.00 for RUSH processing.

☐ Notify me in the future of new cash-win opportunities.

☐ I have enclosed $5.00 for most current issue of ***National Sweeps Newsletter*** offering many, many National FREE Sweeps with prizes totalling more than one million dollars. Many of our sweeps selections are not widely publicized, therefore offering more limited access and greater chances to win, and win BIG! A fantastic value at $5.00!

Send: ☐ Cash, ☐ Check or ☐ Money Order payable to: **EPI**
Mail in envelope provided.

07/98 EPI NSB04

Senate Permanent Subcommittee on Investigations
EXHIBIT # 3

UNIDENTIFIED CLAIMANT SECTION
CREDIT CARD USER SWEEPSTAKES
1214 W. Boston Post Road, Suite 112, Mamaroneck, NY 10543
Comptroller's Office Executive Towers

Senior Director of Unpaid Awards

Senate Permanent Subcommittee on Investigations

EXHIBIT # 4

VERIFICATION OF UNPAID AWARD

21-DIGIT BIG [redacted]

FILE IDENTIFICATION NUMBER: Z2008995034 P04811

Attention [redacted]

If you are the [redacted] living at the above address, GREETINGS. We are happy to have reached you.

This notice pertains to an "OPEN & UNPAID" cash prize from our current Credit Card User sweepstakes totaling $481.11. We are most anxious to have this money TRANSFERRED IN FULL to its rightful recipient

[redacted] it is my pleasure to inform you that you have been deemed officially eligible to be awarded this open payment.

We realize this is not a large sum. But we would like to have a Comptroller's Check signed and delivered before closing of the quarterly ledger period in which this sweepstakes ends. Hopefully, even SOONER.

Please return your yellow starred VIP Number immediately (it is reprinted on your ACKNOWLEDGEMENT VOUCHER below which we are asking you to submit for processing).

TIME IS OF ESSENCE!

Rules for payment release state that in addition to having the yellow starred winning VIP number, you must send it to us before our final deadline (see rules on reverse side). Please be assured: no purchase of any kind is required.

([redacted] please turn to reverse side...)

ACKNOWLEDGMENT VOUCHER

PRIZE RELEASE AMOUNT:	FILE IDENTIFICATION NUMBER:
$481.11	Z2008995034 P04811
NAME OF SWEEPSTAKES: Credit Card User Sweepstakes	NAME & ADDRESS OF ELIGIBLE CASH RECIPIENT: [redacted]
STATUS: **PRIORITY**	

I am returning this Voucher in accordance to your instructions. To my knowledge I am doing so within the time period required. If you agree that I have met the conditions outlined in my letter marked and enclosed as the rightful recipient of the prize indicated above, please forward my award immediately. I am enclosing at my discretion, $12 to cover VIP handling of my file plus provisional overnight EXPRESS delivery of the winner's check and a special portfolio of National Discount Certificates with a guaranteed redemption value in excess of $2,000.00. I understand this fee is totally refundable if my Voucher arrives late.

(NOTE: Please make your check or money order payable to "EPI".) Phone No: ( ) _____

Please mail this Voucher in the enclosed envelope to:
UNIDENTIFIED CLAIMANT SECTION • 1214 W. Boston Post Road, Suite 112, Mamaroneck, NY 10543

I am enclosing at my discretion, $12 to cover VIP handling of my file plus provisional **overnight EXPRESS** delivery of the winner's check and a special portfolio of National Discount Certificates with a guaranteed redemption value in excess of $2,000.00.

Senate Permanent Subcommittee
on Investigations

EXHIBIT # 5

TRUSTEE OF RECORD

Offices of Mellon, Astor & Fairweather*
736 N. Western Avenue, Suite 620
Lake Forest, IL 60045-1894

OFFICIAL FILE STAMP

** FILED **
FILE NO. A30569

FILE DATE

05/27/99

RESPONSE DEADLINE

06/24/99

RESPONDENT ELIGIBLE FOR:
✓ 1999 FORD ESCORT ✓ $10,000 CASH

Declaration of Distribution In the name of:

Z2008995034 P04856
S 3 3-DIGIT 891
[redacted]

DECLARATION / SWORN STATEMENT

By the power vested in me by MAF, I have been duly authorized to release and ship a 1999 Ford Escort with options as selected or cash to [redacted] at Las Vegas, NV, when a match of pre-selected winning numbers with a personal I.D. numbers is made. I hereby certify that the following is true and correct:

I am holding negotiable funds in the amount of $10,000.00 ready to send. I am authorized to ship a 1999 Ford Escort loaded with elected options in lieu of $10,000.00 Prize.

[redacted], you are a Guaranteed Winner of either Cash or the car.

[redacted] the funds are on deposit at a federally insured facility awaiting your shipping authorization. Please complete the authorization form enclosed and return by 06/24/99. Your cash or car award is fully guaranteed pursuant to the official rules on reverse. No purchase necessary.

CHIEF FINANCIAL OFFICER

DIRECTOR OF PRIZE DISTRIBUTION

J. Remington Astor
Prize Registrar
My appt. exp. Aug. 23, 2000
No. 86-0215-1

Dear [redacted]

To receive your cash or car, you must claim it before the deadline or your award will be forfeited. According to the official rules, I will be required to ship your award to another lucky party. If you reply before 06/24/99 you will safely fall within the claim deadline and avoid award forfeiture.

Upon officially being selected the grand prize winner, you will choose between the $10,000.00 cash or the 1999 Ford Escort. If you would like to have the car, please complete the automobile Preferred Option Sheet so that we may deliver the color and options, if available, that you desire.

Cash awards will be distributed via uniformed courier at [redacted]. Cash awards in addition to the grand prize of $10,000.00 include $1000, $1, $500. Official rules mandate distribution of all awards and full informational details.

In addition, there is a $3,500.00 cash savings folio being held in your name. A mandatory claim fee of $10 is required for release.

Don't throw away the cash. Respond now.

Sincerely,

Director of Prize Distribution

AUTHORIZATION
FOR RELEASE

P.S. All cash awards are made in one, lump sum payment. Taxes are the responsibility of recipient.

* not a law firm

ORIGINAL

FIRST PRIZE: $10,000.00 CASH OR 1999 FORD ESCORT

WARNING: Awards and cash savings folio may not be released unless this form is completed and returned in the envelope provided. No exceptions.

RELEASE AUTHORIZATION

Z2008995034 P04856
[redacted]

CHECK ALL APPLICABLE BOXES

☐ I am the [redacted] to whom this notification is addressed. I have valid identification to present to courier, if required. (Do not send ID at this time)

Upon final declaration as first prize winner, I choose: ☐ $10,000.00 cash ☐ 1999 Ford Escort (please complete automobile Preferred Options Sheet below)

☐ I have enclosed $10 payable to MAF. Release and deliver my $3,500.00 cash savings folio.

☐ I have read and understand the official rules and affirm that I am over 18 years of age and have not already received over $20,000.00 from Mellon, Astor & Fairweather.

☐ I wish RUSH processing. Here is $3.00 EXTRA.

Signature: _____
[redacted]

Enclosed is: ☐ cash ☐ check ☐ money order payable to MAF (Mellon, Astor & Fairweather)

1999 FORD ESCORT PREFERRED OPTIONS SHEET

EXTERIOR PAINT COLORS (CHOOSE ONE)	INTERIOR TRIM COLORS: MED. GRAPHITE	WILLOW GREEN	MED. PRAIRIE TAN
☐ Mocha Frost	--	--	☐
☐ Bright Red	☐	--	☐
☐ Antarctic Blue	☐	--	☐
☐ Silver Frost	☐	☐	--
☐ Black Satin	☐	--	☐
☐ Vibrant White	☐	☐	☐
☐ Aquamarine Frost	☐	☐	☐

PREFERRED UPHOLSTERY
- ☐ Leather
- ☐ Vinyl
- ☐ Fabric

TRANSMISSION
- ☐ Manual
- ☐ Automatic

EXTRA PREFERRED OPTIONS

☐ Power Windows / Steering / Locks	☐ CD Player	☐ Speed Control
☐ Anti-lock Brakes (ABS)	☐ Dual Air Bags	☐ Air Conditioning

Please return the entire page with the Preferred Options Sheet and the Release Authorization with your signature in the return envelope provided.

ORIGINAL (RETURN THIS PAGE)

Foreign Corporations (NRS 80)

Qualification To Do Business in Nevada

STATE OF
Secretary o

FILED
IN THE OFFICE OF THE
SECRETARY OF STATE OF THE
STATE OF NEVADA

JUL 13 1998

C1649098
(For filing office use ↑)

Return Acknowledgment to:

Name
Address
City
State
Zip

IMPORTANT: All foreign corporations, whether for profit or non-profit, may use this form to qualify t do business in Nevada. Read instructions on reverse side before completing this form.

TYPE OR PRINT (BLACK INK ONLY)

I, Nicole Kasday (Name of officer) as President (Title of officer),

of Enwood, Pressman & Dragman, Inc. (Name of corporation—must be the same as shown on the Certificate of Corporate Existence) a corporation formed under the

of the State of Colorado, make the following statement:

1. General description of purposes of corporation: direct Marketing and promotional offerings through direct mail only.

2. The total **authorized** stock is: 100,000 (attach documentation)
   (a) Number of shares **with** par value: Ø
   (b) Par value of each share: Ø
   (c) Number of shares **without** par value: 100,000

NOTE: If this is a nonprofit, nonstock corporation indicate N/A above.

x Nicole Kasday (Signature of officer)

(notary stamp ↑)

LIBBEY TIEFER
Notary Public - Nevada
My appt. exp. Aug. 29, 1999
No. 95-0427-1

State of Nevada
County of Clark
This instrument was acknowledged before me on July 13th, 19 98.
by Nicole Kasday (Name of person)
as President (type of authority, e.g. president, etc.)
of Enwood Pressman + Dr (name of person on behalf of whom instrument was executed)
(Signature of notarial officer)

RESIDENT AGENT: (designated resident agent and his STREET ADDRESS in Nevada where process may be served)

Name of resident agent: Sheilah Williams

Street address: 8550 W. Charleston Blvd. #102-17 LAS Vegas, NV 8
Street No. Street Name City Nevada

Certificate of Acceptance of Appointment by Resident Agent

I, Sheilah Williams, hereby accept appointment as Resident Agent of the above-named corporation

x Sheilah Williams (Signature of Resident Agent) 7-13-98 (Date)

RECEIVED
JUL 13 1998

Qualification To Do Business in Nevada

STATE OF NEVA
Secretary of Sta

JUL 13 1998

C1649098

Return Acknowledgment to:
Name
Address
City
State
Zip

LIBBEY TIEFER
Notary Public - Nevada
My appt. exp. Aug. 29, 1999
No. 95-0427-1

(a) Number of shares with par value: 0
(b) Par value of each share: 0
(c) Number of shares without par value: 100

NOTE: If this is a nonprofit, nonstock corporation

x Nicole Kasday

Nevada
County of Clark
This instrument was acknowledged before me on July 13th, 1998
by Nicole Kasday
as President
of Swidler Berlin Shereff Friedman + Dyer

LIBBEY TIEFER
Notary Public - Nevada
My appt. exp. Aug. 29, 1999
No. 95-0427-1

RESIDENT AGENT: (designated resident agent and his STREET ADDRESS in Nevada where process may be served)

Name of resident agent: Sheilah Williams

Street address: 8550 W. Charleston Blvd. #102-178 Las Vegas, NV 89117

Certificate of Acceptance of Appointment by Resident Agent

I, Sheilah Williams, hereby accept appointment as Resident Agent of the above-named corporation.

x Sheilah Williams — 7-13-98

Signature of Resident Agent — Date

JUL 13 1998

SECRETARY OF STATE

TRUSTEE OF RECORD

Offices of Mellon, Astor & Fairweather*
736 N. Western Avenue, Suite 620
Lake Forest, IL 60045-1805

OFFICIAL FILE STAMP

** FILED **
FILE No. A10569

J. Remington Astor
Prize Registrar
My appt. exp. Aug. 29, 2000
No. 85-0215-1

Declaration of

By the pow
options as s
winning numbers with a personal T
true and correct:

I am holding negotiable funds in the amount of
quidy to send. I am authorized to ship a 1999 Ford
Escort loaded with elected options in lieu of $10,0

Albert Dernus, you are a Guaranteed Winner of either Ca
er.

Albert Dernus, the funds are on deposit at a federally insured fin
ding your shipping authorization. Please
complete the authorization form enclosed and return by 06/24/99. T
ff or car award is fully guaranteed
pursuant to the official rules on reverse. No purchase necessary.

CHIEF FINANCIAL OFFICER — DIRECTOR OF PRIZE DISTRIBUTION — J. Remington Astor, Prize Registrar, My appt. exp. Aug. 29, 2000, No. 85-0215-1

Dear Albert,

To receive your cash or car, you must claim it before the deadline or your award will be forfeited. According to the official rules, I will be required to ship your award to another lucky party. If you reply before 06/24/99 you will safely fall within the claim deadline and avoid award forfeiture.

Upon officially being selected the grand prize winner, you will choose between the $10,000.00 cash or the 1999 Ford Escort. If you would like to have the car, please complete the automobile Preferred Option Sheet so that we may deliver the color and options, if available, that you desire.

Cash awards will be distributed via uniformed courier at 244 E 121st St. Cash awards in addition to the grand prize of $10,000.00 include $1000, $1, $500. Official rules mandate distribution of all awards and full informational details.

In addition, there is a $3,500.00 cash savings folio being held in your name. A mandatory claim fee of $10 is required for release.

Don't throw away the cash. Respond now.

Sincerely,

Director of Prize Distribution

AUTHORIZATION FOR RELEASE

P.S. All cash awards are made in one, lump sum payment. Taxes are the responsibility of recipient.

ORIGINAL

REVOCATION NOTICE

Senate Permanent Subcommittee on Investigations

EXHIBIT # 6

Trustee: Mellon, Astor & Fairweather*
736 N. Western Avenue, Suite 620
Lake Forest, IL 60045-1894

File # Z2552737089 P04290
Date : 1/29/99
No Purchase required
RE: Client Fund Disbursements

Respondent:

301-70 ALL FOR AADC 786
[redacted]
1200 Oak St
Burnet, TX 78611-1310

- ☑ Approved for Elective Eligibility
- ☑ Funds held for disbursement
- ☑ Affidavit Required

Summary:

Urgent...Urgent...Urgent...Urgent...

Dear [redacted]

I have been instructed by my client to locate a certain [redacted], whose last known address was 1200 Oak St. If you are this person, our client has authorized us to release your protion of the disbursement fund.

Our client has requested anonymity, as he wants to remain an anonymous benefactor.

Prior to releasing the [redacted] share of the disbursement fund, my firm must receive your legal signature to document our files.

Our client has spent a good portion of his life giving away hundreds of thousands of dollars - now he's chosen your name.

Upon internal verification of your legal identity, our client has authorized Mellon, Astor & Fairweather to disburse your portion of the client fund to [redacted] at 1200 Oak St. A $10 purchase fee is required for elective of over $3,000.00 cash savings voucher folio.

Please sign the bottom portion of this document and return in the envelope provided.

Mellon, Astor & Fairweather is required to wait 7 days for your response. Failure to respond may result in your ownership claim reverting back to the firm. Please do not allow this to happen - respond promptly.

Sincerely yours,

Chief Disbursement Officer

Enclosures
PTR/alm
*Not a law firm

DETACH AND RETURN BELOW

OFFICIAL AFFIDAVIT

DETACH AND RETURN BELOW

Approvals:

File # Z2552737089 P04290

[redacted]
1200 Oak St
Burnet, TX 78611-1310

☐ I am responding within 7 days

I, _____, do hereby authorize Mellon, Astor & Fairweather to release my protion of client fund to my address as it appears below. I have electively included $10.00 + $2 S&H ($12.00 total) to obtain priority processing and over $3,000.00 cash savings voucher folio.

I swear under penalty of revocation that I am the Vernon Tucker of Burnet, TX. A legal sample of my signature appears below.

Legal Signature : _____ Date: ___/___/___

Send cash, check or money order payable to: MAF (Mellon, Astor, & Fairweather) and mail in return envelope.

SWEEPSTAKES RULES AND INFORMATION

Immediate family members or relatives of sponsor or their employees not eligible to enter. No purchase required. Must be 18 years of age or older to participate. Only one major prize redemption per person or resident household. Illegible, improper or incomplete responses and/or entries may be disqualified.

All winners predetermined prior to mail notification by a matching of individual ID numbers with winning numbers preselected at random by an independent judge. This is a multiple program with separate entities. First part is a national sweepstakes with grand prize of ten thousand dollars, odds 1/286,500; second prize one thousand dollars odds 1/286,500; third prize five hundred dollars odds 1/286,500; fourth prize one hundred dollars odds 1/286,500; fifth prize fifty dollars odds 1/286,500. Prize money already won consists of shares from the prize pool which will be no less than one dollar. Taxes on winnings are sole responsibility of winners. Unclaimed prizes of fifty dollars or more will be awarded to next new randomly selected ID number from total universe of participants until claimed.

At least one of every listed cash award will be released. Deadline for claiming cash prizes is either nine days from recipients receipt of notification or sixty days from date of this notification. this sweepstakes begins August 5, 1998 and ends June 30, 2000. Postmark determines date of responders reply. All major prizes verified and paid by July 30, 2000. Sponsor not responsible for lost, stolen or misdirected mail. Void in ND, AK, AR, NV, IA, VT, MN, WY, WI, KS, MO, AZ, IN, NC, WA, OR, OK, RI, NM, WV, ID, PQ or where otherwise prohibited. Different graphic presentations and promotional names may be utilized by sponsor during the course of this sweepstakes.

Complete list of winners available at conclusion of judging by sending a S.A.S.E. #10 (large) to: Winners List, MAF, 736 N. Western Avenue, Suite 620, Lake Forest, IL 60045-1894. Complete sweepstakes subject to these rules and all judges decisions must be final. Second part is an elective, fee-based for profit offering, designed to increase consumer awareness of national retail food, merchandise and entertainment services from national incentive guarantors, and consisting of a discount voucher program with a value of at least three thousand dollars when fully redeemed. Sweepstakes entry is without charge and non-contingent on other elective offers. When entering sweepstakes in combination with elective offering, use the enclosed reply envelope. When entering sweepstakes only, print your full name and address on a 3x5 index card with the words "cash claim entry" printed in lower left hand corner of card, then place the card in a business size #10 envelope addressed to: Sweepstakes entry, 940 holt road, suite 215, Webster, NY 14580-9101. Do not use enclosed envelope for sweeps only entries as this will disqualify your entry and cash claim. Satisfaction 100% guaranteed.

Senate Permanent Subcommittee on Investigations

EXHIBIT # 7

M.A.F. ATM EXPRESS

REPRESENTATIVE ATM CARD AWAITING ACTIVATION

AWARD ASSESSMENT COMMITTEE
MONETARY COORDINATION SECTION
187 Mill Street, Suite 5-135
Liberty, NY 12754

[redacted]

SECURE ATM

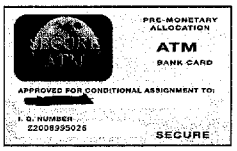
PRIORITY

AUTHORIZED BY:

THE BOTTOM SECTION OF THIS FORM MUST BE AUTHORIZED AND RETURNED BY 10 DAYS OF RECEIPT.

$10,000
PRE-DEPOSITED INTO
ATM SWEEPSTAKES
PRIZE ACCOUNT,
[redacted]

ATTENTION: UNAUTHORIZED USE OF CONTENTS IS UNLAWFUL



Your assigned provisional representative ATM Card.

We are pleased to be contacting you with news that a cash transfer has been officially approved to cover either: ATM card purchases totaling TEN THOUSAND DOLLARS ($10,000.00) or cash withdrawals for the same amount. This fully-vested card is the Grand Prize in a National Sweepstakes for which you were earlier declared as an eligible recipient based on past direct mail activity. IMPORTANT: make sure the spelling of your name is accurate to preclude possible communication problems later on. Thank you.

Please note the I.D. Number printed on the representative provisional ATM Card above. It was specifically assigned to you to facilitate administrative procedures relative to formally matching your I.D.Number (also printed on the Acknowledgment Form below) with the pre-drawn winning number held in our comptrollers safe. This procedure is required to enable us to certify the achievement of a valid match beyond question and that no alteration or erasures of a number was made either accidently or otherwise in the process of notification.
If confirmation of match-up is deemed totally in conformance to sweepstakes rules (see reverse side), the attached representative ATM

[[redacted] this important Notice continues on reverse side...]

Detach
And Retain
For Safekeeping!

CUT FORM ALONG DASHED LINES AND RETURN IN INCLOSED PRE-ADDRESSED ENVELOPE

PRIORITY

ATM ACKNOWLEDGMENT FORM

Attention: This Form must be returned within 10-days of its receipt or your current status will be nullified.

I.D. Number 22008995026

[redacted]

AWARD ASSESSMENT COMMITTEE
MONETARY COORDINATION SECTION No Purchase Required
187 Mill Street, Ste. 5-135
Liberty, NY 12754

STATUS VOID AFTER 10-DAYS!

Method of Transfer: (Check one only)
[ ] U.S.P.S. [ ] UPS [ ] FED. EX. [X] ATM
>> BEACH AND DALE <<

Please immediately verify my current status relative to your Notice of my Sweepstakes Grand Prize eligibility to be awarded the pre-vested $ 10,000.00 ATM Card which, upon notice that I am the confirmed winner, will enable me, [redacted] to withdraw the whole amount or purchase up to $10,000.00 at my pleasure.

☐ I am enclosing a processing fee of $10 for National Consumer Pak with well over $ 2,000.00 in redeemable discount vouchers from National Incentive Guarantors (Please send cash, check or money order out to M.A.F.)

☐ For RUSH handling include $3 extra.

Address Confirmation: Correct [ ] Yes [ ] No

Make checks or money orders payable to: M.A.F.

D7095MATU 987

NWCG/PRIZE PAYOUT DIVISION

$10,000.00 CASH OPPORTUNITY GIVEATHON
Prize Payout Division, Dept. #7-11
119 Rockland Center, Nanuet, NY 10954

ORIGINAL AFFIDAVIT
RETURN THE TOP SHEET - KEEP THE YELLOW COPY FOR YOUR RECORDS

Senate Permanent Subcommittee on Investigations
EXHIBIT # 8

ENCLOSED ENTITLEMENT FORM ONLY FOR : [redacted]

Dear [redacted]

I have been duly appointed by the Prize Payout Division to locate Patti of 1726 Blanchard Dr, Henderson, NV, 89014-0912. $10,000.00 in CASH remains unclaimed in a Federally Insured banking facility. YOUR WINNING CLAIM NUMBER IS CIRCLED BELOW.

According to all of our official documented records, [redacted] HAS BEEN DESIGNATED AND VERIFIED AS A CASH WINNER. When you return the winning matching pre-selected cash claim number, the $10,000.00 is yours, all with no purchase nescessary. I look forward with pleasure to presenting the $10,000.00 winners check myself!

You may not be aware that cash prizes are issued in the aforementioned amount of ten thousand, one thousand, one, one hundred, and fifty dollars, and additional vouchers entitlement in a two thousand dollar voucher pak. Said cashpak is released with mandatory release fee of ten dollars, and is over and above your previously mentioned cash winnings.

A cash release form appears below which requires your immediate attention for fastest monetary processing. Complete the release form in full, return this top page in the convenient envelope enclosed, keep the yellow copy for your records. PUT THE YELLOW COPY IN A SAFE PLACE, AS IT IS VALUABLE! Time is of the essence. Cashpak contains over two thousand dollars in redeemable vouchers om national incentive guarantors, and good for food, ertainment, travel, merchandise, etc., when fully redeemed.

Very Truly Yours,

[redacted] 3-DIGIT 890
[redacted]
Henderson, NV 89014-0912

Chief Financial Officer

P.S. If you respond within 5 days, I will send you additional valuepak opportunites worth many thousands of dollars.

CASH CLAIM 61034666018 P06048 RELEASE FORM ISSUED ONLY TO:
[redacted] NOW FOR RELEASE OF YOUR WINNINGS.

RELEASE FORM

$10,000.00 CASH OPP. GIVETHON II

Cash in the amount of $10,000.00 will be delivered by uniformed courier to [redacted] upon verification of winning cash determination number. Please make any necessary spelling or address changes below.

--- ---
[redacted] Date

--- Send me the cash I have already won.

--- Here is my $10 for release of my two thousand dollar entitlement as indicated above.

--- I wish RUSH processing of my claim. Here is $3.00 extra.

--- I am returning this form within 5 days for qualification of additional valuepak.

ORIGINAL AFFIDAVIT
RETURN THE TOP SHEET - KEEP THE YELLOW COPY FOR YOUR RECORDS

Address Correction

[redacted]
Henderson, NV 89014-0912

DETERMINATION #: 61034666018 P06048

MAKE ALL CHECKS PAYABLE TO: NWCG, Dept. #7-11, 119 Rockland Center, Nanuet, NY 10954

Senate Permanent Subcommittee on Investigations

EXHIBIT # 9

Cash Giveathon II

Dept. #7-11, 119 Rockland Center, Nanuet, NY 10954

Declaration for Cash Winner

[redacted] DECLARED OFFICIAL

WINNING CLAIM #

61001001017 P06329

135-81 3-DIGIT 891
[redacted]
[redacted]
Las Vegas, NV 89117-6712

Dear [redacted]

Your name now appears on our winner's list. Unbelievable as it may seem, you have finally won. That's right. There's no mistake about it. [redacted] is registered in our prize offices as an official prize winner with no purchase required in our Cash Giveathon II Sweepstakes, and our accounting department is ready to issue your prize check... up to $10,000.00 in cash!

This cash-win is non-transferable and is available only to [redacted] at [redacted], , NV, 89117 6712. Are you this person??

If so, you must be very excited. Well over $10,000.00 in cash is scheduled to be awarded by our prize office and prize denominations in varying amounts of ten thousand, one thousand, one, one hundred, and five hundred dollars will be awarded. The chief financial director has insisted that I contact you immediately as we must hear from you within 9 days of your receipt of this cash notification. Failure to respond would result in forfeiture of your cash win.

Your cash prize is absolutely, positively guaranteed, but we cannot release it until you fill out the enclosed Winners Declaration. don't you want the money? We must by law, award these prizes. Again... failure to respond means forfeit of your prize, and it will have to then be awarded to someone else. Please DO NOT allow this to happen!

This official notification is the ONE AND ONLY notification we are required to issue. Act NOW, or this may be a life-long regret. Don't lose out on your cash prize because you decided to wait. Take care of this important matter NOW.

We have reserved in your name, a redemption packet valued in excess of $2,000.00 when the value certificates are fully redeemed (see reverse for details). Your initials and release honorarium are required for shipment of this valued packet.

Sincerely,

PERSONAL FILE COPY

— APPROVED —
Cash Giveathon II
Chief Financial Officer

Cash Promotional Administrator

©1998 NABA, INC. CG INT NL V2

Well over $10,000.00 in cash is scheduled to be awarded by our prize office and prize denominations in varying amounts of ten thousand, one thousand, one, one hundred, and five hundred dollars will be awarded.

SWEEPSTAKES INFORMATION

MUST BE 18 YEARS OR OLDER TO RESPOND. RELATIVES OR IMMEDIATE FAMILY MEMBERS OF SPONSOR OR THEIR EMPLOYEES NOT ELIGIBLE TO ENTER. NO PURCHASE REQUIRED. ONLY ONE MAJOR REDEMPTION PER PERSON OR HOUSEHOLD. IMPROPER, INCOMPLETE, ILLEGIBLE RESPONDERS RESPONSE AND/OR ENTRIES ARE DISQUALIFIED. THIS IS A DOUBLE PROGRAM WITH SEPARATE ENTITIES. PART 1: $10,000.00 GRAND PRIZE DETERMINED BY PRE-SELECTED WINNERS CODED PROCESSING NUMBER. ODDS ESTIMATED AT 1: 878,770. $1,000.00 FIRST PRIZE, FIVE HUNDRED DOLLAR PRIZE, ONE HUNDRED DOLLAR PRIZE, DETERMINED BY PRE-SELECTED WINNERS CODED PROCESSING NUMBER. ODDS ESTIMATED AT 1: 878,770. ADDITIONAL CASH WILL BE ADDED TO THIS AMOUNT SO THAT ONE DOLLAR WILL BE THE MINIMUM PAYOUT (1/1). UNCLAIMED PRIZES OF ONE THOUSAND DOLLARS OR MORE WILL BE AWARDED TO NEXT NEW RANDOMLY SELECTED CODED WINNERS PROCESSING NUMBER FROM SAME UNIVERSE UNTIL CLAIMED. DEADLINE FOR CLAIMING CASH PRIZES IS SIXTY DAYS FROM DATE OF THIS NOTIFICATION. SWEEPSTAKES BEGINS AUGUST 15, 1998 AND ENDS MARCH 15, 2000. POSTMARK DETERMINES DATE ON RESPONDER'S REPLY. NOT RESPONSIBLE FOR LOST, STOLEN, MISDIRECTED, OR LATE MAIL. VOID IN AK, AR, NV, IA, VT, MN, WY, WI, KS, MO, AZ, IN, NC, WA, OR, OK, RI, NM, WV, ID, ND, PROVINCE OF QUEBEC, OR WHERE OTHERWISE PROHIBITED BY LAW. DIFFERENT GRAPHIC PRESENTATIONS OF THIS SWEEPSTAKE MAY BE MADE AT THE DISCRETION OF THE SPONSOR. COMPLETE LIST OF TOP WINNERS AVAILABLE 60 DAYS AFTER CONCLUSION OF THIS SWEEPSTAKE BY SENDING A SELF-ADDRESSED STAMPED ENVELOPE TO: WINNERS LIST, 119 ROCKLAND CENTER, NANUET, NY 10954. THIS SWEEPSTAKE IS SUBJECT TO THESE OFFICIAL RULES AND ALL JUDGES DECISIONS ARE FINAL. PART 2 IS A FOR PROFIT PROMOTION TO INTRODUCE DISCOUNT VOUCHERS FROM NATIONAL INCENTIVE GUARANTORS GOOD FOR FOOD, ENTERTAINMENT, ETC. AND WORTH AT LEAST TWO THOUSAND DOLLARS SAVINGS WHEN FULLY REDEEMED. PART ONE PARTICIPATION IS AUTOMATIC UPON RETURN OF FORM. PART 2 IS DISCRETIONARY AND REQUIRES MONETARY CONSIDERATION AS OUTLINED.WHEN TAKING ADVANTAGE OF THE ELECTIVE OFFER IN COMBINATION WITH THE SWEEPSTAKES, USE ENCLOSED ENVELOPE. WHEN ENTERING SWEEPS ONLY, WITHOUT ELECTIVE OFFER, PRINT YOUR NAME AND ADDRESS NEATLY ON A STANDARD 3X5 INDEX CARD AND PRINT "SWEEPSTAKES ENTRY" IN THE LOWER LEFT HAND CORNER, THEN USE YOUR OWN ENVELOPE AND MAIL THE CARD AND YOUR ENTRY TO OUR RETURN ADDRESS. DO NOT USE THE ENCLOSED ENVELOPE FOR SWEEPS ONLY ENTRIES. NON COMPLIANCE WITH THIS REQUIREMENT RESULTS IN AN INVALID ENTRY TO THE SWEEPS. SATISFACTION 100% GUARANTEED.

24 hr. Customer Service Information Line • 914-421-8565

THIS IS A DOUBLE PROGRAM WITH SEPARATE ENTITIES. PART 1: $10,000.00 GRAND PRIZE DETERMINED BY PRE-SELECTED WINNERS CODED PROCESSING NUMBER. ODDS ESTIMATED AT 1: 878,770. $1,000.00 FIRST PRIZE, FIVE HUNDRED DOLLAR PRIZE, ONE HUNDRED DOLLAR PRIZE, DETERMINED BY PRE-SELECTED WINNERS CODED PROCESSING NUMBER. ODDS ESTIMATED AT 1: 878,770. ADDITIONAL CASH WILL BE ADDED TO THIS AMOUNT SO THAT ONE DOLLAR WILL BE THE MINIMUM PAYOUT (1/1).

Winner's Declaration

Winning Claim # 61001001017 P06329

- ☐ I am filing my claim for the cash prize I have already won
- ☐ I have enclosed the mandatory $10 release honorarium for $2,000.00 redemption packet. ➧ Initials: _____
- ☐ I authorize the use of my name and photo for publicity purposes.
- ☐ I have not won $10,000.00 within the past two years.

Signature: _____

[redacted]
Las Vegas, NV 89117-6712

Send cash, check or money order payable to: NABA, Inc.
Dept. #7-11, 119 Rockland Center, Nanuet, NY 10954

PLEASE RETURN IN ENVELOPE PROVIDED.

©1998 NABA, INC. CG INT NL V2

Senate Permanent Subcommittee on Investigations

EXHIBIT # 10

INTERNATIONAL FUNDING DISTRIBUTION CENTER

David A. Deckworth
Chief Cash Release Officer

CASH RELEASE DEPARTMENT
222 Route 9W, Suite 1000, Haverstraw, NY 10927-1030

REFERENCE:
Unclaimed cash in the amount of $10,000.00

3-1 3-DIGIT 891
[redacted]
Las Vegas, NV 89117-6712

PERSONAL FILE NUMBER:
6100100101 7 P06611
No Purchase required

RELEASE PERIOD:
9 days from receipt

Dear [redacted]

One of the great pleasures of our position is to inform people (just like yourself) that they have won a cash prize. This office is presently sitting on $10,000.00 in cold, hard cash awaiting release. You will absolutely and positively receive a check from this office cashable in most any banking institution.

To receive your cash, simply fill out the cash release documents enclosed. Your personal file number appears above. Careful computer matching of your file number against the pre-issued cash determining numbers will be effectential and verified prior to actual determination of exact amount to be released to you, in the form of a United States cashable check.

If you do return the winning file number on time (within 9 days after you receive this letter), We can guarantee that this office will send you a check in the amount of $10,000.00. After everything is checked and verified, we would need only some sort of positive identification, such as a series of your driver's license, social security card, birth certificate, or other legal means of I.D.

Once we receive your cash release documents, your file number will be verified and cash amount determined. Upon the official "O.K." from our office, a check for $10,000.00 will indeed be released. Other awards to be given out in the amounts of one thousand dollars, one dollar, fifty dollars and one hundred dollars.

We will keep your file open for the full 9 day period. The rest, frankly, is up to you. If we do not hear from you within the allotted 9 day period, your file will officially become closed and the cash awarded to someone else.

The cash prizes we award are determined from private lists of participants who entered a sweepstakes, or were involved in a merchandise purchase by mail. It's that simple! Your response to direct mail offers has paid off for you, and we offer you our heartiest congratulations. You will undoubtedly take advantage of the elective entitlement option described below (most winners do).

Please keep a record of your personal file number that appears at the top of this letter, and use it in any future correspondence with me.

Sincerely,

Chief Cash Release Officer

P.S. Don't forget the 9 day deadline, and complete the release form below!!

CASH RELEASE DOCUMENT — 9 DAY DEADLINE IN EFFECT

[redacted]
Las Vegas, NV 89117-6712

PERSONAL FILE NO. 6100100101 7 P06611

I, _____ am the person to whom this cash release letter is addressed. I am at least 18 years of age (or older). I have made any corrections in my name or address below.

I have responded within _____ days of receiving this notification.

My phone number is: (_____) _____ - _____

- ☐ I like to travel.
- ☐ I have never won over ten thousand dollars before.
- ☐ I have won over ten thousand dollars before.
- ☐ I am interested in winning more money in the future.
- ☐ Here is my $11.00. I am taking advantage of the elective entitlement option (most winners do). Be sure and send me the check I have already won. **Make checks or money orders payable to I.F.D.C.**
- ☐ I wish RUSH processing. Here is $3.00 extra.
- ☐ Entitlements waived. Note that the entitlement folio contains over two thousand dollars worth (when fully redeemed) of national discount vouchers for food, entertainment, and merchandise from famous national firms. Waiver does not exclude cashable check already won.

INTERNATIONAL FUNDING DISTRIBUTION CENTER
222 ROUTE 9W, SUITE 1000, HAVERSTRAW, NY 10927-1030

The cash prizes we award are determined from private lists of participants who entered a sweepstakes, or were involved in a merchandise purchase by mail. It's that simple! Your response to direct mail offers has paid off for you, and we offer you our heartiest congratulations. You will undoubtedly take advantage of the elective entitlement option described below (most winners do).

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OTHERWISE PROHIBITED BY LAW. DIFFERENT GRAPHIC PRESENTATIONS OF THIS SWEEPSTAKE MAY BE MADE AT THE DISCRETION OF THE SPONSOR. COMPLETE LIST OF

Senate Permanent Subcommittee on Investigations

EXHIBIT # 11

OFFICIAL ANNOUNCEMENT FORM/P12406 — RE: PROPOSAL TO RELEASE COMPANY CHECK #1074, CASH FUNDS TOTALING:

( ) $5,000.00 (✓) $10,000.00 ( ) $25,000.00 ( ) $50,000.00 ( ) $100,000.00

THIS IS A RECORDED AND TIME SENSITIVE DOCUMENT. CLAIMANT RESPONSE NECESSARY. PURCHASE NOT REQUIRED

PREPARED EXCLUSIVELY FOR CONFIRMED CLAIMANT: [redacted]

GUARANTEED PAYOUT: 10,000DOLS00CTS — One Lump Sum Payout US Currency

SPECIAL BENEFITS: 2,500DOLS00CTS — Cash Savings Value (See Reverse)

WITNESS — Award Chairman PRIME SELECT, USA

March 5, 1999

[redacted] this official notice has been sent to you with the complete approval of the Cash Prize Office of PRIME SELECT,USA. All preparations necessary to effect release of company check #1074, cash funds totaling $10,000.00 have been completed.

This Official Announcement Form/P12406 has been security scanned for accuracy, signed, witnessed and stamped official. It is genuine in every way, and legally binding.

It is with great excitement that PRIME SELECT,USA notifies you today that our Cash Prize Office is prepared to formally announce that they have approved the release of prize funds totaling $10,000.00 CASH TO OUR SELECTED WINNER [redacted], if you right now have and promptly return to our office the matching winning case file identifier.

All that you need to do now is sign, complete, and return the affirmation of identity form attached below. [redacted], it is imperative that you understand clearly that if you fail to do this you cannot be declared our winner. We are under no further obligation to notify you again.

However, rest assured that once we receive your envelope, pending your confirmed possession of the winning identifier number check #1074, for $10,000.00 US DOLLARS, will be made payable to [redacted] and IMMEDIATELY sent to your [redacted], Dix Hills, NY 11746 address.

We will expect to receive your envelope within 7 business days. To speed up processing, please write the number 1074 (for check #1074) on the reply envelope we've enclosed for you. This will help to quickly identify the envelope containing a claim for that check number.

We hope to welcome you, [redacted] into our WINNERS CIRCLE very soon.

Sincerely,

Prize Administrator

See Other Portion For Your Rewards + Details & Notary Document of Affirmation

DOCUMENT OF AFFIRMATION

80305201.29-2LMPS. [redacted]

To ensure this document has reached its intended correct destination, according to Prime Select, USA Policy please complete the following.

Check this box if name and address are correct ☐

If incorrect, please neatly print the correct information here.

Name _____

Address _____ City _____ State ___ ZIP _____

For our records neatly print your telephone number (_____) _____ - _____

Do you have a major credit card? ☐ Yes ☐ No

Would you like assistance in obtaining one? ☐ Yes ☐ No

Do you like to travel? ☐ Yes ☐ No

Note: If the corrected name is significantly different from the original name, we reserve the right to invalidate this document. For example: If this document was addressed to John Smith but is returned with the corrected name Mary Jones we reserve the right to invalidate the document because it would be sufficient evidence to believe this document has not reached its intended destination.(Corrected name and address information will also be used to ensure proper delivery of your special benefit.)

Sign Here X_____

[redacted]

IMPORTANT: *Include $14.99 (CASH,CHECK OR MONEY ORDER) payable to CASH PRIZE OFFICE to initiate immediate processing and delivery of your special benefit.*

PROCESS IMMEDIATELY
RE: CHECK # 1074
$10,000.00 CASH

IMPORTANT: *Include $14.99 (CASH,CHECK OR MONEY ORDER) payable to CASH PRIZE OFFICE to initiate immediate processing and delivery of your special benefit.*

PROCESS IMMEDIATELY
RE: CHECK # 1074
$10,000.00 CASH

Senate Permanent Subcommittee on Investigations

EXHIBIT # 12

REGISTERED NOTIFICATION

(Time Sensitive Correspondence)

Official Notice of Guaranteed Winner's Eligibility RE: $10,000.00 Cash Prize

Confirmed Target Candidate: [redacted]
Name and Address as they appear on Company File:
No Purchase Required
Company Prize: AC1102

Claim No.: 8030978020SLMMR

Recorded Date of Release:
Friday 04/02/99 10:15 am
Official Bar Code ID: [redacted]

APPROVED

[redacted]

INTER-OFFICE MEMO • INTER-OFFICE MEMO • INTER-OFFICE MEMO

To: Prize Notification Office
From: Cash Payout Supervisor

Subject #1: Regarding $10,000.00 Cash Prize #AC1102, as previously discussed, cash funds have been allocated and approved for release. Special Select Claim Number 8030978020 has been positivaly assigned to [redacted] of [redacted]., Oceanside, NY 11572 exclusively (correct phone number not on file). Locate [redacted] A.S.A.P. and officially inform them for the record that if they have and return for official verification the matching pre-selected winning claim number, we will forward said prize AC1102, $10,000.00 Cash, to their home.

Subject #2: Regarding prize winner Sheri Hollenbeck, please make a follow-up phone call to request that she fill out and return all paper work

Dear [redacted],

What better way to bring you this wonderful news than to show you the Inter-office Memo above! It says it all - and we couldn't be happier for you. The $10,000.00 Cash is ready to be released. Sign and mail your Prize Registration Form below to officially register your eligibility to claim as is necessary.

Your Special Selection also entitles you to a Primary Benefit with a Cash Savings Value of $2,500.00 (see reverse)! Because you have already been approved to receive this incredible benefit, we will process your claim immediately upon receipt of the proper Acquisition Fee (see below) and forward it directly to your home via Uniformed Courier to ensure safe delivery!!!

Just complete the Prize Registration Form and return it today. Keep this upper portion in a safe place. Hopefully the next time we contact you will be to make the necessary arrangements to forward you the $10,000.00 Winner's Check.

Warmest Wishes,
MERRICK FAMILY CIRCLE AWARDS

PRIZE REGISTRATION FORM

Bar Code ID: [redacted]

Claim No.: 8030978020SLMMR

Confirmed Database Target Candidate Name: [redacted]

MERRICK FAMILY CIRCLE AWARDS

Pay Out Procedures and Conditions

1. This registered notification was mailed with full approval from our Corporate Headquarters on Friday, April 2, 1999 and hand delivered to [redacted] via Uniformed Courier. We request your postmarked reply **Prior to Tuesday, April 20, 1999**. Failure on your part to return this Registration Form for official verification as required will result in disqualification. **Please note:** Failure of the person possessing the Winning Claim Number to respond in time will force us to award the prize to an alternate winner to be selected randomly.
2. The Check will be awarded in one lump sum payment in the full amount of **$10,000.00 U.S. Dollars.** Any applicable taxes are the responsibility of the recipient.
3. Acceptance of the **$10,000.00 Check** allows unlimited use of the winner's name and state in future promotions.

Please Sign Your Full Legal Name Where Indicated:	Month / Day / Year
X _____	Date ____ / ____ / ____

Do you have a valid Credit Card? ☐ Yes ☐ No
If No, would you like a Major Credit Card? ☐ Yes ☐ No
Do you like to travel? ☐ Yes ☐ No
Your Telephone Number: (_____) _____ - _____
Best time to Contact You: ☐ Morning ☐ Afternoon ☐ Evening Until... ☐ 7 pm EST ☐ 8 pm EST ☐ 9 pm EST

IMPORTANT: Failure to include the required Acquisition Fee of **$14.99** will result in loss of your eligibility regarding all special benefits described.

Make all Checks Payable to: ***Merrick Family Circle Awards***
Detach where indicated and return this section as required. Please be sure to use the enclosed courtesy reply envelope for faster results.

Official Rules:
NO PURCHASE NECESSARY
Open to all individuals age eighteen and over except employees of the sponsor. Taxes are the responsibility of the winner. Winning claim number was pre-selected.
Average entrant's odds of winning are 1 in 3,000,000.
Void in IN, CT, MN, LA, FL, KS, and elsewhere where prohibited by law.
This cash giveaway is to promote our Cash Savings Vouchers which consist of over $3,500.00 in fabulous discounts on purchases from nationally available stores, travel discounts, movie, cruise, car rental and grocery discounts. Satisfaction Guaranteed or your money will be refunded. Coupons require additional expenditures to effect savings indicated.
To enter without receiving Special Benefits, return form completed. All entries must be received by June First, Nineteen Hundred Ninety Nine. Sponsor reserves the right to extend the deadline. All decisions are final. Winner required to sign and return a winner's affidavit within ten days of notification attempt. If prize is unclaimed, it will be awarded in a random drawing of all entries received during promotion period on or about June Thirtieth, Nineteen Hundred Ninety Nine. Odds on random drawing depend on total number of entries received. Although different copy representations and promotional names of this offer may be made at the discretion of Lone Star Promotions, Inc., additional entries shall increase the participant's chance of winning. Prize winner gives unlimited use of name, city, state (no street address will be used) for future promotions of sponsor. Marketing questions are voluntary, and do not indicate prize winner.
Please allow 4-6 weeks delivery on any purchases. If you elect to receive expedited rush processing, if available, allow 2-3 weeks for delivery. Expedited processing does not increase your chances of winning.
A service charge of $15.00 will be charged if a check is returned for any reason when purchasing Special Benefits. If you do not wish to receive future offerings, please notify us in writing. This is a for-profit promotion. To receive the name of the Cash Winner, send a self-addressed stamped envelope to: "Prize Department", PO Box 9011, Massapequa, NY, 11758-9011, after June First, Nineteen Hundred Ninety Nine and before June Fifteenth, Nineteen Hundred Ninety Nine.
Customer Service No. (516) 378-6392

Customer Service Recording will be available Monday through Friday
10:00 a.m. until 3:30 p.m. E.S.T.
Lone Star Promotions, Inc., New York

Senate Permanent Subcommittee on Investigations

EXHIBIT # 13

CHAMPION PROMOTIONS INT.

Office of the Treasurer
Notification Intended for:

NO PURCHASE NECESSARY
FILE #301-026-8724-7LMCP

[redacted]

[redacted] let me give you fair warning. Once word of this gets out, a lot of people in Toledo, OH may be very jealous of you! Why? Because you are reading a proof positive, official document, offering you the guaranteed opportunity to receive $5,000.00 cash!

Yes, you read that correctly -- $5,000.00 cash dollars!! and let me assure you [redacted], no mistake has been made. I'm happy to say that all records have been checked and rechecked, and special file number 3010268724 has positively been issued to you - [redacted] in Toledo OH!
[redacted] all you have to do to register your confirmed right of eligibility regarding the $5,000.00 cash prize is complete the affidavit of identity form below, and return it to our office before the deadline date. Pending confirmation by our security staff that your assigned number matches the pre selected winning number, I personally will contact you by telephone or telegram to make the arrangements necessary to deliver the $5,000.00 cash prize right to your front door.

Formal prize payment will be made in person, by a CPI representative who will be dressed in a black, white & red racing jacket, holding a bottle of the finest champagne in one hand, and a $5,000.00 Cashiers Check in the other! A photographer, of course, will also be on hand to capture, and record, all the excitement that winning $5,000.00 CASH can bring. [redacted] that is a moment we hope to share with you very soon.

To help speed up processing [redacted] be sure to use the reply envelope we've enclosed for you. The special bar code on the envelope will help us to quickly identify the [redacted] response.

[redacted], I am very excited for you, and hope to be contacting you again very soon. All the best of luck and happiness to you always.

Sincerely yours,

Treasurer

P.S. RE: SPECIAL BENEFIT: [redacted], CPI has reserved in your name, and approved for immediate release, a very special benefit package with an assessed cash savings value of over $2,500.00 (See Reverse)! Please be sure to take advantage of this wonderful opportunity.

Detach and Return Bottom Portion - Save Upper Half For Your Records

Affidavit Of Identity Form

Do Not Write In This Box
FILE # 301-026-8724-7LMCP

This Number Must Be Verified.
Any Alteration Will Result In Disqualification.

APPROVED PRIZE AMOUNT: $5,000.00 CASH
CLAIMANT: [redacted]
CLAIMANT ADDRESS: [redacted].

[redacted], for security purposes, please sign your name where indicated below.

X _____ _____
Your Signature Date

We do not have your telephone number on record. Please give us your phone number and the best time to contact you where indicated. (_____) _____ - _____
The best time to reach me is between the hours of _____ ( ) a.m. ( ) p.m. and _____ ( ) a.m. ( ) p.m.
Do you have a valid major credit card? ( ) Yes ( ) No
Would you like assistance in obtaining a credit card? ( ) Yes ( ) No
Do you like to travel? ( ) Yes ( ) No

[redacted], Special Select File Number 301-026-8724-7LMCP Entitles you to guaranteed delivery of all special benefits described. To initiate immediate processing and hand delivery via uniformed courier right to your front door, be sure to enclose $12.99 (cash, check or money order) For super rush delivery include $2 extra ($14.99 Total). **Make all checks payable to Champion Promotions.**

Senate Permanent Subcommittee on Investigations

EXHIBIT # 14

NOTIFICATION FORM A11-BR

DARWIN

AMERICAN SELECTION SERVICES
PRIZE NOTIFICATION OFFICE

Guaranteed Prize: $5,000.00 Cash
Special Premium: Ready for Release

Security Code: DAR 75-10 / Alpha 97
No Purchase Necessary
Release Code: B 37 - 0950

TO AVOID POSSIBLE DISQUALIFICATION, AND LOSS OF YOUR GUARANTEED $5,000.00 CASH PRIZE ELIGIBILITY, BE SURE TO READ AND FOLLOW THE CONDITION SECTION BELOW.

Page 1 of 1

TRANSACTION / DESCRIPTION	PRIZE AMOUNT	CONDITIONS (Read Carefully)
Exclusive time dated, and recorded correspondence. 48 hour postmarked response requested. For purpose to officially announce **guaranteed $5,000.00** Cash Award eligibility, (winning number must be returned before deadline for official verification) selection and status. ********** **ACCESS RETRIEVAL CODE AND SECURITY ID LABEL HAVE BEEN OFFICIALLY SCANNED, AFFIXED AND APPROVED FOR RELEASE.** ********** Guaranteed Prize Payout **$5,000.00 Prize** to be awarded in one (1) lump sum payment from the corporate insured parent company account of DAR**WIN** American Selection Services. All rights reserved. **Special Premium** - as selected recipient of this notification, your select status entitles you to a very special **cash** savings folio valued at over **$3,500.00** (see reverse). **********	**Guaranteed Prize Payout $5,000.00 CASH**	You must return the bottom portion of this notice to officially register your eligibility and intent to **accept the $5,000.00 CASH PRIZE.** Pending your confirmed possession and timely return of the winning pre-selected file number, Awards Division will contact you via telephone, telegram, or registered mail to make arrangements to **deliver** the **$5,000.00 CASH PRIZE** to your front door. Acceptance of the **$5,000.00 CASH PRIZE** grants DAR**WIN** and its subsidiaries permission to use **your name** and likeness in future promotions. **IMPORTANT:** Please be advised that failure of the person possessing the winning file number to respond before the deadline will result in disqualification, and an alternate winner will be selected randomly. NO EXCEPTIONS **can be made.** You are not scheduled to receive any further notices. You have been notified. Please don't let this opportunity slip away. **$5,000.00 CASH IS AT STAKE!**

SAVE THIS UPPER PORTION FOR YOUR RECORDS

Detach and Return This Claim Form Today!

DARWIN

AMERICAN SELECTION SERVICES
Cash Claim Form

Prize Payout
$5,000.00 Cash

Security / Release Code
DAR 75-10 / Alpha 97 - B 37-0950

I have read the conditions section of your official notification, and I am returning my cash claim form as you have requested, along with my signature for official verification. I am over 18 years of age, and I am not employed by or affiliated in any way with DAR**WIN** American Selection Services.

X _____
Signature

(_____) _____ - _____
Phone Number

Do you have a valid major credit card? ❑ Yes ❑ No
Requested Action: Include **$11.99** to receive immediate release of all Special Premiums described (you will also receive a special added premium worth up to an additional **$500.00**). For Super Rush Delivery include $2 extra (**$13.99 total**).
Make checks payable to: DAR**WIN**.

Senate Permanent Subcommittee on Investigations

EXHIBIT # 15

THE OFFICIAL UNITED SWEEPSTAKES OF AMERICA

Upon having and returning the official entry form with the winning claim number we'll be pleased to say [redacted] YOU HAVE OFFICIALLY WON

$10,000.00

OFFICIAL CLAIM NUMBER: 02247897776-0004BE
[redacted]
Prospect Heights, IL 60070

THE OFFICIAL UNITED SWEEPSTAKES OF AMERICA * 611 PENNSYLVANIA AVENUE, S.E. #1135 * WASHINGTON, D.C. 20003

Dear [redacted]

It's true! And yes, it's official!!

The office of Treasury of Awards will officially award you $10,000.00, [redacted] upon return of the completed required information in the headline above.

But first of all you should know that the United Sweepstakes of America is the only Official United Sweepstakes of America.

The one and only one!

1. Because, we are the one and only Official United Sweepstakes of America, the Treasurer of Awards has been given the authority to confirm the winner of the Official United Sweepstakes of America Cash Grand Prize, worth an astounding $10,000.00 [redacted].

2. And because, we are the one and only Official United Sweepstakes of America, the Treasurer of Awards will deposit the winning $10,000.00 certified check with a Federally insured institution right here in Washington, D.C..

3. And because, we are the one and only Official United Sweepstakes of America in Washington, D.C., you have definitely been guaranteed the opportunity to win $10,000.00 [redacted]. There are no strings attached! No tricks! No gimmicks! No purchase necessary! All you have to do is return your completed entry form and meet the official contest conditions.

So, [redacted], it's in your immediate and best interest to mail your Official United Sweepstakes of America Entry Form with the Official Claim Number on time. Before the deadline!

Don't delay! Do it now! Today! So you, [redacted] can have your Federally insured $10,000.00 as quickly as possible!

Officially Yours,

Alan Light
Treasurer of Awards

Witnessed By

Helen Squire
Treasurer Supervisor, USA

P.S. Our Treasurer of Awards has a special $2,500.00 Value Voucher Bonus Package reserved in your name. This Value Voucher Package is good for discounts towards the purchase of a variety of merchandise and services. Please include $9.99 in cash, check or money order for handling, procurement and shipping. Make your check payable to United Sweepstakes of America.

[redacted] MAIL IN YOUR OFFICIAL ENTRY FORM NOW WITH THE WINNING NUMBER...AND BE A WINNER!
The Official United Sweepstakes of America is an independent private sweepstakes, not affiliated with the United States government. As an independent private company, we can with good conscience and faith make the guaranteed promise to pay the official winning $10,000.00.

Cut on the dotted line and send the form below back to us in the courtesy envelope provided.

OFFICIAL U.S.A. ENTRY FORM

[redacted] to receive your reserved $2,500.00 special Value Voucher Bonus Package, please include $9.99 in cash, check or money order for handling, procurement and shipping. Please make check payable to United Sweepstakes of America.

Do you like to travel? _____Yes _____No
Your phone number (to officially contact you) (_____)_____
Do you have a valid Visa or Mastercard? _____Yes _____No
I am over 18 years of age and the person named ABOVE _____
Signature DOB

OFFICIAL CLAIM NUMBER: 02247897776-0004BE
[redacted]
Prospect Heights, IL 60070

INVALID WITHOUT OFFICIAL SEAL HERE

McFadden, Ellens & Justin
Office of Procurement and Disbursement
Finance Station, Box 20095
New York, NY 10021

Senate Permanent Subcommittee on Investigations
EXHIBIT # 16

SUBJECT: UNCLAIMED CASH BELONGING TO *YOU*.

DESCRIPTION:
$10,000.00 TOP PRIZE SWEEPSTAKES

YOUR CASH PRIZE STATUS:
☑ WINNER ☐ NON-WINNER

Our Research Department has determined that unclaimed cash has been set aside for disbursement directly to you. The reason for this cash disbursement to you is because you recently entered a "money opportunity" offer.

This unclaimed Top Cash Prize has been confirmed to be valued at $10,000.00. The funds in question shall be paid in cash in the form of a certified cashier's check and delivered with no obligation nor any necessary purchase. These funds are being held in an escrow account under our supervision until their rightful and lawful release via certified, registered mail.

Our investigative research department has determined that YOU in fact, have ownership and claim to such cash prize up to $10,000,000. Further investigation and documentation shall be required before such determination can be made.

Please assist our investigators by completing and returning the Unclaimed Cash Source Data Sheet which is attached. This information is vital to proceeding with the timely disbursement of your unclaimed cash to which you are entitled.

Upon processing and completion of our Top Prize $10,000.00 Sweepstakes, the unclaimed cash will be delivered to the determined principal of record, which in this case is you.

Thank you for your cooperation in our effort to disburse this cash to its rightful owner. Please complete the Unclaimed Cash Source Data Sheet without delay and return within 10 days in the courtesy envelope provided.

Sincerely,

Jason Eagleton

Jason Eagleton
Documentation Agent

P.S. Please remember to carefully complete the Unclaimed Cash Source Data Sheet below. Its quick return to our office is crucial to your receiving your cash. See offer below for a special $3,500.00 Cash Value Finder package.

Dorothy Walters

J.E.:jt Odds of being a prize winner other than $10,000.00 prize is 1-1. Prize winners other than $10,000.00 prize winner will receive no less than twenty-five cents. Actual cash payments and number of checks distributed depends on total number of eligible respondents. The respondent returning the winning claim number before the deadline will receive the $10,000.00 prize.

UNCLAIMED CASH SOURCE DATA SHEET

Please carefully fill out all parts of this form and return it to us in the provided envelope.

1. Personal Information

a. Have you changed your name for any reason other than marriage in the past 15 years?
☐ Yes ☒ No

b. Do you have a birth certificate or passport?
☑ Yes ☐ No

2. SPECIAL $3,500.00 CASH VALUE OFFER

Please include $7.95 research processing fee ($9.95 for Rush Service) in cash, check or money order for $3,500.00 redeemable value Finders package. Make check or money order payable to Top Prize Sweepstakes.

3. In case we need to contact you:

a. Phone Number:
(706) 866 9250

b. Do you have a valid Visa or Mastercard? ☐ Yes ☒ No

AA03T PBE 0034642165
DOROTHY WALTERS
1800 PALM BEACH AVE
ROSSVILLE GA 30741-4627

Senate Permanent Subcommittee on Investigations

EXHIBIT # 17

WOODROW, COCHRAN & LAYLOR
2232 South Nellis Blvd. #117
Las Vegas, Nevada
89104

CASH TRANSFER STATEMENT
01598917

DESCRIPTION: PRIZE PAYMENT DATE: 03/19/99

CLAIM NUMBER: # 6804818

CHECK AMOUNT:
ONE HUNDRED THOUSAND DOLLARS /100 $ 100,000.00

PAY TO THE ORDER OF:

[redacted]
MANCHESTER ME 04351-9555

NON-NEGOTIABLE SIMULATED
THIS IS NOT A CHECK

PER Brian Greensboro
BRIAN GREENSBORO - AUTHORIZED SIGNATURE

FOR Laurie Collins
LAURIE COLLINS - PRIZE ADMINISTRATOR

:092172 011097* :081169m

Offices of
WOODROW, COCHRAN & LAYLOR
2232 South Nellis Blvd. #117
Las Vegas, Nevada
89104

ASSET MANAGEMENT AND DISTRIBUTION
FOR THE BENEFIT OF:

FILED

[redacted]

Your complete attention is needed in:

THE MATTER OF:

CONTEST EXPRESS	)	In Regards To:
Las Vegas, NV.	)	Claim # 6804818
Notice to:	)	A) Verification
[redacted]	)	B) Terms and Conditions
[redacted]	)	C) Claim Instructions
MANCHESTER, ME 04351-9555	)	D) Forfeiture
	)	

DESCRIPTION:

1. WHEREAS, Woodrow, Cochran & Laylor represent the above mentioned (hereinafter referred to as PAYER) have been directed to disburse cash holdings to [redacted] (hereinafter referred to as RECIPIENT) and therefore, will distribute one (1) check to RECIPIENT.

2. WHEREAS, RECIPIENT is entitled to receive the following at no purchase requirement:
   A. Up to $100,000.00 in one lump sum.
   B. If action is not taken, disbursements will be null and void.

3. WHEREAS, RECIPIENT will receive an additional $1,000.00 for press release consideration, and $1,000.00 if a photograph is necessary. (Press release is optional)

4. THEREFORE, it is declared that the RECIPIENT shall also receive a $2,000.00 voucher package.

VERIFICATION OF ASSETS:

5. THEREFORE, now, so it be known by all present, that I, in my fiduciary responsibility to both PAYER and RECIPIENT,
declare and avow that [redacted] must match the Claim Number # 6804818 against the Claim Number on the Cash Transfer Statement. If they match then a **guaranteed payout order of up to $100,000.00 will be paid to** [redacted] upon return of Verification of Assets with a $15.00 Processing Fee (to cover shipping, handling and package)*

6. You ***must*** act in compliance with the claim form, which requires that a black or blue ink pen be used to complete, in its totality, in an accurate manner, all information requested, and follow fully. AFTERWHICH, your claim will be expedited efficiently.

7. THEREFORE, be it understood that, in order to implement your action, your reponse must be postmarked by midnight of April 9th, 1999.

Laurie Collins
Laurie Collins
Prize Administrator

Refer to Official Rules in reverse.

DETACH AND RETURNED ONE AND RETURN

VERIFICATION OF ASSETS:

CLAIM NUMBER: # 6804818

☐ I have read and understand governing rules.
☐ I have included my $15.00 (U.S. Dollars)
☐ Cash
☐ Check or Money Order
☐ I want **RUSH** processing and have included an extra $5.00 (U.S. Dollars) Total: $20.00
☐ I have never received a large lump sum from Woodrow, Cochran & Laylor.
Do you have a Visa or Mastercard? ☐ Yes ☐ No
If no, would you like one? ☐ Yes ☐ No

[redacted]
MANCHESTER ME 04351-9555

Phone Number: (____) - ____ - _____

X _____ Date ____/____/____
Cash release signature

Make all checks payable to:
CONTEST EXPRESS, 2232 South Nellis Blvd. #117,Las Vegas, Nevada, 89104

FILE AND RECORDS FROM RECEIVER 753B

PROCEED TO NOTIFY OFFICE
PROCEEDING FOR THE PAYOUT OF FIRST PRIZE MONIES IDENTIFIED CANDIDATE AS HERE FILED

PROCEEDING OFFICE NO PURCHASE NECESSARY REGISTRATION 1237AA

IDENTIFIED RECEIVER ... [redacted]
I.D. NOW ON FILE ... I.D.#4151972652/TNA06
[redacted]
DELIVERY LOCATION ...
CITY, STATE, ZIP ... Downey, CA 90240-2321

IDENTIFICATION
N°: [redacted] I.D.#4151972652/TNA06

Dear [redacted] We are truly thrilled to bring you the important results of Your Full Identification which are now ON RECORD as;
[E Mail/Addressed Letter Sent to] [redacted] RECEIVER
Identify Now Known - I.D. No: 4151972652/TNA06
[redacted] Downey, CA 90240-2321

Our Identity-Adjustation meeting was held specifically to verify the individual whose name and identity appear here on This Document. As this has now happened with no purchase necessary, this "Proceed To Notify" – Letter is a true phrase sent to send you informing you of the following [redacted]...

Your Identification - [redacted] - now fully appears on our Registration Records as "Known Receiver" of these Grand Prize Money candidate documents for a Check prepared for Issuance In the Amount of - $12,000.00 -- Twelve Thousand Dollars
YOU ARE MATTER NO: 4151972652 -- On Record as Fully Identified Candidate for the Check.

These Documents are made out directly to You [redacted], and we have prepared the forms below for you to sign, indicate, and date. Following the procedures [redacted] for the Payout of the Monies. In adherence to the rules the winner is to complete and return the Issued Document with the pre-selected number registered through office security as verified and attended to immediately. All of this is being attended to [redacted] and we now are excitedly waiting for this completed page provided for You.

Please do promptly return this document [redacted] as we are now expecting it in our offices.

This very exciting clearance has occurred as a result from your recent participation in a no purchase necessary contest which lead to your inclusion in this promotion which has confirmed Your Identity in our office. You are completely verified as Located and Notified regarding the Check for the Monies.

Provided for you also [redacted] as Known Receiver of this Document, there will also be Issued to You" * * * -- $3,000.00 -- Three Thousand Dollars * * * in Expenditure Certificates with your indications for prompt delivery. Your request will be placed in your File and Records and Delivery will be arranged promptly to your residence for the $8.99 processing fee. To be sent to, [redacted] Downey, CA 90240-2321

In our sincere excitement for you [redacted] we ask now that you please complete and return your "Registrant For Monies document" here provided and promptly endorse it in the security sealed envelope provided for you. Again [redacted] we are now ready to hear from you.

Sincerely and in wait of Your reply [redacted]

Jeff Benson
Jeff Benson

COMPLETE AND RETURN THIS ENTIRE PAGE

[The matter being handled - now for final proceeds go]
Matter Identified As [redacted] - I.D.#4151972652/TNA06
End Drive Check Amount - $12,000.00 Twelve Thousand dollars --

1237AA PLEASE COMPLETE THIS BOTTOM SECTION 753B

I AFFIRM THAT I AM THE IDENTIFIED CANDIDATE FOR THE GRAND PRIZE MONIES OF $12,000.00 * * * TWELVE THOUSAND DOLLARS * * * AS MADE TO ME AND REACTED ON RECEIVED FOR ENTRANCE OF MY GRAND PRIZE MONEY ENTRY DOCUMENTS. MY PARTICIPATION WAS BOTH FULLY INVITED THROUGH NO PURCHASE NECESSARY PROCEEDING AND I WAS THEN FILED FOR THEIR GRAND PRIZE PAYOUT PROCEEDINGS WHEREIN I AM NOW HONEST TO RECEIVE THE MONIES.

I WANT THEM TO ME THE EXACT IN - THREE THOUSAND DOLLARS IN EXPENDITURE CERTIFICATES FOR THE PURCHASE MAKE OF LUXURY ITEMS, CLOTHES, MOVIES, AUTOMOBILES, JEWELRY, AND OTHER ITEMS IN NATIONWIDE STORES FOR THE $4.99 ASSESSED FEE I AM SUBMITTED THIS WILL BE FULLY PROCESSED IN ADDITION TO MY ENTRY. I HAVE ENCLOSED FEE AS CHECKED BELOW...

___ I AM CHOOSING HERE FOR - ACCELERATED OFFICE PROCESSING - AND AM INCLUDING THE ADDITIONAL $2 FEE INCLUDED IN THE ONE.

THE FEE OF $6.99 IS EXPLOITATION ... OFFICE ... CASH ... MONEY ORDER PAYABLE TO JUSTIN GRANT INC/ PLEASE NOTE/WHEN REQUESTING THE $2 OFFICE ATTENDER ACCELERATION FEE, NOT INITIAL TO DATE
IS YOUR ADDRESS OF DELIVERY CORRECT? ___
PLEASE WRITE YOUR PHONE NUMBER ( ) ___
DO YOU HAVE A CREDIT CARD AND ENTER THE CONVENIENCE SINCE IT PROVIDES? ___
THE SIGNATURE OF [redacted] X ___

PROCEED TO NOTIFY

DIRECT DELIVERY CODE
JUL 24, 2001

ON RECORD

YOUR IDENTIFICATION FOR THIS NOTICE IS NOW ON RECORD ... THIS PAGE: ISN'T BEEN HAND DELIVERED

1.	2.	3. ISSUANCE CODE	4. CONFIRMED	5. ON RECORD
[redacted]	I.D.# 4151972652/TNA06	1237AA/753B	01/30/99	BC--YES

6. REFERENCE REFERED FOR DELIVERY	7. DETERMINATION DATE		SENT BY
[redacted] Downey, CA 90240-2321	January-99	Wednesday	USPS

RECORD AS FILED	REASON FOR NOTIFICATION	DELIVERY AGENTS STAMP
[redacted] Identification as Candidate is Confirmed: Per Monies/Check Issuance. Check I.D. No: 1237AA/753B	January, 1999 Creatlers Placed On Record as Known Receiver of Grand prize Documents sent to residence.	
IDENTITY VERIFICATION --YES--	-Receiver Here named- Resulting from recent participation subsequently delivering name and identity to participation office.	

8. SIGNATURE OF ADMINISTRATOR: Jeff Benson 7/28
Signature Authorization by Administrator

THE INDIVIDUAL (PERSON) IDENTIFIED HERE IS RECOGNIZED AS RECEIVER OF THESE REAL DOCUMENTS NOW EXPECTED IN OUR CHECK OFFICES.

DOCUMENTS ON RECORD FOR:
[redacted] - Known Receiver

ISSUED GOODS BY: EXAMINER DEPARTMENT

CASH GRAND PRIZE DOCUMENTS 12845

DOCUMENTS Fully Issued
IN THE NAME OF [redacted]
IDENTIFICATION I.D.#4151972652/TNA06

DATE 30-JAN 19 99

Contact First Prize Journal to Full

THE FULL SUM - $12,000.00 - TWELVE THOUSAND DOLLARS and no/100's

TYPE IN FULL AMOUNT

$ - - $12,000.00 - -
AMOUNT OF GRAND PRIZE

[redacted]
Downey, CA 90240-2321

Fabulous / Lucky

NOT A CHECK

CHECK DOCUMENT

⑆756 ⑆0⑈84⑈ ⑈ 001

114

Senate Permanent Subcommittee on Investigations

EXHIBIT # 18

Senate Permanent Subcommittee on Investigations

EXHIBIT # 19

Control No. 32685059

Official Presentment of Award

MSI IMPERIAL SWEEPSTAKES ADMINISTRATORS
EXECUTIVE OFFICES • P.O. BOX 310722 • BOCA RATON, FLORIDA 33431-0722

NOT VALID WITHOUT VERIFIED CLAIMANT I.D. NUMBER BELOW

VERIFIED

NO. 569 826 4313

AUTHORIZING OFFICER

DISBURSEMENT SCHEDULE

Pmt. No.	Deposit	Amount
001		$3,000.00
002		$3,000.00
003		$3,000.00
004		$3,000.00
005		$3,000.00
	Total	$15,000.00

The above schedule of payments will be presented without regard to race, creed, color, gender or political affiliation of the winner and does not guarantee a particular winning outcome. It is subject to compliance with all local, state, federal or provincial laws, rules, laws or regulations with jurisdiction over the winner and I waive all liability responsibility for any and all taxes which may be levied or made on prizes won. Winner will provide a W9 form, 1099, miscellaneous income form, one spouse for tax reporting purposes.

* * * IMPORTANT NOTICE - READ CAREFULLY * * *

0111+0402+AUTO**MIXED AADC 117
[redacted] P19eF4G
[redacted]

5/16

You are hereby notified of a sweepstakes cash award in the amount of $15,000.00 awaiting official claim by winner. Please reply within 10 days.

Claimant I.D. Number 569 826 4313 has been assigned to you in our drawing. This number must be submitted to verify your identity.

Prize money will be disbursed in five (5) payments of $3,000.00 each. Winner may convert to a single, lump sum payment of $13,500.00 when claiming.

Upon receipt of your authorization using the Presentment of Claim form below, I can transfer to you merchant vouchers valued at $3,500.00, redeemable towards savings for goods and services as guaranteed and stipulated in rules on reverse. There is a transfer fee of $20.00 for each delivery. Purchase is not required. Complete the attached Presentment of Claim form, indicate your preference, sign, and return with the appropriate tranfer fee in the security dispatch envelope provided.

Be careful when correcting any errors in your address. You must have the Claimant I.D. Number clearly legible on your Presentment of Claim form and submit it before the deadline. MSI will not be responsible for a late, incomplete or illegible Presentment of Claim.

Your prompt attention to this matter is appreciated and highly recommended.

Sincerely,

A. Bradley, Paymaster

▼ DETACH COMPLETED FORM ALONG THE PERFORATION AND RETURN IN THE ENVELOPE PROVIDED ▼

Presentment of Claim

MSI IMPERIAL SWEEPSTAKES ADMIN. EXEC. OFFICES • P.O. BOX 310722, BOCA RATON, FLORIDA 33431-0722

CAREFUL SCRUTINY AND WITH 100% ACCURACY FOR VERIFIED SINGLE SPENDER OR SPOUSE ONLY

PRESENTER OF CLAIM

P49eF4G
[redacted]

I hereby claim any and all award funds to which I may be entitled under the terms and regulations governing this sweepstakes. I certify that I am of legal age in my state of residence and that I am not related to the sweepstakes sponsor in any material respect.

[redacted]

V620

CLAIMANT I.D. NUMBER
569 826 4313

PRIZE AMOUNT TO BE CLAIMED
$15,000.00

I WOULD PREFER
☐ 5 PAYMENTS ☐ 1 LUMP SUM PAYMENT

MERCHANT VOUCHERS
COLLATERAL ENTITLEMENT
TRANSFER FEE PER DELIVERY $20.00

I HAVE ENCLOSED _____
☐ Cash ☐ Check ☐ Money Order
Make check payable to MSI.
Write your Claimant I.D. Number on your check or Money Order

▼ RETAIN FOR YOUR RECORDS ▼

Claim Receipt

CLAIMANT I.D. NUMBER
569 826 4313

PERSONAL PRIZE AMOUNT
$15,000.00

PAYMENT PREFERENCE INDICATED
☐ 5 PAYMENTS
☐ 1 LUMP SUM PAYMENT

COLLATERAL ENTITLEMENT TRANSFER FEE INDICATED _____

FORM OF PAYMENT MADE
☐ Cash ☐ Money Order
☐ Check No. _____

MSI IMPERIAL SWEEPSTAKES ADMIN. EXEC. OFFICES • P.O. BOX 310722 BOCA RATON, FLORIDA 33431-0722

MERCHANT VOUCHERS
COLLATERAL ENTITLEMENT
TRANSFER FEE PER DELIVERY: $20.00

I HAVE ENCLOSED _____

☐ Cash ☐ Check ☐ Money Order

Make check payable to MSI.

Write your Claimant I.D. Number on your check or Money Order.

Senate Permanent Subcommittee on Investigations

EXHIBIT # 20

NATIONAL DISBURSEMENT CENTER
4616 West Sahara Avenue, Ste. 339
Las Vegas, NV 89102

1230-619 / 1276

May 18 19 99

THE SUM OF: SUM OF 100,000 DOLLARS 00 CTS

$100,000.00

SIMULATED-NON-NEGOTIABLE

TO THE ORDER OF:

[redacted]

COWPERS GA 30012-4361

AUTHORIZED SIGNATURE

DATE	DESCRIPTION	AMOUNT	FILE NUMBER
MAY 18, 1999	CLAIM FOR U.S. FUNDS	$2,000.00	3445-2219530

Re: Notification Of Disbursement of U.S. Funds
File Number: 3445-2219530

Let it be known that on the 18th day of May, [redacted] was assigned file number 3445-2219530. Your cash award has been confirmed and disbursement is guaranteed by law.

As Director of Disbursements, I have been assigned the task of forwarding your check to you. Once you receive your check you can deposit it or cash it at any bank. Please verify that you are the designated payee and that your name appears in the manner that you desire. **IMPORTANT: Unless you advise us otherwise, your check will be made payable to the name and address indicated on the facsimile check attached.**

Funds are being held in a secure depository insured by the Federal Government. If you fail to respond in accordance with the rules and regulations of this notification you will forfeit the guarantee cash disbursement that you are entitled to receive.

Simply by responding in the manner prescribed you will receive your cash disbursement and qualify to receive $2,000.00 in additional U.S. Funds in this national give-away. No purchase required.

A Premium Incentive Package with a full redemption value of $4,000.00 has been reserved and is now available for distribution, pending your response.

Please complete the attached form and mail in the envelope provided. If you have elected to exercise your privilege to receive your $4,000.00 Premium Incentive Package enclose your completed response in the envelope provided, along with your check or money order made payable to National Disbursement Center in the amount of $14.97.

Make Check or Money Order Payable to: National Disbursement Center

FORM 3390 **APPLICATION FOR DISBURSEMENT OF U.S. FUNDS** FORM 3390

I certify that I am a citizen of the United States and that I am entitled to receive the U.S. FUNDS that are being disbursed in accordance with the required consumer disclosure notices.

FILE NUMBER: 3445-2219530	I prefer in excess of $500.00 to be paid in:
FOR:	☐ CASH ☐ CHECK ☐ MONEY ORDER
[redacted]	☐ I have included $14.97 to cover $4,000 premium incentive package.
COWPERS GA 30012-1361	Phone ( ) -
	Do you have a Visa or MasterCard? ☐ Yes ☐ No
	If yes, would you like credit card protection free for 30 days? ☐ Yes ☐ No
	If no, would you like a credit card? ☐ Yes ☐ No

The offering is not connected with any Municipal, State or Federal Agency and is being conducted under the auspices of a private enterprise.

Senate Permanent Subcommittee
on Investigations

EXHIBIT # 21

WILSON PERRIE CORPORATION

[redacted]

P.O. Box 460848
Papillion NE 68046-0848

[redacted]
Medina, OH 44256-1691

Wilson Perrie Corporation
[redacted]
Security Marking

Claim #: 5003609

Dear [redacted]:

As a Prize Administrator for W.P.C., it is my fiscal responsibility to locate and notify via mail all fully eligible Cash Award recipients, and then to arrange for uniformed delivery of the winnings.

It gives me the utmost pleasure to advise you that our Pentium Computer has matched a claim identification number with your name (below), you are verified with full eligibility for the **$10,000.00 CASH AWARD.** [redacted], all you have to do is follow the simple requirements stated herein.

Just so there is no misunderstanding, let me again repeat this great news, **$10,000.00 is the Cash Prize.** In order for us to insure that the winner gets the correct award, we have established certain security requirements and procedures. Mainly that you register your Claim Identification Number with this office by return mail. You are urged to reply within 5 days after you received this letter. I'm afraid after the allotted time period your prize status could be suspended per regulations. We have added ample time for you to receive this notice, and for the mail to reach our offices, but we still strongly suggest you act immediately, so you safely beat any possible suspension proceedings.

As we stated above, **ten thousand dollars ($10,000.00)** is the prize at stake. Just think what you could do with that much money! Of course, all taxes are the requirements of the recipient. A complete list of sweepstakes information appears on reverse of this letter. The individual Claim I.D. numbers with those pre-selected by the computer determines awards. Again a Claim I.D. number was matched with your name!

More great news!! You are at this time fully vested in compliance for 100% eligibility for $3,500.00 voucher elective worth a full three thousand five hundred when upon complete redemption from issuing National Incentive Guarantors - $16.00 fee required.

There is no time to waste. So please fill out the Security Release Form below and return immediately.

With my best wishes,

W.P.C.

SECURITY RELEASE FORM

( ) **Send my $3,500.00 voucher. I have enclosed $16.00 fee required in the form of cash ( ), or check ( ), or money order( ).**

( ) **I have enclosed $3.00 extra for RUSH processing.**

Winners Claim Number: 5003609

( ) **I have a major credit card (Visa / Mastercard).**

Make checks or money orders payable to:
W.P.C.
P.O. Box 460848
Papillion, NE 68046-0848

[redacted]

Medina, OH 44256-1691

[redacted]

[redacted]

9

WILLSON PERRIE CORPORATION / NATIONAL SWEEPSTAKES

INSTRUCTIONS FOR CASH CLAIM AND SWEEPSTAKES INFORMATION
NOT A LOTTERY BUT RATHER A NATIONAL SWEEPSTAKES. MUST BE AT LEAST 18 YEARS OF AGE OR OLDER TO PARTICIPATE. IMMEDIATE FAMILY MEMBERS OR RELATIVES OF SPONSOR OR THEIR EMPLOYEES ARE NOT ELIGIBLE TO ENTER OR PARTICIPATE. PURCHASE IS ELECTIVE AND NON MANDATORY. ONLY ONE MAJOR PRIZE REDEMPTION PER PERSON OR RESIDENT HOUSEHOLD ALLOWED. INCOMPLETE, IMPROPER OR ILLEGIBLE RESPONSES AND/OR SWEEPSTAKES ENTRIES MAY BE DISQUALIFIED. THIS IS A DUAL PROGRAM WITH SEPARATE ENTITIES. FIRST ENTITY IS A NATIONAL SWEEPSTAKES WITH A GRAND PRIZE OF TEN THOUSAND DOLLARS ODDS 1/750,000; [redacted] TAXES ON WINNINGS ARE SOLE RESPONSIBILITY OF WINNERS. UNCLAIMED PRIZES OF FIVE HUNDRED DOLLARS OR MORE WILL BE AWARDED TO NEXT NEW RANDOMLY SELECTED ID NUMBER FROM TOTAL UNIVERSE OF PARTICIPANTS UNTIL CLAIMED. AT LEAST ONE OF EVERY LISTED CASH AWARD WILL BE RELEASED-ALL WINNERS PREDETERMINED PRIOR TO MAIL NOTIFICATION BY A MATCHING OF INDIVIDUAL ID NUMBERS WITH WINNING NUMBERS PRESELECTED AT RANDOM BY AN INDEPENDENT JUDGE. DEADLINE FOR CLAIMING CASH PRIZES IS EITHER TEN DAYS FROM RECIPIENTS RECEIPT OF NOTIFICATION OR SIXTY DAYS FROM POSTMARK DATE OF THIS NOTIFICATION. [redacted] SPONSOR NOT RESPONSIBLE FOR LOST, STOLEN OR MISDIRECTED MAIL. VOID IN AK, AR, NV, IA, VT, MN, WY, WI, KS, MO, AZ, IN, NC, WA, OR, OK, DC, NM, WV, ID, CT, OR WHERE OTHERWISE PROHIBITED. [redacted] DOES NOT SOLICIT CUSTOMERS THROUGH TELEMARKETING OR 900 NUMBER SOLICITATIONS. [redacted] MAILINGS GO TO ALL AGE GROUPS, 18 AND OLDER, AND IN NO WAY ARE RESTRICTED TO SENIOR CITIZENS. DIFFERENT GRAPHIC PRESENTATIONS PROMOTIONAL NAMES, AND P.O. BOXES MAY BE UTILIZED BY SPONSOR DURING THE COURSE OF THIS SWEEPSTAKES. COMPLETE LIST OF WINNERS AVAILABLE AT CONCLUSION OF SWEEPSTAKES BY SENDING A S.A.S.E. #10 (LARGE) TO: WINNERS LIST: [redacted], TO ADDRESS ON REVERSE. COMPLETE SWEEPSTAKES SUBJECT TO THESE RULES AND ALL JUDGES DECISIONS MUST BE FINAL. SECOND PART IS AN ELECTIVE, FEE-BASED FOR PROFIT OFFERING DESIGNED TO INCREASE CONSUMER AWARENESS OF NATIONAL RETAIL FOOD, MERCHANDISE AND ENTERTAINMENT SERVICES FROM NATIONAL INCENTIVE GUARANTORS CONSISTING OF VARIOUS DISCOUNT VOUCHERS WITH A FULLY REDEEMED VALUE IN EXCESS THREE THOUSAND DOLLARS. USE RETURN ENVELOPE ENCLOSED ALONG WITH INDICATED RELEASE FEE FOR THIS ELECTIVE COMBINED WITH SWEEPSTAKES ENTRY. SWEEPSTAKES ENTRY IS AUTOMATIC ON SUBMISSION OF FEE-FREE ENTRY AND NON-CONTINGENT ON ANY OTHER ELECTIVE OFFERS. IF RESPONDING TO SWEEPSTAKES ONLY, WITHOUT THE AFORE-MENTIONED FEE BASED ELECTIVE OPTION, PRINT YOUR FULL NAME AND ADDRESS ON A 3 X 5 INDEX CARD AND PRINT [redacted] SWEEPSTAKES IN LOWER LEFT HAND CORNER, THEN INSERT THE RELEASE FORM AND THE 3 X 5 CARD IN A BUSINESS REPLY SIZE #9 ENVELOPE AND [redacted] AND DO NOT USE RETURN ENVELOPE ENCLOSED. SATISFACTION 100% GUARANTEED. **NO PURCHASE NECESSARY**

THIS SWEEPSTAKES BEGINS NOVEMBER 1, 1998 AND ENDS THE EARLIER OF DISTRIBUTION OF ALL OFFICIAL FORMS DECEMBER 31,1999, WHICHEVER FIRST OCCURS. ALL MAJOR PRIZES VERIFIED AND PAID BY JANUARY 15, 2000. SEND ALL CORRESPONDENCE ON 3X5 INDEX CARDS TO: WPC, PO BOX 460848, PAPILLION NE 68046-0848

Senate Permanent Subcommittee on Investigations

EXHIBIT # 22

MONETARY AWARDS

PROCESSING DEPARTMENT

CASH ELIGIBILITY STATUS

FORM MUST BE STAMPED AND INITIALED BELOW FOR APPROVAL

APPROVED FOR CASH

HWM. Howard W. Morgan, Chief Financial Officer

INITIAL

****AUTO**MIXED AADC 852

[redacted]

San Diego, CA 92116-3332

Claim # 4127824

FOR: [redacted]

$11,200.47 guaranteed payout, plus early bird $2,200.00 elective.

Are you sitting down? If you indeed are [redacted], I have some thrilling news for you. $11,200.47 is all yours if you will take a simple moment and RETURN YOUR CASH CLAIM FORM along with the matching win cash prize claim number, all with non-requisite purchase.

Would $11,200.47 come in handy right now? I guess that's a silly question, since all of us could use an extra eleven thousand two hundred dollars forty seven cents. However [redacted], you would be simply amazed at the number of people we send cash letters to who FAIL to claim the money THEY HAVE ALREADY WON! Please don't be a "no return, cash-loss statistic".

Let me ask you this? Would you rather be $11,200.47 richer, or be the person who tossed out their cash claim? **YOU HAVE ABSOLUTELY WON A CASH PRIZE!**

EARLY BIRD OFFER: To thank you for your participation, you may at this time take advantage of the $2,200.00 "early bird" offer. Our "early bird" has a full two thousand two hundred dollar redemption rate when fully utilized, and applicable for food at famous restaurants, first class merchandise, travel, cruises, movies, etc. You will need only to enclose a modest $15.00 to exercise your claim. You should know that in addition to the eleven thousand grand prize, other awards are in varying amounts such as two thousand five dollars eighty eight cents, over one thousand dollars, and other lesser amounts.

Howard W. Morgan

Howard W. Morgan

CASH CLAIM INSTRUCTIONS

IN ORDER TO FILE YOUR PERSONAL CLAIM FOR THE ELEVEN THOUSAND TWO HUNDRED DOLLARS AND FORTY SEVEN CENTS OR OTHER AWARDS, PLEASE READ ALL OF THE FOLLOWING:

A) *Return the cash claim form below* ***within 10 days*** *of your receipt of this letter.*

B) *Confirm that your identity is indeed* [redacted] *of San Diego, CA.*

C) *Allow us to use your name and photo for publicity purposes in your home town paper.*

CUT ALONG DOTTED LINE AND RETURN IN ENVELOPE PROVIDED

CASH CLAIM OFFER

[redacted]

San Diego, CA 92116-3332

Claim # 4127824

Entitlements waived: ☐ YES ☐ NO

☐ [redacted]

☐ I am the person named above.

☐ I give my permission to use my name and perhaps photo for publicity purposes.

☐ I have enclosed $15 for my early bird elective. Make checks to: *CMS*

☐ Send me my cash prize.

☐ I would like RUSH processing, and have enclosed $3 extra.

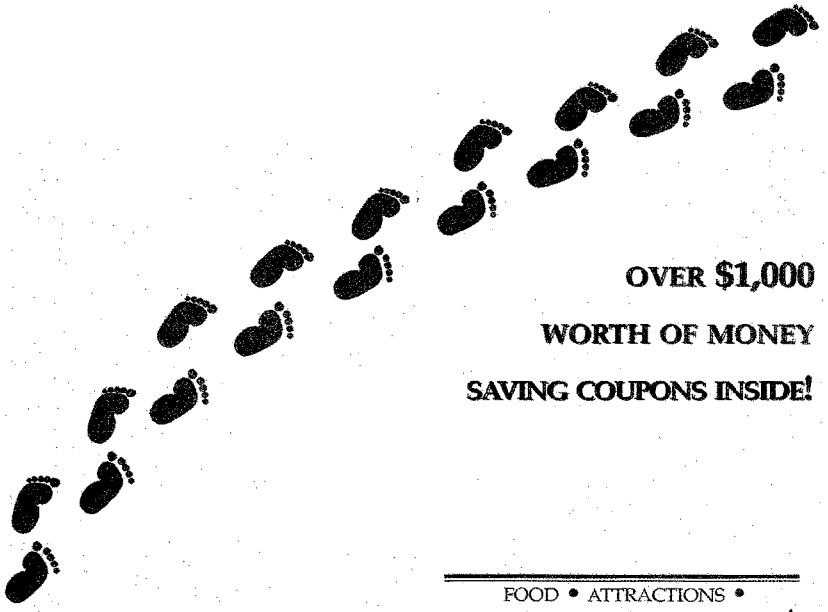
Monetary Awards Division of CMS • CMS Bldg., P.O. Box 22041, Tempe, AZ 85285-2041

INSTRUCTIONS FOR CASH CLAIM AND SWEEPSTAKES INFORMATION

NOT A LOTTERY. BUT RATHER A NATIONAL SWEEPSTAKES. MUST BE AT LEAST 18 YEARS OF AGE OR OLDER TO PARTICIPATE. IMMEDIATE FAMILY MEMBERS OR RELATIVES OF SPONSOR OR THEIR EMPLOYEES ARE NOT ELIGIBLE TO ENTER OR PARTICIPATE. PURCHASE IS ELECTIVE AND NON MANDATORY. ONLY ONE MAJOR PRIZE REDEMPTION PER PERSON OR RESIDENT HOUSEHOLD ALLOWED. INCOMPLETE, IMPROPER OR ILLEGIBLE RESPONSES AND/OR SWEEPSTAKES ENTRIES MAY BE DISQUALIFIED. THIS IS DUAL PROGRAM WITH SEPARATE ENTITIES. FIRST ENTITY IS A NATIONAL SWEEPSTAKES WITH GRAND PRIZE OF ELEVEN THOUSAND TWO HUNDRED DOLLARS FORTY SEVEN CENTS ODDS 1/414,355; SECOND PRIZE TWO THOUSAND FIVE DOLLARS EIGHTY EIGHT CENTS ODDS 1/414,355; THIRD PRIZE ONE THOUSAND TWO DOLLARS TWENTY TWO CENTS ODDS 1/414,355; FOURTH PRIZE TWO HUNDRED DOLLARS ODDS 1/414,355; AND ADDITIONAL CASH WILL BE ADDED SO THAT ONE DOLLAR WILL BE THE MINIMUM PAYOUT ODDS 1/1. TAXES ON WINNINGS ARE SOLE RESPONSIBILITY OF WINNERS. UNCLAIMED PRIZES OF TWO HUNDRED DOLLARS OR MORE WILL BE AWARDED TO NEXT NEW RANDOMLY SELECTED ID NUMBER FROM TOTAL UNIVERSE OF PARTICIPANTS UNTIL CLAIMED. AT LEAST ONE OF EVERY LISTED CASH AWARD WILL BE RELEASED- ALL WINNERS PREDETERMINED PRIOR TO MAIL NOTIFICATION BY A MATCHING OF INDIVIDUAL ID NUMBERS WITH WINNING NUMBERS PRESELECTED AT RANDOM BY AN INDEPENDENT JUDGE. DEADLINE FOR CLAIMING CASH PRIZES IS EITHER TEN DAYS FROM RECIPIENTS RECEIPT OF NOTIFICATION OR SIXTY DAYS FROM POSTMARK DATE OF THIS NOTIFICATION. THIS SWEEPSTAKES BEGINS JANUARY 1, 1998 AND ENDS JUNE 30, 1999. POSTMARK DETERMINES DATE OF RESPONDERS REPLY. ALL MAJOR PRIZES VERIFIED AND PAID BY AUGUST 30, 1999. SPONSOR NOT RESPONSIBLE FOR LOST, STOLEN OR MISDIRECTED MAIL. VOID IN AK, AR, NV, IA,VT, MN, WY, WI, KS, MO, AZ, IN, NC, WA, OR, OK, DC, NM, WV, ID, CT, OR WHERE OTHERWISE PROHIBITED. CMS DOES NOT SOLICIT CUSTOMERS THROUGH TELEMARKETING OR 900 NUMBER SOLICITATIONS. CMS MAILINGS GO TO ALL AGE GROUPS, 18 AND OLDER, AND IN NO WAY ARE RESTRICTED TO SENIOR CITIZENS. DIFFERENT GRAPHIC PRESENTATIONS AND PROMOTIONAL NAMES MAY BE UTILIZED BY SPONSOR DURING THE COURSE OF THIS SWEEPSTAKES. COMPLETE LIST OF WINNERS AVAILABLE AT CONCLUSION OF SWEEPSTAKES BY SENDING A S.A.S.E. #10 (LARGE) TO: WINNERS LIST: CAMERON, MORGAN & STALLBRIGHT, TO ADDRESS ON REVERSE. COMPLETE SWEEPSTAKES SUBJECT TO THESE RULES AND ALL JUDGES DECISIONS MUST BE FINAL. SECOND PART (BANKPAK) IS AN ELECTIVE, FEE-BASED FOR PROFIT OFFERING DESIGNED TO INCREASE CONSUMER AWARENESS OF NATIONAL RETAIL FOOD, MERCHANDISE AND ENTERTAINMENT SERVICES FROM NATIONAL INCENTIVE GUARANTORS CONSISTING OF VARIOUS DISCOUNT VOUCHERS WITH A FULLY REDEEMED VALUE IN EXCESS OF TWO THOUSAND TWO HUNDRED DOLLARS. USE RETURN ENVELOPE ENCLOSED ALONG WITH INDICATED RELEASE FEE FOR THIS ELECTIVE COMBINED WITH SWEEPSTAKES ENTRY. SWEEPSTAKES ENTRY IS AUTOMATIC ON SUBMISSION OF FEE-FREE ENTRY AND NON-CONTINGENT ON ANY OTHER ELECTIVE OFFERS. IF RESPONDING TO SWEEPSTAKES ONLY, WITHOUT THE AFORE-MENTIONED FEE BASED ELECTIVE OPTION, CHECK "ENTITLEMENTS WAIVED" ON RELEASE FORM, THEN PRINT YOUR FULL NAME AND ADDRESS ON A 3 X 5 INDEX CARD AND PRINT CMS SWEEPSTAKES IN LOWER LEFT HAND CORNER, THEN INSERT THE RELEASE FORM AND THE 3 X 5 CARD IN A BUSINESS REPLY SIZE #9 ENVELOPE AND SEND TO CMS P.O. BOX 22042, TEMPE AZ 85285-2042, AND DO NOT USE RETURN ENVELOPE ENCLOSED. SATISFACTION 100% GUARANTEED.

Senate Permanent Subcommittee
on Investigations
EXHIBIT # 23a

STEP INTO SAVINGS



OVER $1,000

WORTH OF MONEY

SAVING COUPONS INSIDE!

FOOD • ATTRACTIONS •
SERVICES • TRAVEL • AND MORE!

© 1998 Steppin' Out All rights reserved cf NABA 9/99

Thank you for participating in our program, and be sure to enjoy the valuable savings and services provided for you at the many fine organizations included in this booklet.

Stepping Out

BONUS OFFER

Godfather's Pizza®

Cordially invites you to enjoy a
LARGE PIZZA FOR A MEDIUM PRICE!

Valid at all participating Godfather's Pizza locations. Not valid with any Big Value Menu pizza or other discount offers.

Limited delivery times and areas; delivery charge may apply.

F119 VALID THRU JUNE 2000

Stepping Out

BONUS OFFER

Swiss Pretzel

Cordially invites you to enjoy ONE COMPLIMENTARY **SWISS PRETZEL** when a second **SWISS PRETZEL** of equal or greater value is purchased.

(hot toppings extra)

VALID THRU JUNE 2000

Stepping Out

3 Free Muffins

when you purchase 3 Muffins at the regular price

Available only at participating Dunkin' Donuts® shops. One coupon per customer per visit. May not be combined with any other coupon or premium offer. Shop must retain coupon. Taxes not included.

Limit: 1 Offer PLU-309

DUNKIN' DONUTS® **It's worth the trip.**

Offer good thru 6/30/00

F126a VALID THRU JUNE 2000

Godfather's Pizza®

Valid at all participating locations.
Not to be combined with any other offer.

Swiss Pretzel

Not valid in combination with any other discount or special offer One coupon per customer.

DUNKIN' DONUTS®
It's worth the trip.

jiffy lube® signature service

10% OFF

10% off the regular price for all service performed.

Simply give the **Jiffy Lube Fleet Care Account #06037778** and you receive the **Jiffy Lube Signature Service** at specially negotiated Fleet service rates that are 10% off the regular price for all service performed.

JIFFY LUBE SIGNATURE SERVICE INCLUDES:

• OIL CHANGE WITH MAJOR BRAND (UP TO 5 QUARTS) • INSTALL NEW OIL FILTER • CHECK WIPER BLADES • VACUUM INTERIOR FLOORS • WASH EXTERIOR WINDOWS • CHECK BRAKE FLUID LEVEL

JIFFY LUBE WILL DO THE FOLLOWING AS NEEDED:

• LUBRICATE CHASSIS • CHECK & FILL BATTERY WATER • CHECK & FILL TRANSMISSION / TRANSAXLE FLUID • CHECK & FILL POWER STEERING FLUID • CHECK & FILL WINDSHIELD WASHER FLUID • INFLATE TIRE TO PROPER PRESSURE

VALID THRU JUNE 2000

Steppin Out

10% OFF

ENJOY SPECIAL
PREFERRED CUSTOMER PRICING
AT ALL PENSKE AUTO CENTERS

PENSKE Auto Center

Present this coupon to receive your **Preferred Customer** discount at any one of the more than 850 **Penske Auto Centers** at K-Mart™ Stores throughout the country. This offer can provide a significant savings for automotive repairs, (labor & parts), tires, installed batteries, air conditioning repair and more. Simply present this coupon to the Automotive Service Manager prior to servicing to be eligible for this special discount.

Steppin' Out Penske Preferred Customer account number #15763238.

VALID THRU JUNE 2000

Steppin Out

Scheib PAINT & BODY

50% OFF

TOP-OF-THE-LINE
PRO 3 PAINT JOB

$239.95

Regulary $479.95

6 year warranty. See shop for details.

VALID THRU JUNE 2000

Please visit one of over 1,300 participating Jiffy Lube locations nationwide.

Some services may not be available at all locations. Fleet rates are available only at participating Jiffy Lube locations.

PENSKE Auto Center

Steppin' Out Penske Preferred Customer account number #15763238.

This offer is provided in association with STEPPIN' OUT™ and is **not valid** in combination with any other discount of special offer.

Earl Scheib PAINT & BODY

Good at any Earl Scheib Paint & Body Shop.

Call directory assistance for the shop nearest you.

Steppin' Out

amc THEATRES · General Cinema · LOEWS · SONY THEATERS

THEATER BONUS

Valid for up to **FOUR ADMISSIONS** per theatre. ***Admissions valid any time. (Special Engagements Excluded.)***

Mail order only Before June 1, 2000 *(on availability basis)*

Save & enjoy any show, special attractions, any day of the week. No refunds or exchanges. This coupon is Not Redeemable at Cinema Box Office.

Note:Sony-Loews tickets may not be used during the first ten days of a motion picture's run or where prohibited.

VALID THRU JUNE 2000

Steppin' Out

GROCERY SAVERS OF AMERICA

$500 VALUE

That's right, because you choose the name brand coupons you want for those products you're now buying! Select from 1000 National BRAND NAME Products - Crest, Colgate, Kleenex, Kelloggs, Pepsi, 7-Up, Ajax, Ivory, Tide, Parkay, Lipton, Kraft, Stouffers, Swift, Heinz, Gerber, Borden, Minute Maid, Purina, Nine Lives, Morton, Armor, Del Monte... The list goes on.

WHY PAY FULL PRICE when you can buy trusted name brands at generic prices? And when your local stores offer "Double coupons," you will save even more with your **FREE MEMBERSHIP** to Grocery Savers of America.

$5.95 for shipping, handling and insurance.

VALID THRU JUNE 2000

Steppin' Out

Key Bank AND TRUST

SPECIAL BONUS

REBUILD YOUR CREDIT!

Key Bank and Trust is proud to announce the VISA credit card that **everyone is guaranteed** to qualify for... even if you've been turned down as recently as yesterday. Qualifying is easy. Simply call our TOLL FREE NUMBER, within minutes you'll be approved!

Call for complete details.

1-800-275-0251 Ext. 280

VALID THRU JUNE 2000

STEPPIN' OUT™ ORDER BLANK

Please send _____ tickets, maximum four (4) tickets.
Remit amounts shown left x tickets =

Please Choose....
- ☐ AMC (@ $4.50)
- ☐ GENERAL CINEMAS (@ $5.00)
- ☐ SONY-LOEWS (@ $4.50)

PLUS $1.50 processing

MAIL TO: Steppin' Out™
8689 W. Sahara Ave., #100
Las Vegas, NV 89117

(Note: Tickets presented at Sony Manhattan theaters will be subject to a $1.00 surcharge.)

Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Daytime Phone: (___) _____

- **You MUST ENCLOSE A SELF-ADDRESSED STAMPED ENVELOPE plus $1.50 for processing to receive your order.**
- **Make check payable to STEPPIN' OUT™**
- **Order before June 1, 2000. Tickets are on an availability basis. Tickets will be mailed within 21 days of receipt of order.**

AMC Theatres, Sony-Loews Theatres, or General Cinema & Steppin' Out™, are not responsible for any lapse in expiration dates, misplaced or stolen VIP tickets. In addition, *all tickets are purchased on a final sale basis.* In the event AMC Theatres, Sony-Loews Theatres, or General Cinema discontinues it's discount program or increases ticket prices, Steppin' Out™, reserves the right to return orders. Expiration dates cannot be extended or money returned.

*** FREE * FREE * FREE**

Complete the form below and send with a check or money order for $5.95 to cover shipping & handling and insurance.

Name: _____

Address: _____

City: _____

State: _____ **Zip:** _____

MAKE CHECK PAYABLE & MAIL TO:
STEPPIN' OUT
8689 W. Sahara Ave., #100
Las Vegas, NV 89117

GUARANTEED!

REGARDLESS OF YOUR CREDIT HISTORY
Offered by Key Bank And Trust

Key Bank AND TRUST

- ✓ Qualifying is easy
- ✓ No CREDIT Check
- ✓ You Can't Be Turned Down
- ✓ $500 Credit Limit
- ✓ Guaranteed Approval

Applicant must be a U.S. citizen, 18 years or older with income of at least $165 per week.

Call for complete details.

1-800-275-0251
Ext. 280

steppin' out

Free Kodak Film Certificate

NEVER BUY FILM AGAIN!

100 ROLLS OF KODAK FILM FREE!

$350 VALUE

Receive our valuable **MEMBERSHIP KIT** which includes:
FREE KODAK FILM COUPON BOOK GOOD FOR:
- 100 ROLLS OF FREE KODAK FILM with 40% OFF Kodak list prices for developing when you use our National Lab.
- 24 HOUR IN-LAB SERVICE and FREE MAILERS.
- FREE 35mm CAMERA **GIFT CERTIFICATE.**
- 36 FREE WALLET-SIZE PHOTOS.
- 10 FREE 5 x 7 ENLARGEMENTS.
- 4 FREE 8 x 10 ENLARGEMENTS.
- 3 FREE PHOTO PUZZLES.

S114 VALID THRU JUNE 2000

steppin' out

HOTEL DISCOUNT

Sheraton

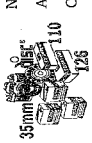
Receive the guaranteed **CORPORATE RATE** at all participating **Sheraton Hotels.**
Call (800) 325-7823 for reservations.
Request SET #86900/CODE #33568194

Reservations must be made in advance for discount to be applicable.

S154 VALID THRU JUNE 2000

This Certificate is awarded by U.S. Express, Inc. and participating sponsors and entitles the bearer to **FREE MEMBERSHIP** in our National Kodak Equipped Lab. Membership offers **35mm CAMERA** plus **FREE KODAK COLOR FILM** returned with your pictures at 40% off Kodak List Price for developing. Save hundreds of dollars by cutting out the middleman & dealing direct with our National Lab. TO RECEIVE MEMBERSHIP KIT, JUST COMPLETE NAME AND ADDRESS BELOW, AND **MAIL CERTIFICATE ONLY** ALONG WITH **$5.95 TO COVER PROCESSING, POSTAGE AND HANDLING.**

SEND TO: STEPPIN' OUT™
8689 W. Sahara Ave., #100
Las Vegas, NV 89117



Name: _____

Address: _____

City: _____ State: _____ Zip: _____

DO NOT SEND FILM AT THIS TIME.

Please Send $5.95 Along With Certificate ONLY For Every Order.

*Disc is a Registered Trademark
Eastman Kodak Co. Rochester, N.Y.

Sheraton

Call for reservations
(800) 325-7823

Request SET #86900
CODE #33568194

Steppin' Out

Celebrity Cruises

SAVE UP TO $1,500

You can **SAVE** at least **$1,500.00** per cabin on any **CELEBRITY CRUISE** that you reserve with **INTERNATIONAL TOURS® - Fifth Avenue.**

This discount is applicable through JUNE 2000 **EXCEPT** *for holiday sailings. Not valid in combination with any other discount or special offer. All cruises subject to availability; based on double occupancy.*

RECEIVE A **FREE** 35 MM CAMERA WHEN YOU RESERVE AND PAY FOR YOUR CRUISE VACATION THRU INTERNATIONAL TOURS - FIFTH AVENUE

VALID THRU JUNE 2000

Steppin' Out

AVIS
We try harder.*

FREE UPGRADE

A FREE AVIS UPGRADE!

In addition to your special membership discounts, you can enjoy an upgrade at no extra charge when you rent any Intermediate through Full Size 4-door car from Avis. Just present this coupon at any Avis corporate or participating licensee location in the U.S. and Canada. It's good through June, 2000.

To request this offer, call your travel consultant, or an employee/owner of Avis at 1-800-831-8000 in the U.S.; in Canada, call 1-800-879-2847. Be sure to mention your Avis Worldwide Discount (AWD) number: A048100.

Subject to Terms and Conditions on reverse side. Avis features GM cars.

Coupon #UUGD870

VALID THRU JUNE 2000

Steppin' Out

ROYAL CARIBBEAN

$1,000.00 DISCOUNT

ROYAL CARIBBEAN CRUISE LINE
Cruise to the Caribbean, Mexican Riviera, Bermuda, Panama Canal, Alaska, or Europe!

Some restrictions apply, see reverse for details.
For more information contact
INTERNATIONAL TOURS & CRUISES FIFTH AVENUE ™
1-800-BUY-TRAVEL / 800-289-8728 or (212) 242-2277

RECEIVE A FREE 35 MM CAMERA WHEN YOU RESERVE AND PAY FOR YOUR CRUISE VACATION THRU INTERNATIONAL TOURS - FIFTH AVENUE

S164

VALID THRU JUNE 2000

Celebrity Cruises

Cruise to:
Bermuda, Caribbean,
Mexican Riviera and Alaska.

Subject to availability and blackout dates.

For further information & reservations call:

184 Fifth Avenue
4th Floor
New York, NY
10010

International Tours & Cruises.
Fifth Avenue

212-242-2277
800-BUY-TRAVEL
(289-8728)

RECEIVE A **FREE** 35 MM CAMERA WHEN YOU RESERVE AND PAY FOR YOUR CRUISE VACATION THRU INTERNATIONAL TOURS - FIFTH AVENUE

© *Steppin' Out 1999 All rights reserved. – No Cash Value*

TERMS AND CONDITIONS

Coupon valid for a one-time, one-car group upgrade on an Intermediate (Group C) through a Full Size 4-door (Group E) car. Maximum upgrade to Premium (Group G). Offer valid on weekend and weekly rates only. Coupon must be surrendered at time of rental; one per rental. Coupon valid at Avis corporate and participating licensee locations in the continental U.S. and Canada. Cars and upgrades are subject to availability at time of rental. **An advance reservation with request for upgrade is required.** Renter must meet Avis age, driver and credit requirements. Minimum age is 25.
Offer expires June 30, 2000.

Rental Sales Agent Instructions:
At Checkout: In AWD, enter **A048100.** Assign customer a car one group higher than car group reserved. Upgrade to no higher than Group G. Charge for car group reserved.
Complete this information: **COUPON#UUGD870**

RA#_____

Rental Location_____
Attach to COUPON tape.

AVIS
We try harder.
© *1999 Wizard Co., Inc.*

ROYAL CARIBBEAN

Holiday sailings are excluded.
Subject to availability and blackout dates.

This offer is not combinable with any other discounts.

For further information & reservations call:

184 Fifth Avenue
4th Floor
New York, NY
10010

International Tours & Cruises.
Fifth Avenue

212-242-2277
800-BUY-TRAVEL
(289-8728)

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© *Steppin' Out 1999 All rights reserved. – No Cash Value*

Steppin' Out

Las Vegas!

4 days/3 nights recommended

ONLY **$69*** per person! *Plus $9.95 $&H.*

- *Free admission to Harrah's America at the Westward Ho on the Strip*
- *Day tour to Laughlin, NV - historic boomtown on the Colorado River.* ***Plus lunch!***
- *Casino Fun Books.*
- **$100 in Match Play/Casino Action.**

50% Discount!

2 for 1 admissions to tour the Hoover Dam.
2 for 1 admissions to the Caesar's Palace Omnimax Theatre.
Free 1 admission to the Imperial Palace Auto collection.
** See complete terms & conditions on reverse side.*

$149

VALID THRU JUNE 2000

Steppin' Out

$144.00 VALUE

NEVER BUY BOTTLED WATER AGAIN SAVE HUNDREDS OF $$$$$!

Enjoy spring fresh tasting bottled quality water right from your kitchen faucet with this amazing countertop PARAGON WATER PROCESSING SYSTEM. It eliminates the bad taste, colors and odors that make water unpleasant to drink. The advanced three stage processing system removes CHLORINE and reduces a wide range of toxic chemicals found in tap water. Connects in minutes easily to your faucet...requires no additional plumbing. Sold nationwide for up to $179.00, with coupon you pay only **$34.95** *(includes shipping and handling.)*

VALID THRU JUNE 2000

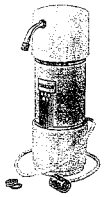
Terms and Conditions

- Check-ins are Sunday, Monday or Tuesday. Nevada Travel Center, Inc., (NTC) needs at least - 30 days advance notice. Reservations must be made by submitting your Vacation Reservation Form along with a payment of $69 per person - double occupancy required. Payment must be in U.S. Funds only.
- Hotel accommodations and show, tour and meal offer are available year-round. **Exception: space may not be available during sporting events, holidays or major conventions.** Nevada Travel Center, Inc. is not responsible for delays, cancellations due to strikes, or acts of God, or natural disaster, or other events beyond the control of NTC.
- This offer is valid for 2 adults, **21 years or older.**
- This package is not valid for conventions, meetings or full-time students, however, **vacation groups are welcome.**
- **Airfare to Las Vegas, Nevada is the responsibility of the traveler and can be purchased through Nevada Travel Center, Inc. or its affiliates at the guaranteed lowest available rate offered by regularly scheduled carriers.**
- Due to conditions beyond the control of Nevada Travel Center, Inc. we reserve the right to substitute accommodations, delete or substitute shows, tours, meals, or casino action or any part of this offer for equal or greater value as determined by NTC.
- Request for refund of $9.95 must be made in writing within 15 days of receipt of your payment by NTC.
- Reservation request form will be valid for one year from the day you receive it.
- This offer is not valid for residents of states where prohibited by law.
- **This offer is not valid for residents of Nevada.**

Now only $9.95 - and we'll rush you your Las Vegas Reservation Form
– this guarantees that you will receive all benefits listed
for only $69 per person when you travel
(total package price $78).

Call to order:Nevada Travel Center, Inc.
(702) 320-0734 FAX: (702) 320-0736
3820 Alice Lane, Las Vegas, NV 89103-2483

Paragon Water
Processing System



Rush check or money order (US funds) today payable to:

STEPPIN' OUT
8689 W. Sahara.
Suite #100
Las Vegas, NV 89117

For credit card orders call:
(800) 275-0251

IMPORTANT:

Read before using
Steppin' Out™ Coupons.

Detach the coupon you wish to use. **READ EACH COUPON CAREFULLY BEFORE USING.** Discounts apply only to the items and terms specified in the offer.

Coupons **MAY NOT** be used in conjunction with any other promotional discount offer - discount priced "Daily Specials", Special Discounts, Senior Citizen Rates, etc. If in doubt, please check with the establishment.

Steppin' Out™ cannot be responsible for acts of God, closings, unforeseen occurrences, changes of ownership, etc.

Steppin' Out™ and/or its subsidiaries shall not be responsible if any establishment breaches its contract or refuses to accept coupons. However, we will attempt to secure compliance.

IF YOU EVER ENCOUNTER ANY DIFFICULTY, PLEASE NOTIFY STEPPIN' OUT™. WE WILL DO OUR BEST TO SOLVE THE PROBLEM TO YOUR SATISFACTION.

MAIL TO:

STEPPIN' OUT™
8689 W. Sahara Avenue., #100
Las Vegas, NV 89117

Senate Permanent Subcommittee
on Investigations
EXHIBIT # 23b

STEP INTO SAVINGS

OVER $3,500

WORTH OF MONEY

SAVING COUPONS INSIDE!

FOOD • ATTRACTIONS •
SERVICES • TRAVEL • AND MORE!

© 1998 Steppin' Out All rights reserved cf lonest 9/99

Thank you for participating in our program, and be sure to enjoy the valuable savings and services provided for you at the many fine organizations included in this booklet.

Stepping Out.

BONUS OFFER

Godfather's Pizza®

Cordially invites you to enjoy a
LARGE PIZZA FOR A MEDIUM PRICE!

Valid at all participating Godfather's Pizza locations. Not valid with any Big Value Menu pizza or other discount offers.

Limited delivery times and areas; delivery charge may apply.

F119 VALID THRU JUNE 2000

Stepping Out.

BONUS OFFER

Swiss Pretzel

Cordially invites you to enjoy ONE COMPLIMENTARY **SWISS PRETZEL** when a second **SWISS PRETZEL** of equal or greater value is purchased.

(hot toppings extra)

VALID THRU JUNE 2000

Stepping Out.

3 Free Muffins

when you purchase 3 Muffins at the regular price

Available only at participating Dunkin' Donuts® shops. One coupon per customer per visit. May not be combined with any other coupon or premium offer. Shop must retain coupon. Taxes not included.

Limit: 1 Offer PLU-309

DUNKIN' DONUTS® It's worth the trip.

Offer good thru 6/30/00

F126a VALID THRU JUNE 2000

Godfather's Pizza®

Valid at all participating locations.
Not to be combined with any other offer.

Swiss Pretzel

Not valid in combination with any other discount or special offer One coupon per customer.

DUNKIN' DONUTS®
It's worth the trip.

jiffy lube® signature service

10% OFF

10% off the regular price for all service performed.

Simply give the Jiffy Lube Fleet Care Account #06037778 and you receive the Jiffy Lube Signature Service at specially negotiated Fleet service rates that are 10% off the regular price for all service performed.

JIFFY LUBE SIGNATURE SERVICE INCLUDES:

• OIL CHANGE WITH MAJOR BRAND (UP TO 5 QUARTS) • INSTALL NEW OIL FILTER • CHECK WIPER BLADES • VACUUM INTERIOR FLOORS • WASH EXTERIOR WINDOWS • CHECK BRAKE FLUID LEVEL

JIFFY LUBE WILL DO THE FOLLOWING AS NEEDED:

• LUBRICATE CHASSIS • CHECK & FILL BATTERY WATER • CHECK & FILL TRANSMISSION /TRANSAXLE FLUID • CHECK & FILL POWER STEERING FLUID • CHECK & FILL WINDSHIELD WASHER FLUID • INFLATE TIRE TO PROPER PRESSURE

VALID THRU JUNE 2000

Steppin' Out.

10% OFF

ENJOY SPECIAL PREFERRED CUSTOMER PRICING AT ALL PENSKE AUTO CENTERS

PENSKE Auto Center

Present this coupon to receive your **Preferred Customer** discount at any one of the more than 850 **Penske Auto Centers** at K-Mart™ Stores throughout the country. This offer can provide a significant savings for automotive repairs, (labor & parts), tires, installed batteries, air conditioning repair and more. Simply present this coupon to the Automotive Service Manager prior to servicing to be eligible for this special discount.

Steppin' Out Penske Preferred Customer account number #15763238.

VALID THRU JUNE 2000

Steppin' Out.

Scheib PAINT & BODY

50% OFF

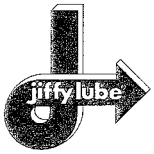
TOP-OF-THE-LINE
PRO 3 PAINT JOB

$239.95

Regulary $479.95

6 year warranty. See shop for details.

VALID THRU JUNE 2000



Please visit one of over 1,300 participating Jiffy Lube locations nationwide.

Some services may not be available at all locations. Fleet rates are available only at participating Jiffy Lube locations.

Steppin' Out Penske Preferred Customer account number #15763238.

This offer is provided in association with STEPPIN' OUT™ and is **not valid** in combination with any other discount of special offer.

Good at any
Earl Scheib Paint & Body Shop.

Call directory assistance for the shop nearest you.

Steppin' Out

amc THEATRES · General Cinema · LOEWS · SONY THEATERS

THEATER BONUS

Valid for up to **FOUR ADMISSIONS** per theatre. ***Admissions valid any time. (Special Engagements Excluded.)***

Mail order only Before June 1, 2000
(on availability basis)

Save & enjoy any show, special attractions, any day of the week. No refunds or exchanges. This coupon is Not Redeemable at Cinema Box Office.

Note:Sony-Loews tickets may not be used during the first ten days of a motion picture's run or where prohibited.

VALID THRU JUNE 2000

Steppin' Out

GROCERY SAVERS OF AMERICA

$500 VALUE

That's right, because you choose the name brand coupons you want for those products you're now buying! Select from 1000 National BRAND NAME Products - Crest, Colgate, Kleenex, Kelloggs, Pepsi, 7-Up, Ajax, Ivory, Tide, Parkay, Lipton, Kraft, Stouffers, Swift, Heinz, Gerber, Borden, Minute Maid, Purina, Nine Lives, Morton, Armor, Del Monte... The list goes on.

WHY PAY FULL PRICE when you can buy trusted name brands at generic prices? And when your local stores offer "Double coupons," you will save even more with your **FREE MEMBERSHIP** to Grocery Savers of America.
$5.95 for shipping, handling and insurance.

VALID THRU JUNE 2000

Steppin' Out

Key Bank AND TRUST

SPECIAL BONUS

REBUILD YOUR CREDIT!

Key Bank and Trust is proud to announce the VISA credit card that **everyone is guaranteed** to qualify for... even if you've been turned down as recently as yesterday. Qualifying is easy. Simply call our TOLL FREE NUMBER, within minutes you'll be approved!

Call for complete details.
1-800-275-0251
Ext. 280

VALID THRU JUNE 2000

STEPPIN' OUT ORDER BLANK

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maximum four (4) tickets.
Remit amounts shown left x tickets =

Please Choose....
☐ AMC (@ $4.50)
☐ GENERAL CINEMAS (@ $5.00)
☐ SONY-LOEWS (@ $4.50)

PLUS $1.50 processing

MAIL TO: Steppin' Out™
8689 W. Sahara Ave., #100
Las Vegas, NV 89117

(Note: Tickets presented at Sony Manhattan theaters will be subject to a $1.00 surcharge.)

Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Daytime Phone: (____) _____

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FREE · FREE · FREE

Complete the form below and send with a check or money order for $5.95 to cover shipping & handling and insurance.

Name: _____

Address: _____

City: _____

State: _____ **Zip:** _____

MAKE CHECK PAYABLE & MAIL TO:
STEPPIN' OUT
8689 W. Sahara Ave., #100
Las Vegas, NV 89117

GUARANTEED!

REGARDLESS OF YOUR CREDIT HISTORY
Offered by Key Bank And Trust

✓ Qualifying is easy
✓ No CREDIT Check
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✓ $500 Credit Limit
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Key Bank AND TRUST

Applicant must be a U.S. citizen, 18 years or older with income of at least $165 per week.

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steppin out

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S114 VALID THRU JUNE 2000

steppin out

HOTEL DISCOUNT

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SEND TO: STEPPIN' OUT™
8689 W. Sahara Ave., #100
Las Vegas, NV 89117

Name: _____

Address: _____

City: _____ State: _____ Zip: _____

35mm 110 126

*Disc is a Registered Trademark
Eastman Kodak Co. Rochester, N.Y.

DO NOT SEND FILM AT THIS TIME.
Please Send $5.95 Along With Certificate ONLY For Every Order.

Sheraton

Call for reservations
(800) 325-7823

Request SET #86900
CODE #33568194

Steppin' Out.

Celebrity Cruises

SAVE UP TO $1,500

You can **SAVE** at least **$1,500.00** per cabin on any **CELEBRITY CRUISE** that you reserve with **INTERNATIONAL TOURS® - Fifth Avenue.**

This discount is applicable through JUNE 2000 **EXCEPT** *for holiday sailings. Not valid in combination with any other discount or special offer. All cruises subject to availability; based on double occupancy.*

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VALID THRU JUNE 2000

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AVIS
We try harder.

FREE UPGRADE

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Subject to Terms and Conditions on reverse side.
Avis features GM cars.

Coupon #UUGD870 VALID THRU JUNE 2000

Steppin' Out.

THE ROYAL CARIBBEAN

$1,000.00 DISCOUNT

ROYAL CARIBBEAN CRUISE LINE
Cruise to the Caribbean, Mexican Riviera, Bermuda, Panama Canal, Alaska, or Europe!

Some restrictions apply, see reverse for details.
For more information contact
INTERNATIONAL TOURS & CRUISES FIFTH AVENUE ™
1-800-BUY-TRAVEL / 800-289-8728 or (212) 242-2277

RECEIVE A FREE 35 MM CAMERA WHEN YOU RESERVE AND PAY FOR YOUR CRUISE VACATION THRU INTERNATIONAL TOURS - FIFTH AVENUE

S164 VALID THRU JUNE 2000

Celebrity Cruises

Cruise to:
Bermuda, Caribbean,
Mexican Riviera and Alaska.

Subject to availability and blackout dates.

For further information & reservations call:

184 Fifth Avenue
4th Floor
New York, NY
10010

International Tours & Cruises.
Fifth Avenue

212-242-2277
800-BUY-TRAVEL
(289-8728)

RECEIVE A **FREE** 35 MM CAMERA WHEN YOU RESERVE
AND PAY FOR YOUR CRUISE VACATION THRU
INTERNATIONAL TOURS - FIFTH AVENUE

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Complete this information: **COUPON#UUGD870**

RA#_____

Rental Location_____
Attach to COUPON tape.

AVIS
We try harder.®

© *1999 Wizard Co., Inc.*

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International Tours & Cruises.
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INTERNATIONAL TOURS - FIFTH AVENUE

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steppin' out

Las Vegas!

4 days/3 nights accommodations

ONLY **$69*** per person. Plus $9.95 $8.95

- *Free admission to Harrah's America at the Westward Ho on the Strip*
- *Day tour to Laughlin, NV - historic boomtown on the Colorado River.* ***Plus lunch!***
- *Casino Fun Books.*
- **$100 in Match Play/Casino Action.**

50% Discount!

2 for 1 admissions to tour the Hoover Dam.
2 for 1 admissions to the Caesars Palace Omnimax Theatre.
Free 1 admission to the Imperial Palace Auto collection.
** See complete terms & conditions on reverse side.*

S149

VALID THRU JUNE 2000

steppin' out

$144.00 VALUE

NEVER BUY BOTTLED WATER AGAIN SAVE HUNDREDS OF $$$$$!

Enjoy spring fresh tasting bottled quality water right from your kitchen faucet with this amazing countertop **PARAGON WATER PROCESSING SYSTEM.** It eliminates the bad taste, colors and odors that make water unpleasant to drink. The advanced three stage processing system removes CHLORINE and reduces a wide range of toxic chemicals found in tap water. Connects in minutes easily to your faucet...requires no additional plumbing. Sold nationwide for up to $179.00, with coupon you pay only **$34.95** *(includes shipping and handling.)*

VALID THRU JUNE 2000

Terms and Conditions

- Check-ins are Sunday, Monday or Tuesday. Nevada Travel Center, Inc., (NTC) needs at least - 30 days advance notice. Reservations must be made by submitting your Vacation Reservation Form along with a payment of $69 per person - double occupancy required. Payment must be in U.S. Funds only.
- Hotel accommodations and show, tour and meal offer are available year-round. **Exception: space may not be available during sporting events, holidays or major conventions.** Nevada Travel Center, Inc., is not responsible for delays, cancellations due to strikes, or acts of God, or natural disaster, or other events beyond the control of NTC.
- This offer is valid for 2 adults, **21 years or older.**
- This package is not valid for conventions, meetings or full-time students, however, **vacation groups are welcome.**
- **Airfare to Las Vegas, Nevada is the responsibility of the traveler and can be purchased through Nevada Travel Center, Inc. or its affiliates at the guaranteed lowest available rate offered by regularly scheduled carriers.**
- Due to conditions beyond the control of Nevada Travel Center, Inc. we reserve the right to substitute accommodations, delete or substitute shows, tours, meals, or casino action or any part of this offer for equal or greater value as determined by NTC.
- Request for refund of $9.95 must be made in writing within 15 days of receipt of your payment by NTC.
- Reservation request form will be valid for one year from the day you receive it.
- This offer is not valid for residents of states where prohibited by law.
- **This offer is not valid for residents of Nevada.**

Now only $9.95 - and we'll rush you your Las Vegas Reservation Form
-- this guarantees that you will receive all benefits listed
for only $69 per person when you travel
(total package price $139).

Call to order: Nevada Travel Center, Inc.
(702) 320-0734 FAX: (702) 320-0736
3820 Alice Lane, Las Vegas, NV 89103-2483

Paragon Water
Processing System

Rush check or money order (US funds) today payable to:

STEPPIN' OUT
8689 W. Sahara.
Suite #100
Las Vegas, NV 89117

For credit card orders call:
(800) 275-0251

IMPORTANT:

Read before using
Steppin' Out™ Coupons.

Detach the coupon you wish to use. **READ EACH COUPON CAREFULLY BEFORE USING.** Discounts apply only to the items and terms specified in the offer.

Coupons **MAY NOT** be used in conjunction with any other promotional discount offer - discount priced "Daily Specials", Special Discounts, Senior Citizen Rates, etc. If in doubt, please check with the establishment.

Steppin' Out™ cannot be responsible for acts of God, closings, unforeseen occurrences, changes of ownership, etc.

Steppin' Out™ and/or its subsidiaries shall not be responsible if any establishment breaches its contract or refuses to accept coupons. However, we will attempt to secure compliance.

IF YOU EVER ENCOUNTER ANY DIFFICULTY, PLEASE NOTIFY STEPPIN' OUT™. WE WILL DO OUR BEST TO SOLVE THE PROBLEM TO YOUR SATISFACTION.

MAIL TO:

STEPPIN' OUT™
8689 W. Sahara Avenue., #100
Las Vegas, NV 89117

CODE: BB/LK **OFFICIAL NOTICE** PERSONAL CLAIM NUMBER: 047_52/A7291

SPECIAL NOTIFICATION!!

Right now, the U.S. GOVERNMENT may be holding up to $775.00 in cash that is rightfully yours. To learn how to receive this cash, return this card with the amount due below and you will be on the road to claiming what is yours.

All U.S. Government Payments are 100% GUARANTEED.

NOTIFICATION STATUS: ☐ First Notification ☒ Only Notification ☐ Final Notification

METHOD OF SHIPPING: ☐ Parcel ☐ Letter ☒ USPS Delivery

INSTRUCTIONS TO AUTHORIZE DELIVERY: COMPLETE ITEMS 1 THROUGH 4 AND RETURN TO C.C.S. - PLEASE PRINT

1. SIGN HERE *Your signature will authorize the delivery of your special report to the address below.*
2. PRINT YOUR NAME (LAST, FIRST, MIDDLE INITIAL)
3. PRINT YOUR STREET ADDRESS
4. PRINT YOUR CITY, STATE AND ZIP CODE
5. PRINT YOUR AREA CODE AND PHONE NUMBER
6. DO YOU HAVE A VALID CREDIT CARD? ☐ Yes ☐ No
7. WOULD YOU LIKE ASSISTANCE OBTAINING ONE? ☐ Yes ☐ No

OFFICE USE ONLY: ACCOUNTING CLERK: HY SUPERVISOR: TB

Total Amount Due for Immediate Delivery: $ 9.97

Return this notice with payment made payable to:
CASH CLAIM SERVICE
5505 CONNECTICUT AVE. NW – SUITE 338
WASHINGTON, DC 20015

CODE: BB/LK **OFFICIAL NOTICE** PERSONAL CLAIM NUMBER: 047_52/A7291

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OFFICE USE ONLY: ACCOUNTING CLERK: HY SUPERVISOR: TB

Total Amount Due for Immediate Delivery: $ 9.97

Return this notice with payment made payable to:
CASH CLAIM SERVICE
245 8TH AVENUE - SUITE 342
NEW YORK, NY 10011

CODE: BB/LK **OFFICIAL NOTICE** PERSONAL CLAIM NUMBER: 047_52/A7291

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OFFICE USE ONLY: ACCOUNTING CLERK: HY SUPERVISOR: TB

Total Amount Due for Immediate Delivery: $ 9.97

Return this notice with payment made payable to:
CASH CLAIM SERVICE
1155 SOUTH POWER ROAD • SUITE 114-98
MESA, AZ 85206

CODE: BB/LK **OFFICIAL NOTICE** PERSONAL CLAIM NUMBER: 047_52/A7291

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OFFICE USE ONLY: ACCOUNTING CLERK: HY SUPERVISOR: TB

Total Amount Due for Immediate Delivery: $ 9.97

Return this notice with payment made payable to:
CASH CLAIM SERVICE
1420 NW GILMAN BLVD - SUITE 2668
ISSAQUAH, WA 98027-7001

CODE: BB/LK **OFFICIAL NOTICE** PERSONAL CLAIM NUMBER: 047_52/A7291

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OFFICE USE ONLY: ACCOUNTING CLERK: HY SUPERVISOR: TB

Total Amount Due for Immediate Delivery: $ 9.97

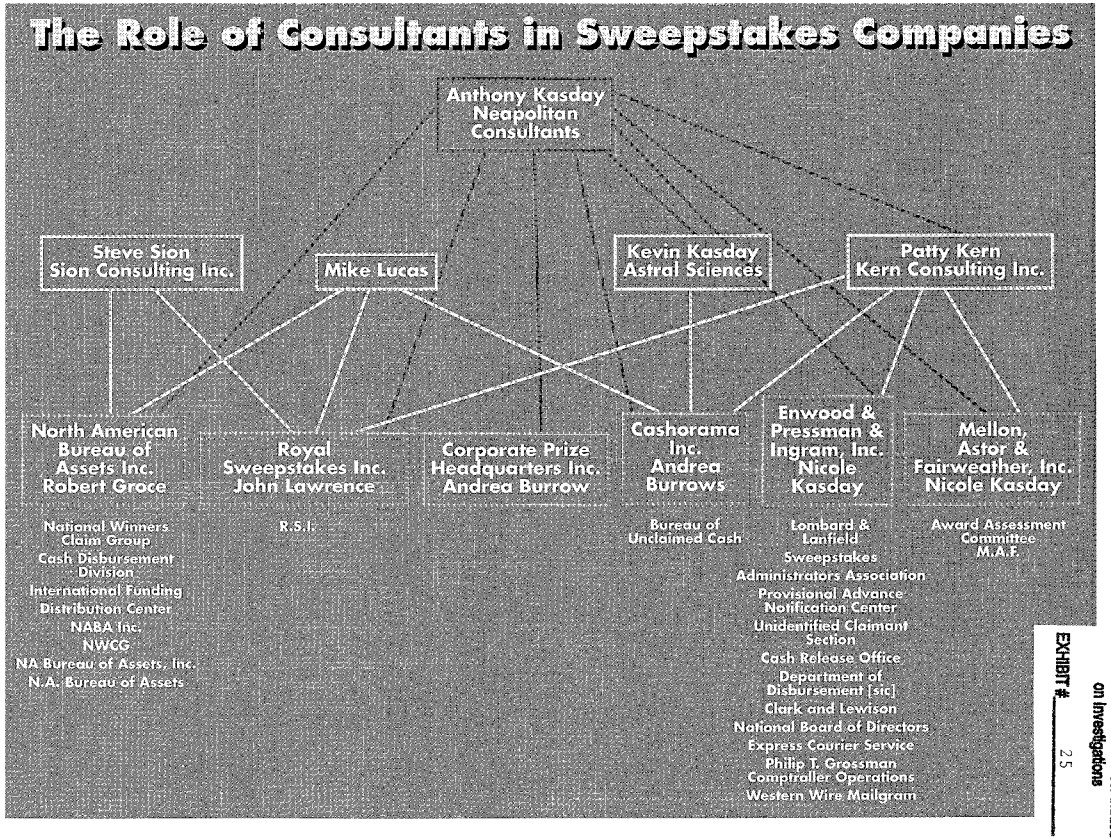
Return this notice with payment made payable to:
CASH CLAIM SERVICE
SUITE 102-159
931 MONROE DR
ATLANTA, GA 30308

Senate Permanent Subcommittee on Investigations

EXHIBIT # 24

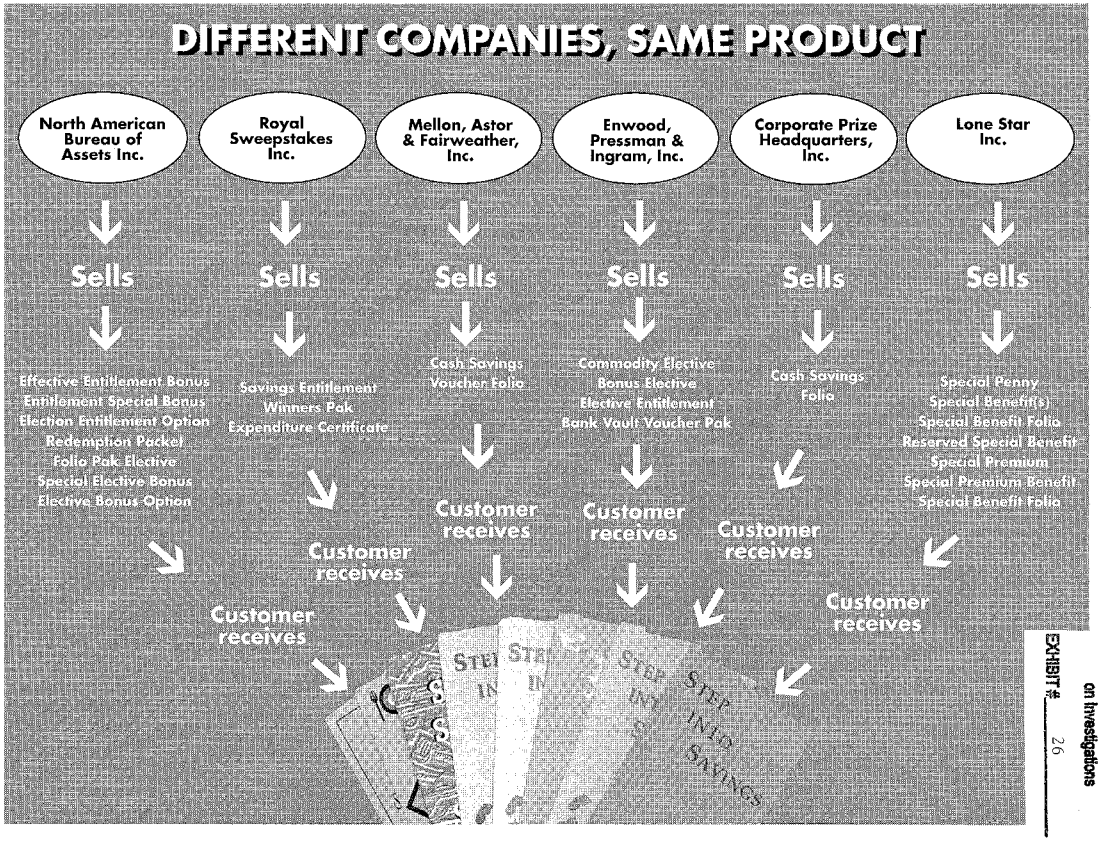
Senate Permanent Subcommittee on Investigations

EXHIBIT # 25



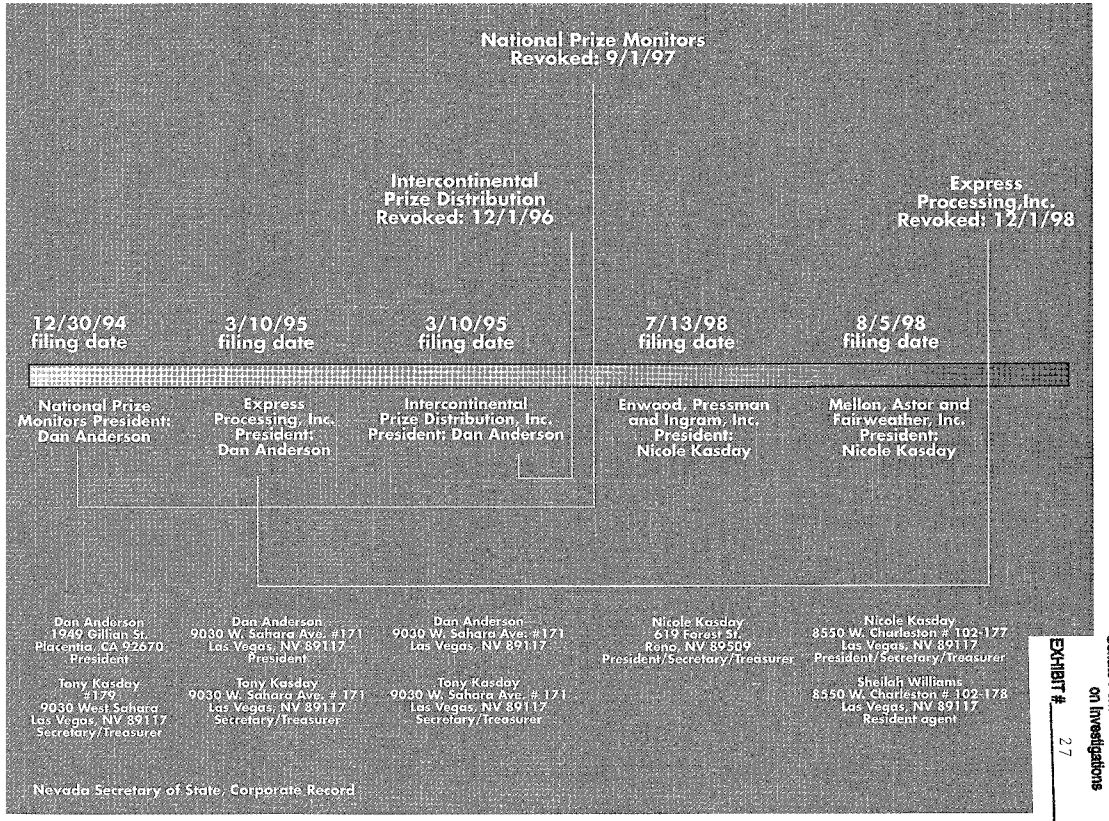
Senate Permanent Subcommittee on Investigations

EXHIBIT #_____26_____



Senate Permanent Subcommittee on Investigations

EXHIBIT # 27



Senate Permanent Subcommittee
on Investigations

EXHIBIT # 28

THE LUSTIGMAN FIRM, P.C.
ATTORNEYS

60TH FLOOR
EMPIRE STATE BUILDING
NEW YORK, NY 10118-6098
TEL: (212) 268-0797 • FAX: (212) 268-1989

SHELDON S. LUSTIGMAN
(ADMITTED NY & NJ)

ANDREW B. LUSTIGMAN
(ADMITTED NY & NJ)

June 15, 1999

VIA FAX (202) 224 7042 (without enc.)
AND FEDERAL EXPRESS

Mr. Emmett Mattes
Subcommittee Staff
Committee on Governmental Affairs
100 Russell Senate Office
Washington, DC 20510

Re: Cashorama Request For Information and Material

Dear Mr. Mattes:

We are special regulatory counsel to Cashorama and have been asked to respond on its behalf to the Permanent Subcommittee on Investigations' Request for Information and Materials as set forth in letters to the company.

Please be advised that it is the intention of the company and its principal to comply in good faith with the Subcommittee's request for information. The following information is being supplied based on Staff's representation that this investigation is not related to an enforcement action by the United States Postal Service, the United States Attorneys' Office, The Federal Trade Commission or any of the state attorneys general and that such information will not be provided to such enforcement agencies. The company has supplied the materials and information furnished herewith. The company is responding to the requests on the basis of currently available information. The company expressly reserves the right to alter, amend, and/or supplement its responses should additional relevant information become available. The company's response is as follows:

Q.1. The name, address, owner or owners, and officers or directors of any and all entities (including fictitious names and dba's) under which your company sent mailings from January 1998 to the present.

Mr. Emmett Mattes
June 15, 1999
Page 2

Answer: The name of the corporation is Cashorama. It's address is 7040 Paddington Way, Las Vegas, Nevada 89147. Andrea N. Burrow is President and the sole officer and shareholder.

The trading names used by Cashorama are: Bureau of Unclaimed Cash and Prize Committee.

Q.2. The date entries identified in item 1 were established and the date each entity began sending promotional mailings or conducting contests.

Answer: Cashorama was incorporated on June 26, 1998, and began sending promotional mailings shortly thereafter.

Q.3. Copies of all filings required under any state law concerning contests, sweepstakes, prize promotions, awards or merchandise offerings.

Answer: The company has not made any filings to date since it does not believe that it is operating in states that require filings for skill contests.

Q.4. The approximate number of mailings sent in 1998 by each company identified in item 1.

Answer: The company sent a total of approximately 1,005,698 million mailings in 1998 under the trading names referred to above.

Q.5. The number of individuals who responded to mailings identified in item 4 by sending money or making a purchase.

Answer: The company estimates approximately 62,721 individuals responded to the mailings by paying to enter the contest.

Q.6. The number of individuals who responded to mailings identified in item 4 without sending money or making a purchase.

Answer: The company estimates that approximately 57,060 individuals responded to the mailings without entering the contest or otherwise sending money. These individuals were also sent the checks as represented.

Q.7. Three sample copies of every mailing over 1,000 pieces sent in 1998 by all entities identified in item 1.

Answer: Three sample copies of all available mailings over 1,000 pieces sent in 1998 are enclosed herewith.

Q.8. For every sweepstakes or contest identified in item 4, a list of the prizes awarded and products offered.

Answer: Prizes vary according to the level of skill completed. Identification of the prizes and dates when they are to be awarded at the conclusion of the contest appear on the back of the promotions in the Consumer Declarative and Contest Information disclosures which set forth the terms and conditions of the contest.

Q.9. A description of how the names and addresses for mailings are obtained, and the source of any list obtained by the entities listed in item 1.

Answer: The company rents names from its list brokerage company: List Services, Inc., 6 Trowbridge Drive, P.O. 516, Bethel, Connecticut 06801. The company rents all available names of persons who have responded to similar types of offers and who are 21 years of age or older.

Q.10. The name, address and phone number of a representative of your company whom the Subcommittee may contact to request additional information.

Answer: Undersigned counsel is available to assist the Subcommittee to the extent it requires any additional information.

Please let us know if you have any questions.

Sincerely,

SHELDON S. LUSTIGMAN

SSL/eb
Enclosure

cc: Cashorama

THE LUSTIGMAN FIRM, P.C.
ATTORNEYS

60TH FLOOR
EMPIRE STATE BUILDING
NEW YORK, NY 10118-6098
TEL: (212) 268-0797 • FAX: (212) 268-1989

SHELDON S. LUSTIGMAN
(ADMITTED NY & NJ)

ANDREW B. LUSTIGMAN
(ADMITTED NY & NJ)

June 30, 1999

VIA FAX (202) 224 7042 (without enc.)
AND FEDERAL EXPRESS

Mr. Emmett Mattes
Subcommittee Staff
Committee on Governmental Affairs
100 Russell Senate Office
Washington, DC 20510

Re: Cashorama, Inc.

Dear Mr. Mattes:

Pursuant to the Subcommittee's request, enclosed please find all available copies of letters received from Offices of the Attorney General and the company's response thereto.

Please let me know if you have any questions.

Sincerely,

ANDREW B. LUSTIGMAN

ABL/eb
Enclosure

Cashorama, Inc.
144 Fairport Village Landing #212
Fairport, NY 14450

State of Nebraska
Office of the Attorney General
2115 State Capitol Building
Lincoln, NE 68509-8920

Attn: Alberta Johnson Arruda , Complaint Mediator

RE: M. June Clark , Larue Roberts

Dear Mrs. Johnson Arruda:

I have received your correspondence regarding the above named individual. Ms. Clark's daughter has contacted us via several consumer protection agencies over the last six months requesting that her mothers name be removed from our mailing list and any monies be returned to her. According to our records Ms. Clark was not, nor has ever been one of our customers.

On several occasions it has been explained that although Ms. Clark is not a customer of ours we will not mail any further information to her.

The only further assistance I can offer Ms. Roberts is to contact Direct Mail Marketing. This company will remove her mother's name from mailing lists.

If our office may be of further assistance, please do not hesitate to contact us.

Sincerely,

Rita Anthony
Customer Service Representative

CC: File

Cashorama, Inc.
144 Fairport Village Landing #212
Fairport, NY 14450

Larue Roberts
1911 S. 186th St.
Omaha, NE 68130

Dear Ms. Roberts:

I have received correspondence regarding the removal of your mother's name from our mailing list. According to our records your mother is not a customer of ours. If your mothers name does a appear on a list that we receive it will be removed immediately. The only other information I can give you that might be helpful is a company that will contact other companies and have your mothers name removed from mailing lists. Please write to:

Direct Mail Marketing
6 E. 43rd
Washington, DC 10017

If you supply them with your mother's name and address they will remove her from future mailing lists.

If we may be of further assistance please do not hesitate to contact us.

Sincerely,

Rita Anthony
Customer Service Representative

Office of the Attorney General

Don Stenberg
Attorney General

RETURN TO:

Consumer Protection Divisio
2115 State Capitol
Lincoln, Nebraska 68509
(402)471-2682
800-727-6432

CONSUMER COMPLAINT FORM

Please type or print clearly in black ink.

COMPLAINT REPORTED BY	COMPLAINT REPORTED AGAINST
M. June Clark	Cashorama
Your Name	Name of Firm or Person Complained Of
320 W 12th Street	144 Fairport Village handir
Your Address	Their Address Suite 212
Fremont, NE 68025-4127	Fairport, NY 14450
City,State,ZIP Code	City,State,ZIP Code
Day Phone No. Home Phone No. c/o LaRue Roberts (daughter) 1911 S. 186th St. Omaha, NE 68130	Phone
	Name of Individual With Whom You Dealt

Your Address at Date of Purchase If Different than Above

Type of Product or Service

Date of Purchase of Product or Service

Cost of Product or Service

Method of Payment (Cash, check, credit card)

Actual Amount Paid

Enclose photocopies of any documents that may relate to your complaint (contract lvertisements, correspondence, cancelled checks or other proof of payment)

R OFFICE USE ONLY	DO NOT SEND ORIGINALS	FOR OFFICE USE ONLY
Date Opened: 02/23/99		Date Closed:
Case #:	(Over, please)	Closing ID:

STATE OF NEBRASKA
Office of the Attorney General
2115 STATE CAPITOL BUILDING
LINCOLN, NE 68509-8920
(402) 471-2682
TDD (402) 471-2682
CAPITOL FAX (402) 471-3297
1235 K ST. FAX (402) 471-4725

DON STENBERG
ATTORNEY GENERAL

STEVE GRASZ
LAURIE SMITH CAMP
DEPUTY ATTORNEYS GENERAL

February 23, 1999

Secure Monetary Facility
144 Fairport Village Landing, Suite 212
Fairport, NY 14450

RE: M. June Clark

Dear Representative:

Our office has been notified by LaRue Roberts, daughter of M. June Clark, that Ms. Clark has sent money to you in response to offers to enter a sweepstakes. LaRue Roberts is 82 years old and is vulnerable to offers of the type you made to her.

This office requests that any money sent to you by M. June Clark be returned to her, with evidence of that refund being sent to this office.

We also request that no more solicitations from your business be sent to M. June Clark.

We expect a response to this office by March 12, 1999.

Sincerely,

DON STENBERG
Attorney General

Kristen Morrow
Complaint Mediator
Consumer Protection Division

C

David K. Arterburn
L. Jay Bartel
Kristine D. Brennels
J. Kirk Brown
David T. Bydalek
Dale A. Comer
Suzanne Glover-Ettrich
Jason W. Hayes
Amber F. Herrick
Lauren L. Hill
Amy Hollenbeck
William L. Howland
Marilyn B. Hutchinson
Therese N. James
Jennifer S. Liliedahl
Charles E. Lowe
Lise D. Martin-Price
Lynn A. Melson
Donald J. B. Miller
Ronald D. Moravec
Fredrick F. Neid
Perry A. Pirsch
Paul N. Potadle
Mark D. Raffety
Carla Heathershaw Risko
Hobert B. Rupe
James D. Smith
James H. Spears
Mark D. Starr
Martin Swanson
John R. Thompson
Barry Wald
Terri M. Weeks
Melanie J. Whitbarnore-Mantzios
Linda L. Willard

STATE OF NEBRASKA
Office of the Attorney General

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DON STENBERG
ATTORNEY GENERAL

STEVE GRASZ
LAURIE SMITH CAMP
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Attorney General

Kristen Morrow
Complaint Mediator
Consumer Protection Division

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Kristine D. Brennels
J. Kirk Brown
David T. Bydalek
Dale A. Comer
Suzanne Glover-Ettrich
Royce N. Harper
Jason W. Hayes
Amber F. Herrick
Lauren L. Hill
Amy Hollenbeck
William L. Howland
Marilyn B. Hutchinson
Therese M. James
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Office of the Attorney General

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DON STENBERG
ATTORNEY GENERAL

STEVE GRASZ
LAURIE SMITH CAMP
DEPUTY ATTORNEYS GENERAL

April 12, 1999

Secure Monetary Facility
144 Fairport Village Landing, Suite 212
Fairport, NY. 14450

RE: M. June Clark

Dear Representative:

By letter dated February 23,1999, our office forwarded the above referenced complaint to you for your written response. To date we have not received your reply.

While we would appreciate your voluntary assistance, we must advise that under the provisions of the Nebraska Consumer Protection Act, Neb.Rev.Stat. §59-1601 et seq. (Reissue 1993), this office is empowered to initiate formal proceedings to obtain necessary information in regard to a consumer complaint.

Please advise us within fourteen days of your position in regard to the consumer complaint filed with our office.

Thank you for your cooperation.

Sincerely yours,

DON STENBERG
Attorney General

Alberta Johnson Arruda
Complaint Mediator
Consumer Protection Division

B1

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Dale A. Comer
Suzanne Glover-Ettrich
Royce N. Harper
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Office of the Attorney General

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Lynn A. Melson
Donald J. B. Miller
Ronald D. Moravec
Frederick F. Neid
Marie C. Pavol
Perry A. Pirsch
Paul N. Potadle
Mark D. Raffety
Carla Heatherchew Risko
Hobert B. Rupe
James D. Smith
James H. Spears
Mark D. Starr
Martin Swanson
John R. Thompson
Barry Wald
Terri M. Weeks
Melanie J. Whitamore-Mantzios
Linda L. Willard

CASHORAMA/SECURE MONETARY FACILITY
144 FAIRPORT VILLAGE LANDING STE 212
FAIPORT, NY 14450

APRIL 20, 1999

Dept. of Justice
APR 2 6 1999
State of Nebraska

STATE OF NEBRASKA
OFFICE OF THE ATTORNEY GENERAL
2115 STATE CAPITOL BUILDING
LINCOLN NE 68509-2682
ATTN: ALBERTA JOHNSON ARRUDA
COMPLAINT MEDIATOR

RE: JUNE CLARK vs. CASHORAMA AND SECURE MONETARY FACILITY

Gentlemen:

We have recently received your correspondence regarding a complaint that has not been answered for the above named customer.

We do not have a record of a complaint concerning this person.

Please forward us a copy of the complaint so we can rectify this situation.

If there are any further questions please feel free to contact us.

Sincerely,

Alisa Williams

Alisa Williams
Customer Service Representative

DON STENBERG
ATTORNEY GENERAL

2115 STATE CAPITOL BUILDING
LINCOLN, NEBRASKA 68509-8920

11-21-00

LINCOLN NE
APR 27 '99
PB METER 7155183
0.55
U.S. POSTAGE

Alisa Williams
Customer Service Representative
CASHORAMA/SECURE MONETARY FACILITY
144 Fairport Village Landing, Suite 212
Fairport, NY. 14450

STATE OF NEBRASKA
Office of the Attorney General
2115 STATE CAPITOL BUILDING
LINCOLN, NE 68509-8920
(402) 471-2682
TDD (402) 471-2682
CAPITOL FAX (402) 471-3297
1235 K ST. FAX (402) 471-4725

DON STENBERG
ATTORNEY GENERAL

STEVE GRASZ
LAURIE SMITH CAMP
DEPUTY ATTORNEYS GENERAL

February 23, 1999

Bureau of Unclaimed Cash
223 Wall Street
Huntington, NY 11743-2060

RE: M. June Clark

Dear Representative:

Our office has been notified by LaRue Roberts, daughter of M. June Clark, that Ms. Clark has sent money to you in response to offers to enter a sweepstakes. LaRue Roberts is 82 years old and is vulnerable to offers of the type you made to her.

This office requests that any money sent to you by M. June Clark be returned to her, with evidence of that refund being sent to this office.

We also request that no more solicitations from your business be sent to M. June Clark.

We expect a response to this office by March 12, 1999.

Sincerely,

DON STENBERG
Attorney General

Kristen Morrow
Complaint Mediator
Consumer Protection Division

C

David K. Arterburn
L. Jay Bartel
Kristine D. Brenneis
J. Kirk Brown
David T. Bydalek
Dale A. Comer
Suzanne Glover-Ettrich
Jason W. Hayes
Amber F. Herrick
Lauren L. Hill
Amy Hollenbeck
William L. Howland
Marilyn B. Hutchinson
Therese N. James
Jennifer S. Liliedahl
Charles E. Lowe
Lisa D. Martin-Price
Lynn A. Melson
Donald J. B. Miller
Ronald D. Moravec
Fredrick F. Neid
Perry A. Pirsch
Paul N. Potadle
Mark D. Raffety
Carla Heathershaw Risko
Hobert B. Rupe
James D. Smith
James H. Spears
Mark D. Starr
Martin Swanson
John R. Thompson
Barry Wald
Terri M. Weeks
Melanie J. Whittamore-Mantzios
Linda L. Willard

NEBRASKA DEPARTMENT OF JUSTICE
Office of the Attorney General

RETURN TO:

Consumer Protection Divisior
2115 State Capitol
Lincoln, Nebraska 68509
(402)471-2682
800-727-6432

Don Stenberg
Attorney General

CONSUMER COMPLAINT FORM

Please type or print clearly in black ink. Return with Response

COMPLAINT REPORTED BY	COMPLAINT REPORTED AGAINST
m June Clark	Bureau of Unclaimed Cash
Your Name	Name of Firm or Person Complained Of
320 W 12th Street	223 Wall Street
ur Address	Their Address
Fremont, NE 68025-4127	Huntington, NY 11743
City,State,ZIP Code	City,State,ZIP Code
Day Phone No. Home Phone No. c/o LaRue Roberts (daughter) 1911 S. 186th St. Omaha, NE 68130	Phone
	Name of Individual With Whom You Dealt

Your Address at Date of Purchase if Different than Above

Type of Product or Service

Date of Purchase of Product or Service

Cost of Product or Service

Method of Payment (Cash, check, credit card)

Actual Amount Paid

ıclose photocopies of any documents that may relate to your complaint (contrac vertisements, correspondence, cancelled checks or other proof of payment)

FOR OFFICE USE ONLY	DO NOT SEND ORIGINALS	FOR OFFICE USE ONLY
Date Opened: 02/23/99		Date Closed:

STATE OF NEBRASKA
Office of the Attorney General
2115 STATE CAPITOL BUILDING
LINCOLN, NE 68509-8920
(402) 471-2682
TDD (402) 471-2682
CAPITOL FAX (402) 471-3297
1235 K ST. FAX (402) 471-4725

DON STENBERG
ATTORNEY GENERAL

STEVE GRASZ
LAURIE SMITH CAMP
DEPUTY ATTORNEYS GENERAL

March 3, 1999

Secure Monetary Facility
Customer Service
144 Fairport Village Landing, Suite 212
Fairport, NY. 14450-1804

RE: Nina R. Westfall, 860 "G" St., Geneva, NE. 68361-2022

Dear Representative:

We extend our appreciation to you for responding to our concerns in regard to the above referenced complainant. Please note as per your request we have included the complainants address for your further attention to her request in regards to removing her name from all your future mailings.

Sincerely,

DON STENBERG
Attorney General

Alberta Johnson Arruda
Complaint Mediator
Consumer Protection Division

TY

David K. Arterburn
L. Jay Bartel
Kristine D. Brennels
J. Kirk Brown
David T. Bydalek
Jason W. Hayes
Amber F. Herrick
Lauren L. Hill
Amy Hollenbeck
William L. Howland
Jennifer S. Liliedahl
Charles E. Lowe
Lisa D. Martin-Price
Lynn A. Melson
Donald J. B. Miller
Perry A. Piracci
Paul N. Potadle
Mark D. Raffety
Carla Heathershaw Risko
Hobert B. Rupe
Mark D. Starr
Martin Swanson
John R. Thompson
Barry Waid
Terri M. Weeks

SECURE MONETARY FACILITY
CUSTOMER SERVICE
144 FAIRPORT VILLAGE LANDING SUITE 212
FAIRPORT NY 14450-1850

STATE OF NEBRASKA
OFFICE OF THE ATTORNEY GENERAL
2115 STATE CAPITOL BUILDING
LINCOLN NE 65809
ATTN: ALBERTA ARRUDA
COMPLAINT MEDIATOR DIVISION

RE: NINA R WESTFALL

Dear Sirs:

In reply to your correspondence regarding the above customer, we have removed her from our mailing list.

Secure Monetary Facility is a company that rents lists from companies that own them. We have no control over the names on these lists.

As you probably know, a person can become a part of a mailing list through many channels, by answering many different advertisements or questionnaires, or sending a response in to other companies.

In order to have names removed from these other lists, the customer may contact:

DIRECT MAIL MARKETING
6 E 43RD
WASHINGTON DC 10017

and they will in turn contact the owners of the aforementioned mailing lists, requesting the customer's name be removed. There is no charge for this service.

Thank you.

Jennifer Starr
CSR

cc: Nina Westfall

CASHORAMA

Virgil Dunnigan 5/21/99 4314

10.00

Operating 10.00

Cashorama, Inc.
144 Fairport Village Landing #212
Fairport, NY 14450

Bureau of Consumer Frauds And protection
144 Exchange Blvd.
Rochester, NY 14614

May 21, 1999

RE: RCR99A10462, Virgil Dunnigan

To Whom It May Concern:

We have received your correspondence regarding the above file number. We apologize for the delay in responding to this complaint.

According to our records, we have not received any correspondence regarding the customer's dissatisfaction with our company. We are returning his payment of $10.00 along with a letter of apology.

If we may be of further assistance, please do not hesitate to contact us

Sincerely,

Rita Anthony
Customer Service Representative

Cashorama, Inc.
144 Fairport Village Landing #212
Fairport, NY 14450

Virgil Dunnigan
1920 South Second St.
Springfield, IL 62704

May 21, 1999

Dear Mr. Dunnigan,

We have recently received correspondence regarding a transaction you made with our company. We are returning your payment of $10.00 and removing your name from our mailing list.

Please accept our sincere apologies for any inconvenience you may have experienced. If I may be of further assistance, please do not hesitate to contact me.

Sincerely,

Rita Anthony
Customer Service Representative

STATE OF NEW YORK
OFFICE OF THE ATTORNEY GENERAL

ELIOT SPITZER
Attorney General

REGIONAL OFFICE DIVISION
ROCHESTER REGIONAL OFFICE

May 1, 1999

Secure Monetary Facility
144 Fairport Village Landing
Suite 212
Fairport, NY 14450-

Re: Our File No: RCR99A10462
Consumer: Virgil Dunnigan
Address 1920 South Second Street
Springfield, IL 62704-

Dear Sir or Madam:

Enclosed please find a copy of a complaint filed by the above consumer.

Attorney General Eliot Spitzer's Bureau of Consumer Frauds and Protection enforces consumer protection laws and mediates consumer complaints. Our purpose in handling individual complaints is to assist in settling disputes fairly and amicably.

Since we now know only the consumer's side, we request that you review the complaint and state your position in writing. We enclose our response form. Kindly attach copies of any relevant documents.

Of course, if the consumer is entitled to a refund or other adjustment, it should be made promptly and you should advise us accordingly.

Please send your reply within seven (7) business days.

We look forward to your cooperation.

Very truly yours,

BUREAU OF CONSUMER FRAUDS
AND PROTECTION

Enclosure

PLEASE INCLUDE ABOVE FILE NUMBER ON ALL CORRESPONDENCE

ATTORNEY GENERAL ELIOT SPITZER
STATE OF NEW YORK
OFFICE OF THE ATTORNEY GENERAL
BUREAU OF CONSUMER FRAUDS AND PROTECTION
144 Exchange Boulevard
Rochester, NY 14614-2176
Tel. (716) 327-3240 Fax (716) 546-7514

COMPLAINT FORM

Consumer Hotline 1 (800) 771-7755 | For Hearing Impaired TDD (800) 788-9898
http://www.oag.state.ny.us

1. PLEASE BE SURE TO COMPLAIN TO THE COMPANY OR INDIVIDUAL BEFORE FILING.
2. PLEASE TYPE OR PRINT CLEARLY IN DARK INK.
3. YOU MUST COMPLETE THE ENTIRE FORM. INCOMPLETE OR UNCLEAR FORMS WILL BE RETURNED TO YOU.
4. MAKE SURE YOU ENCLOSE COPIES OF IMPORTANT PAPERS CONCERNING YOUR TRANSACTION.

CONSUMER

YOUR NAME: VIRGIL L. DUNNIGAN
HOME TELEPHONE NUMBER: (217) 522-7892
STREET ADDRESS: 1920 So. 2ND ST
BUSINESS TELEPHONE NUMBER: home
CITY/TOWN: SPRINGFIELD | COUNTY: SANGAMON | STATE: ILLINOIS | ZIP: 62704

COMPLAINT

NAME OF SELLER OR PROVIDER OF SERVICES: SECURE MONETARY FACILITY
STREET ADDRESS: 144 FAIRPORT VILLAGE LANDING Suite 212
CITY/TOWN: FAIRPORT NY | STATE | ZIP: 14450
TELEPHONE NUMBER: ?

NAME OF OTHER SELLER OR PROVIDER OF SERVICES:
STREET ADDRESS:
CITY/TOWN | STATE | ZIP:
TELEPHONE NUMBER:

DATE OF TRANSACTION: OCT 10, 1998
COST OF PRODUCT OR SERVICE: $ 10.00
HOW PAID (Check those which apply): ☐ Cash ☑ Check ☐ Credit Card ☐ Other

DID YOU SIGN A CONTRACT? ☐ Yes ☑ No
WHERE DID YOU SIGN THE CONTRACT? NO CONTRACT
DATE SIGNED:

WAS PRODUCT OR SERVICE ADVERTISED? ☑ Yes ☐ No
WHERE WAS IT ADVERTISED? DIRECT MAIL CIRCULAR
DATE ADVERTISED: OCT. 1998

TYPE OF COMPLAINT (e.g. car, mail order, etc. Use the reverse side of this form to provide details)
(SEE REVERSE SIDE)

DATE YOU COMPLAINED TO THE COMPANY OR INDIVIDUAL: ☑ By Mail ☐ By Telephone ☐ In Person
PERSON CONTACTED:
JOB TITLE:

NATURE OF RESPONSE:
DATE OF RESPONSE:

HAS MATTER BEEN SUBMITTED TO ANOTHER AGENCY OR ATTORNEY? (IF "Yes," give name and address) ☐ Yes ☑ No

IS COURT ACTION PENDING? (Please describe as necessary) ☐ Yes ☑ No

ADDITIONAL INFORMATION

MANUFACTURER OF PRODUCT: NOT APPLICABLE
PRODUCT MODEL OR SERIAL NUM
ADDRESS:
WARRANTY EXPIRATION DATE:

DID BUSINESS ARRANGE FINANCING? (If "Yes," give name and address of bank or finance company) ☐ Yes ☑ No NOT APPLICABLE

PLEASE DESCRIBE COMPLAINT ON REVERSE SIDE

BRIEFLY DESCRIBE YOUR COMPLAINT

THEIR LETTER RECEIVED IN OCTOBER, 1998, STATED THEY HAD A CHECK FOR ME, THROUGH A NATIONAL CONTEST, AND THAT UPON RECEIPT OF MY CHECK FOR $10.00, AND THEIR CLAIM FORM, WHICH I MAILED TO THEM, WITH MY CHECK #3106 FOR $10.00, ON OCT. 10, 1998, NO CHECK WAS EVER RECEIVED FROM THEM!

AS I MENTIONED TO THE ATTY GENERAL, STATE OF NEW YORK, $10.00 IS NOT MUCH MONEY. BUT IF THEY SEND THE SAME LETTER TO A VOLUME OF PEOPLE, AND NEVER PAY, THEY ARE CONDUCTING A "SCAM!" A COPY OF THEIR LETTER ~~WILL BE SENT IF REQUIRED~~. IS ENCLOSED HERERWITH.

WHAT FORM OF RELIEF ARE YOU SEEKING? (e.g., exchange, repair or money back, etc.)

WHO REFERRED YOU TO THIS OFFICE? ELIOT SPITZER, ATTY GEN. STATE OF NEW YORK

READ THE FOLLOWING BEFORE SIGNING BELOW

PLEASE ATTACH TO THIS FORM **PHOTOCOPIES** of any papers involved (contracts, warranties, bills received, cancelled checks, correspondence, etc.). **DO NOT SEND ORIGINALS.**

NOTE: In order to resolve your complaint, we may send a copy of this form to the person or firm about whom you are complaining.

In filing this complaint, I understand that the Attorney General is not my private attorney, but represents the public in enforcing laws designed to protect the public from misleading or unlawful business practices. I also understand that if I have any questions concerning my legal rights or responsibilities, I should contact a private attorney. I have no objection to the contents of this complaint being forwarded to the business or person the complaint is directed against. The above complaint is true and accurate to the best of my knowledge.

I also understand that any false statements made in this complaint are punishable as a Class A Misdemeanor under Section 175.30 and/or Section 210.45 of the Penal Law.

Signature: Virgil Dunnigan Date: April 3, 1999

HAVE YOU ENCLOSED COPIES OF IMPORTANT PAPERS?

Return to: **Office of the Attorney General**
Bureau of Consumer Frauds and Protection
144 Exchange Boulevard

Mailed 10/10/98 to.

SECURE MONETARY FACILITY
144 FAIRPORT VILLAGE LANDING, SUITE 212
FAIRPORT, NY 14450

In reference to:
Contingent Cash Transfer for:

RECORDED DOCUMENT NO. MF
MF 000030874 C0153 MF

NYS OFFICE OF THE ATTORNEY GENERAL
ROCHESTER REGIONAL OFFICE
APR 12 1999
RECEIVED

520-234 ALL FOR AADC 625
Virgil Dunnigan
1920 S. 2nd St
Springfield, IL 62704-3955

Dear Virgil Dunnigan:

CANCELLATION NOTICE

This is your registered and recorded document that verifies that the check we are holding for you is about to be cancelled. If you act quickly, you can reverse the cancellation, and receive the check which is cashable in most any banking institution.

I am allowed to hold this check reserved in your name for a very limited time. If you respond to this notification within 9 days of your receipt of this letter, I will be pleased to authorize release of your check and send it to you via uniformed courier.

I have to inform you that we cannot hold your funds beyond this short (but reasonable) deadline. Our firm has gone to more than modest expense just to get this notification into the correct hands (yours), and it is now your responsibility to claim the funds you have reserved in your name.

All you need to do is correctly verify your claim, using the cash claim form below, and then I can release your check. You should be aware that our national contest has a grand prize of $10,000.00, plus other sums in varying amounts as indicated in the contest declarative on reverse.

YOUR GUARANTEED CHECK IS SITTING ON MY DESK AWAITING YOU TO CLAIM IT!

Entry to our national contest is easily accomplished via the claim form below, and you will be pleased to know that this skill game has only three parts, all interesting and fun and challenging. Help will be available as an option if desired and all is spelled out completely in contest declarative.

Again, complete this transaction by filling in the claim form below, return it to me within 9 days of your receipt of this letter, and your check will then be released to you in full, in one complete payment!

Very Sincerely,

Morton P. Morgan

Morton P. Morgan
Vice President

P.S. This is not a lottery nor a sweepstakes, but a game of fun and skill. You already have a check coming to you. CLAIM IT NOW!

ATTORNEY GENERAL ELIOT SPITZER
State of New York
Office of the Attorney General

File No.: _____

RESPONSE FORM

Name of consumer: _____

Legal name of company: _____

Executive office address: _____

If a corporation, names of president and general manager: _____

If a partnership, names of partners: _____

If a sole proprietorship, name of owner: _____

Name, address and telephone number of person to contact for additional information:

_____

RESPONSE TO COMPLAINT:
(Enclose copies of documents in support of your position. Use additional pages if necessary.)

_____

_____

_____

_____

_____

_____

_____

In order to resolve this matter, we offer to:

_____

_____

_____

I understand that any false statements made on this form are punishable as a Class A Misdemeanor under §175.30 and/o §210.45 of the Penal Law.

Name: _____ Title: _____

CASHORAMA

Ms. Christine Mc Mahon

5/21/99

4313

14.97

Operating

14.97

DELUXE BUSINESS FORMS 1+800-328-7205

Cashorama, Inc.
144 Fairport Village Landing #212
Fairport, NY 14450

Office of the Attorney General
Attn: Teresa Salts
301 SW 10th
Lower Level
Topeka, KS 66612

May 21, 1999

RE: File No. 99-1694

Dear Ms. Salts:

We have recently received your correspondence regarding the above file number. We apologize for the delay in the response time of this letter. After repeated efforts we were unable to locate the customer in our records. Enclosed you will find a letter of apology to Ms. Mc Mahon and a refund check in the amount of $14.97.

If we may be of further assistance please do not hesitate to contact our office.

Sincerely,

Rita Anthony
Customer Service Representative

Cashorama, Inc.
144 Fairport Village Landing #212
Fairport, NY 14450

Ms. Christine Mc Mahon
2714 West 48th St.
Westwood, KS 66205

May 21, 1999

Dear Ms. Mc Mahon:

We have recently received correspondence regarding your dissatisfaction with our company. Unfortunately we were unable to locate you in our records. However we are returning your payment of $14.97. We apologize for any inconvenience this may have caused you, and will remove you from our mailing list immediately.

Please accept our sincere apologies for any inconvenience you may have experienced. Enclosed you will find a check in the amount of $14.97.

If I can be if further assistance please do not hesitate to contact me.

Sincerely,

Rita Anthony
Customer Service Representative

State of Kansas
Office of the Attorney General
CONSUMER PROTECTION/ANTITRUST DIVISION
301 S.W. 10TH, LOWER LEVEL, TOPEKA 66612-1597
PHONE: (785) 296-3751 FAX: 291-3699 TTY: 291-3767

CARLA J. STOVALL
ATTORNEY GENERAL

CONSUMER HOTLINE
1-800-432-2310

May 11, 1999

X 1497

Bureau of Unclaimed Cash
144 Fairport Village Landing
Suite 212
Fairport, NY 14450

Re: Our File No. 99-1694
Ms. Christine McMahon
2714 West 48th St.
Westwood, KS 66205

Dear Sir/Madam:

This office recently sent you a complaint filed by the above-named party. Although we asked that you respond to our letter promptly, we have not heard from you.

We are interested in determining the validity of this complaint. Please provide this office with a written response within seven days in order that this matter can be settled without resorting to legal action.

If you have already responded to our previous letter, please send us a copy of that correspondence. Your cooperation is appreciated.

Sincerely,

OFFICE OF THE ATTORNEY GENERAL
CARLA J. STOVALL

Teresa A. Salts
Special Agent
Consumer Protection Division

dw:5
cc: Ms. Christine McMahon

State of Kansas
Office of the Attorney General
CONSUMER PROTECTION/ANTITRUST DIVISION
301 S.W. 10TH, LOWER LEVEL, TOPEKA 66612-1597
PHONE: (785) 296-3751 FAX: 291-3699 TTY: 291-3767

CARLA J. STOVALL
ATTORNEY GENERAL

CONSUMER HOTLINE
1-800-432-2310

April 2, 1999

Bureau of Unclaimed Cash
144 Fairport Village Landing
Suite 212
Fairport, NY 14450

Re: Our File No. 99-1694
Ms. Christine McMahon
2714 West 48th St.
Westwood, KS 66205

Dear Sir/Madam:

We have received the enclosed request for assistance from the above party. It is the policy of this office to protect consumers against unconscionable and deceptive business practices as well as to treat businesses fairly. In accordance with this policy, we are bringing this complaint to your attention to provide you an opportunity to respond.

Please review the consumer's complaint and provide the relief requested if you believe it is justified under the circumstances. We would appreciate a written response within two weeks so that our files will reflect full and accurate information for the evaluation of this complaint. It would be of great assistance if you would include the file number listed above on all correspondence.

We will determine whether a violation of the Kansas Consumer Protection Act has occurred at the conclusion of our investigation and will notify you at that time. Your cooperation is appreciated.

Sincerely,

OFFICE OF THE ATTORNEY GENERAL
CARLA J. STOVALL

Teresa A. Salts
Special Agent
Consumer Protection Division

dw:4
Enclosure
cc: Ms. Christine McMahon

CARLA J. STOVALL
ATTORNEY GENERAL

State Of Kansas
Office of the Attorney General
CONSUMER PROTECTION/ANTITRUST DIVISION
301 W. 10TH STREET, LOWER LEVEL
TOPEKA, KANSAS 66612-1597
PHONE: (785) 296-3751 FAX: 291-3699 TTY: 291-3767

Office Use Only
Agent: TAS
Category: 122
File No.: 99-1694

CONSUMER HOTLINE
1-800-432-2310

CONSUMER COMPLAINT

INFORMATION ABOUT THE CONSUMER (SIGNATURE ON BACK REQUIRED)	INFORMATION ABOUT THE COMPANY YOUR COMPLAINT IS AGAINST
NAME: MR. (MS.) Christine McMahon DATE OF BIRTH: 4-9-09	COMPANY NAME: Bureau of Unclaimed Cash
ADDRESS: 3714 West 48 St APT. #:	ADDRESS: 144 Fairport Village Landing Suite 212
CITY, STATE, ZIP: Westwood KS 66205	CITY, STATE, ZIP: Fairport, NY 14450
DAYTIME PHONE #: 913 588 - 7815 (leave in new) HOME PHONE #: 913 831 4149	PHONE #:
I AM A: (CIRCLE ONE) INDIVIDUAL CORPORATION SOLE PROPRIETOR PARTNERSHIP	SALES PERSON: CONTACT PERSON:

INFORMATION ABOUT THE TRANSACTION

DATE OF TRANSACTION: ?

DID YOU SIGN A CONTRACT? NO DATE SIGNED: PLACE SIGNED:

PRODUCT OR SERVICE INVOLVED: Cash

AMOUNT PAID: $? PAID BY: ✓ CASH ___ CHECK ___ CREDIT CARD ___ LOAN

ARE YOU MAKING PAYMENTS ON A CONTRACT? NO IF SO, LIST COMPANY NAME, ADDRESS, AMOUNTS PAID, AND YOUR ACCOUNT NUMBER:

FIRST CONTACT BETWEEN YOU AND THE COMPANY: (CHECK ONE)

- ___ PERSON CAME TO MY HOME
- ___ I TELEPHONED THE COMPANY
- ___ I RESPONDED TO A RADIO/TV AD
- ✓ I RECEIVED INFORMATION IN THE MAIL
- ___ I WENT TO COMPANY'S PLACE OF BUSINESS
- ___ I RECEIVED A TELEPHONE CALL FROM COMPANY
- ___ OTHER (EXPLAIN)

WHERE DID THE TRANSACTION TAKE PLACE: (CHECK ONE)

- ___ OVER THE PHONE
- ___ AT HOME
- ___ AT THE COMPANY
- ✓ BY MAIL
- ___ OTHER (EXPLAIN)

RESOLUTION SOUGHT

WHAT ASSISTANCE ARE YOU SEEKING? (CIRCLE ONE) REFUND SERVICE PERFORMED PRODUCT DELIVERY OTHER

EXPLAIN: Stop sending them materials

IF YOU ARE SEEKING A REFUND, PLEASE STATE THE AMOUNT: $ 14.97

PLEASE COMPLETE BOTH SIDES - INCOMPLETE FORMS MAY BE RETURNED

ACTION YOU HAVE TAKEN

HAVE YOU RETAINED AN ATTORNEY REGARDING THIS COMPLAINT? NO IF SO, PLEASE STATE THE NAME, ADDRESS, AND PHONE NUMBER OF YOUR ATTORNEY:

HAS LEGAL ACTION BEEN TAKEN BY YOU OR AGAINST YOU WITH REGARD TO THIS COMPLAINT? NO IF SO, PLEASE DESCRIBE THE CURRENT STATUS OF ANY LEGAL ACTION:

HAVE YOU FILED THIS COMPLAINT WITH ANY OTHER AGENCIES? NO IF SO, LIST NAME OF AGENCY AND STATUS OF COMPLAINT:

DESCRIPTION OF TRANSACTION

PLEASE DESCRIBE THE TRANSACTION IN CHRONOLOGICAL ORDER (ADD ADDITIONAL PAGES IF NECESSARY).

Mail received by my inlaws - forwarded from Florida

they interpreted it that they had $ in a bank somewhere —

said ~~$~~ to get their $ —

cash

DOCUMENTATION OF THE TRANSACTION

PLEASE PROVIDE COPIES OF ALL DOCUMENTS RELEVANT TO THIS COMPLAINT, INCLUDING ADVERTISING MATERIAL, CONTRACTS, WARRANTY INFORMATION, RECEIPTS, LETTERS, CHECKS (FRONT AND BACK), PHOTOGRAPHS, ETC. FAILURE TO PROVIDE ALL RELEVANT DOCUMENTS WILL CAUSE UNNECESSARY DELAY IN THE HANDLING OF YOUR COMPLAINT.

VERIFICATION

IN FILING THIS COMPLAINT, I UNDERSTAND AND AGREE THAT THE ATTORNEY GENERAL AND HER STAFF ARE NOT MY PRIVATE ATTORNEYS, BUT INSTEAD REPRESENT THE STATE OF KANSAS IN ENFORCING LAWS DESIGNED TO PROTECT THE PUBLIC FROM DECEPTIVE AND UNCONSCIONABLE BUSINESS ACTS AND PRACTICES. I UNDERSTAND THAT KANSAS LAW LIMITS THE PERIOD OF TIME DURING WHICH I MAY FILE ANY PRIVATE LEGAL ACTION(S), AND I HAVE BEEN ADVISED TO CONTACT A PRIVATE ATTORNEY IF I HAVE ANY QUESTIONS CONCERNING THOSE TIME LIMITATIONS AND MY LEGAL RIGHTS WITH REGARD TO ANY PRIVATE ACTION(S). I FURTHER UNDERSTAND AND AGREE THAT THE CONTENTS OF THIS COMPLAINT MAY BE FORWARDED TO THE BUSINESS OR PERSON THE COMPLAINT IS DIRECTED AGAINST OR TO OTHER APPROPRIATE AGENCIES. FINALLY, I VERIFY THAT THE INFORMATION CONTAINED IN THE ABOVE COMPLAINT IS TRUE AND ACCURATE TO THE BEST OF MY KNOWLEDGE.

Joseph McMahon
YOUR SIGNATURE

3/13/99
DATE

BUREAU OF UNCLAIMED CASH
144 Fairport Village Landing, Suite 212
Fairport, NY 14450

367-182 ALL FOR AADC 328
William McMahon
9000 US Highway 192 # 640
Clermont, FL 34711 8299

CASH ROUTING NO.
⑆ 50019385165 C0304 ⑆

Date : 02/19/99

Cash Recipient : William McMahon

Cancellation Date : 03/05/99

Dear William McMahon,

As unclaimed cash director it is my sworn duty to locate William McMahon of 9000 US Highway 192 # 640, Clermont, FL. Unclaimed cash is being held in your name and your immediate response is required to avoid cancellation. Please respond within 72 hours with the Cash Claim/Entry Form enclosed in the sealed envelope.

There is no mistake. If you are William McMahon of 9000 US Highway 192 # 640, Clermont, FL, then the money is yours.

William, please don't allow this claim to lapse into cancellation. Respond within the recommended 72 hours to ensure prompt payment.

Additional funds in excess of $10,000.00 remain unclaimed pursuant to the Cash Declarative on reverse of claim form. $14.97 entry fee required to retain eligibilty.

Sincerely,

President

P.S. Because of deadline, this may be your only notification of your unclaimed funds.

FORM NO. 00214C
REV. 81

NOTIFICATION OF CASH FORFEITURE

B.U.C. DEPT 9
DIRECTORS OFFICE

Date: 02/22/99

RE: Five day forfeiture notice

Office of The Director

FINAL NOTICE

5001965764? C0305
495-121 MIXED AADC 890
William McMahon
9000 US Highway 192 # 640
Clermont FL 34711 8299

Dear William,

I have been retained by the Bureau of Unclaimed Prizes to locate contest entrants and to release unclaimed checks. It is with great pleasure and extreme urgency that I am contacting you at this time, William.

Your name has appeared on my list of those people in jeopardy of cash forfeiture. The Bureau of Unclaimed Prizes is holding cash in your name for five more days. After five days, your unclaimed cash may be forfeited and awarded to another party. It is my sworn duty to notify you of this cash so that you may receive it prior to forfeiture.

Don't you want the money? It's yours - all you have to do is fill out the Cash Claim/Entry Form and return it in the envelope I've provided for your convenience within five days without entry requirement and this cash will be delivered to you via negotiable bank check immediately.

Due to time limitations, you may not be notified of this cash again. Unclaimed checks will be pooled and redistributed according to the Rules & Regulations of disbursement. This matter is entirely in your hands.

In addition, there is the matter of the unclaimed $10,000.00 grand prize. This skill based prize remains unclaimed and I am required to notify you of your rights and entitlements with regard to this money. Pursuant to Cash Declarative on reverse $14.97 entry fee is required. Check the appropriate box on the Cash Claim/Entry Form below and your entitlement paperwork will be forwarded to you at:
9000 US Highway 192 # 640, Clermont, FL, 34711 8299
immediately.

Sincerely,

Disbursements Officer

P.S. Response required within 5 days of receipt to avoid

BUREAU OF UNCLAIMED CASH
CASH AFFIDAVIT

CASH CLAIM & ENTRY FORM

William McMahon
9000 US Highway 192 # 640
Clermont, FL 34711 8299

CASH ROUTING NO.
⑆ 50019365165 C0304 ⑆

I, _____, do hereby declare that I am the person to whom this notification is addressed, that I have read the Cash Declarative on reverse and that I demand immediate payment of my cash award. I am returning this claim form pursuant to these instructions on _____/_____/_____ and understand payment will be made via check within 21 days of receipt.

Sign here: _____ 50019365165 C0304

$10,000.00 Eligibility

☐ I am enclosing $14.97 in cash, check or money order payable to ***Cashorama*** for $10,000.00 eligibility. Claimants receiving cash prizes do so as a result of independent judging in response to skill based questions. This fee covers cost of entry and judging. No further fees are required to receive prizes.

☐ I am enclosing $3.00 RUSH service. Please expedite $10,000.00 entry paperwork.

PLACE SIGNED AFFIDAVIT IN RETURN ENVELOPE PROVIDED AND MAIL

State of Kansas
Office of the Attorney General
CONSUMER PROTECTION/ANTITRUST DIVISION
301 S.W. 10TH, LOWER LEVEL, TOPEKA 66612-1597
PHONE: (785) 296-3751 FAX: 291-3699 TTY: 291-3767

CARLA J. STOVALL
ATTORNEY GENERAL

CONSUMER HOTLINE
1-800-432-2310

March 3, 1999

Joan McMahon
2714 W. 48th Street
Westwood, KS 66205

RE: Complaint

Dear Mrs. McMahon:

I am in receipt of your letter concerning your in-laws. I have enclosed complaint forms that you may fill out for each company they have lost money with. Our office will attempt to recover their money and ask that their name be removed from the company's list and ask that the mailings stop. If you have any questions, please feel free to contact me.

Sincerely,

OFFICE OF THE ATTORNEY GENERAL
CARLA J. STOVALL

Teresa A. Salts
Special Agent
Consumer Protection Division

ts:enclosures

Thank you for addressing this
I have noticed that despite
[illegible] addresses - 3 of the
[illegible] came from zip code 89119
Joan McMahon

Senate Permanent Subcommittee on Investigations
EXHIBIT # 29

THE LUSTIGMAN FIRM, P.C.
ATTORNEYS

60TH FLOOR
EMPIRE STATE BUILDING
NEW YORK, NY 10118-6098
TEL: (212) 268-0797 • FAX: (212) 268-1989

SHELDON S. LUSTIGMAN
(ADMITTED NY & NJ)

ANDREW B. LUSTIGMAN
(ADMITTED NY & NJ)

July 1, 1999

VIA FAX (202) 224 7042 (without enc.)
AND FEDERAL EXPRESS
Mr. Emmett Mattes
Subcommittee Staff
Committee on Governmental Affairs
100 Russell Senate Office
Washington, DC 20510

Re: Corporate Prize Headquarters, Inc. Request For Information and Material

Dear Mr. Mattes:

We are special regulatory counsel to Corporate Prize Headquarters, Inc. ("Corporate Prize") and have been asked to respond on its behalf to the Permanent Subcommittee on Investigations' request for information and materials as set forth in letters to Contest Express.

Please be advised that it is the intention of the company and its principal to comply in good faith with the Subcommittee's request for information. You will note that the company offers a sweepstakes which prominently discloses that no purchase is necessary to enter or win. The products offered by the company is backed by an unconditional, money-back guarantee of satisfaction.

The company has supplied the information furnished herewith. The following information is being supplied based on Staff's representation that this investigation is not related to an enforcement action by the United States Postal Service, the United States Attorneys' Office, the Federal Trade Commission or any of the state attorneys general and that such information will not be provided to such enforcement agencies. The company's response is as follows:

Q.1. The name, address, owner or owners, and officers or directors of any and all entities (including fictitious names and dba's) under which your company sent mailings from January 1998 to the present.

Answer: Andrea Burrow (owner and officer)
Corporation Name: Corporate Prize Headquarters, Inc.
Address: 2950 Saybrooke Boulevard
Stow, Ohio
Trading names: None

Q.2. The date entries identified in item 1 were established and the date each entity began sending promotional mailings or conducting contests.

Answer: Corporate Prize was incorporated in August 1998 and began sending mailings in approximately March 1999.

Q.3. Copies of all filings required under any state law concerning contests, sweepstakes, prize promotions, awards or merchandise offerings.

Answer: The company has not knowingly marketed in any jurisdiction which requires a filing for the mailings at issue.

Q.4. The approximate number of mailings sent in 1999 by each company identified in item 1.

Answer: The company sent a total of approximately 68,823 mailings in 1999.

Q.5. The number of individuals who responded to mailings identified in item 4 by sending money or making a purchase.

Answer: The company estimates approximately 1,936 individuals responded to the mailings by paying to enter the contest.

Q.6. The number of individuals who responded to mailings identified in item 4 without sending money or making a purchase.

Answer: The company estimates that approximately 2,252 individuals responded to the mailings by not paying to enter the contest.

Q.7. Three sample copies of every mailing over 1,000 pieces sent in 1999 by all entities identified in item 1.

Answer: Three sample copies of responsive mailings are enclosed herewith.

Q.8. For every sweepstakes or contest identified in item 4, a list of the prizes awarded and products offered.

Answer: No contest has yet ended. Products offered include discount coupon vouchers for a variety of goods and services. A sample coupon book will be produced herewith.

Q.9. A description of how the names and addresses for mailings are obtained, and the source of any list obtained by the entities listed in item 1.

Answer: The company has utilized the names of recent buyers from an affiliated company, Cashorama, Inc.

Q.10. The name, address and phone number of a representative of your company whom the Subcommittee may contact to request additional information.

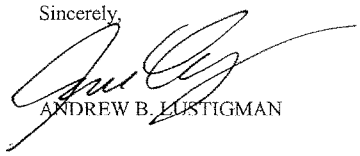
Answer: Undersigned counsel is available to assist the Subcommittee to the extent it requires any additional information.

Q.11. Please produce any letters received from an office of the Attorney General or similar federal regulatory body.

Answer: The company is not aware of any letters from any regulatory bodies.

Please let us know if you have any questions.

Sincerely,



ANDREW B. LUSTIGMAN

ABL/eb
Enclosure

cc: Corporate Prize Headquarters, Inc.

Senate Permanent Subcommitte on Investigations

EXHIBIT # 30

THE LUSTIGMAN FIRM, P.C.
ATTORNEYS

60TH FLOOR
EMPIRE STATE BUILDING
NEW YORK, NY 10118-6098
TEL: (212) 268-0797 • FAX: (212) 268-1989

SHELDON S. LUSTIGMAN
(ADMITTED NY & NJ)

ANDREW B. LUSTIGMAN
(ADMITTED NY & NJ)

June 14, 1999

BY MAIL AND FAX: (202) 224-7042
Mr. Kirk Walder
Subcommittee Staff
Committee on Governmental Affairs
100 Russell Senate Office
Washington, DC 20510

Re: Enwood, Pressman and Ingram, Inc.

Dear Mr. Walder:

Reference is made to your letter of June 9, 1999 requesting that our client, Nicole Kasday of Enwood, Pressman and Ingram, Inc., testify at a deposition on June 16.

As I told you, although Ms. Kasday is the owner of record of Enwood, Pressman and Ingram, Inc., she is not active in the operation of the company. Rather, the company is operated under the direction and supervision of Ms. Kasday's uncle, Anthony Kasday. I therefore advised you that I believe it would be a complete waste of time to question Ms. Kasday.

I also advised you that I was not sure whether or not we would be representing Mr. Anthony Kasday. By your letter of June 10, 1999 you have requested that Mr. Anthony Kasday appear at a deposition on June 18. Please be advised that we will not be representing Mr. Kasday with respect to this matter. We understand that Mr. Kasday will likely be represented by attorney John M. Burns, III. Mr. Burns can be contacted at (212) 243-1347.

Sincerely,

SHELDON S. LUSTIGMAN

SSL/eb

cc Nicole Kasday
Anthony Kasday
John M. Burns, III, Esq.

THE LUSTIGMAN FIRM, P.C.
ATTORNEYS

60TH FLOOR
EMPIRE STATE BUILDING
NEW YORK, NY 10118-6098
TEL: (212) 268-0797 • FAX: (212) 268-1989

SHELDON S. LUSTIGMAN
(ADMITTED NY & NJ)

ANDREW B. LUSTIGMAN
(ADMITTED NY & NJ)

June 16, 1999

BY FEDERAL EXPRESS AND
FAX: (202) 224-7042 (w/o enc.)

Mr. Emmett Mattes
Subcommittee Staff
Committee on Governmental Affairs
100 Russell Senate Office
Washington, DC 20510

Re: Enwood, Pressman & Ingram, Inc. and Mellon, Astor & Fairweather, Inc.: Request for Information and Material

Dear Mr. Mattes:

We are special regulatory counsel to Enwood, Pressman & Ingram, Inc. ("Enwood") and Mellon, Astor & Fairweather, Inc. ("Mellon") and have been asked to respond on their behalf to the Permanent Subcommittee on Investigations' Request for Information and Materials as set forth in letters to the companies.

Please be advised that it is the intention of the companies and their principal to comply in good faith with the Subcommittee's Request for Information. You will note that the companies offer both a sweepstakes, which prominently discloses that no purchase is necessary to enter or win, and contests of skill. Further, products marketed by the companies are backed by an unconditional money-back guarantee of satisfaction.

The following information is being supplied based on Staff's representation that this investigation is not related to an enforcement action by the United States Postal Service, United States Attorneys Office, the Federal Trade Commission or any of the State Attorneys General, and that such information will not be provided to such enforcement agencies. The companies have supplied the materials and information furnished herewith. The companies are responding to the requests on the basis of currently available information. The companies expressly reserve the right to alter, amend and/or supplement their responses should additional relevant information become available. The companies' responses are as follows:

QUESTION 1: **The name, address, owner or owners, and officers or directors of any and all entities (including fictitious names and dba's) under which your company sent mailings from January 1998 to the present.**

Nicole Kasday is the sole shareholder of record for each of the companies as well as the sole officer. In addition to Ms. Kasday, Sheilah Williams, 8550 West Charleston Boulevard, No. 178, Las Vegas, Nevada 89117, also acts as a corporate director. As Staff has been previously advised, Ms. Kasday is not actively involved in the day-to-day operations of the companies. Rather, these operations take place under the direction of Anthony Kasday.

Enwood, Pressman & Ingram, Inc. has its corporate business address at 8550 West Charleston Boulevard, No. 177, Las Vegas, Nevada 89117.

The company has operated under the following trading names:

1. Lombard & Lanfield
2. Sweepstakes Administrators Association–EPI
3. Provisional Advance Notification Center
4. Unidentified Claimant Section
5. Cash Release Office
6. Department of Dispursement
7. Clark and Lewison

Contests of Skill

Enwood, Pressman & Ingram, Inc. conducts various contests of skill under the following names:

1. National Board of Directors
2. Express Courier Service
3. Philip T. Grossman Comptroller Operations
4. Western Wire Mailgram

Mailing Addresses

Enwood, Pressman & Ingram, Inc. has used the following addresses to receive mail:

1. 130 Garth Road, Suite 508, Scarsdale, New York 10583
2. 1739 East Carson Street, Suite 930, Pittsburgh, Pennsylvania 15203
3. 1992 Commerce Street, Suite 49, Yorktown Heights, New York 10598
4. 197 Mill Street, Suite 5-135, Liberty, New York 12754
5. 1214 West Boston Post Road, Suite 112, Mamaroneck, New York 10543

Mellon, Astor & Fairweather, Inc.

Mellon lists its address as 236 South Rainbow Boulevard, Suite 477, Las Vegas, Nevada 89128.

Mellon also conducts business under the name Award Assessment Committee.

Mellon receives mail at the following addresses:

1. 736 Northwestern Avenue, Suite 620, Lake Forest, Illinois 60045-1894
2. 197 Mill Street, Suite 5-135, Liberty, New York 12754
3. 3340 West 95th Street, Suite 210, Evergreen Park, Illinois 60805-2236.

QUESTION 2: **The date entities identified in item 1 were established and the date each entity began sending promotional mailings or conducting contests.**

Enwood, Pressman & Ingram, Inc. was established on June 10, 1998 and started conducting business in approximately July or August 1998.

Mellon, Astor & Fairweather, Inc. was established on August 5, 1998 and started conducting business shortly thereafter.

QUESTION 3: **Copies of all filings required under any state law concerning contests, sweepstakes, prize promotions, awards or merchandise offerings.**

None.

QUESTION 4: **The approximate number of mailings sent in 1998 by each company identified in item 1.**

Enwood, Pressman & Ingram, Inc. sent approximately 4,618,509 mailings in 1998 under the trading names referred to above. Mellon, Astor & Fairweather, Inc. sent approximately 335,785 mailings in 1998.

QUESTION 5: **The number of individuals who responded to mailings identified in item 4 by sending money or making a purchase.**

Enwood, Pressman & Ingram, Inc. estimates that approximately 241,729 individuals responded to the mailings by making a purchase or otherwise sending money. Mellon, Astor & Fairweather, Inc. estimates that approximately 19,335 individuals responded to the mailings by making a purchase or otherwise sending money.

QUESTION 6: **The number of individuals who responded to mailings identified in item 4 without sending money or making a purchase.**

Enwood, Pressman & Ingram, Inc. estimates that approximately 258,000 individuals responded to the mailings without making a purchase or otherwise sending money. Mellon, Astor

& Fairweather, Inc. estimates that approximately 38,670 individuals responded to the mailings without making a purchase or otherwise sending money.

QUESTION 7: **Three sample copies of every mailing over 1,000 pieces sent in 1998 by all entities identified in item 1.**

Three sample copies of all available mailings over 1,000 pieces sent in 1998 are enclosed herewith.

QUESTION 8: **For every sweepstakes or contest identified in item 4, a list of the prizes awarded and products offered.**

Enwood, Pressman & Ingram, Inc. has been conducting one sweepstakes promotion. It offered the following prizes:

Grand	$11,000.00
2nd	1,000.00
3rd	500.00
4th	100.00
5th	50.00

Enwood, Pressman & Ingram, Inc. conducted three puzzle skill contest promotions. Each required a one-time nominal entry fee to enter. No further fees of any kind were required to complete the skill contest or to compete. No element of luck or chance is involved. The prizes offered are as follows:

1st	$10,000.00 cash or $18,000.00 Annuity option
2nd	4,000.00
3rd	2,500.00
4th	1,000.00
5th	500.00
6th-10th	100.00 each
11th-100th	50.00 each

1st	$14,000.00 or New Pontiac Firebird (winner's choice)
2nd	4,000.00
3rd	2,500.00
4th	1,000.00
5th	500.00
6th-10th	100.00 each
11th-100th	50.00 each

1st	$10,000.00
2nd	4,000.00
3rd	2,500.00
4th	1,000.00
5th	500.00
6th-10th	100.00 each
11th-100th	50.00 each

None of the prizes have been awarded as yet since the dates for entering the sweepstakes and the skill contests have not been concluded.

Mellon, Astor & Fairweather, Inc.

Mellon, Astor & Fairweather, Inc. conducts a sweepstakes which has the following prizes being offered:

1st	$10,000.00	or Ford Escort or Option of direct deposit into bank account with a bank issued ATM card available for withdrawals per banks daily limits. (Value $10,000.00) (winner's choice).
2nd	1,000.00	
3rd	500.00	
4th	100.00	
5th	50.00	

Mellon, Astor & Fairweather, Inc. also offers a puzzle/skill contest providing the following prizes:

1st	$10,000.00
2nd	2,500.00
3rd	1,000.00
4th	500.00
5th	500.00
6th-10th	100.00 each
11th-100th	20.00 each

None of the prizes have been awarded as yet, since the dates for entering the sweepstakes and skill contests have not been concluded.

QUESTION 9: **A description of how the names and addresses for mailings are obtained, and the source of any list obtained by the entities listed in item 1.**

All names mailed are obtained from rented mailing lists of people who have responded to merchandise sweepstakes or contest offers. The companies do not make any age selection but rather take all names available on a monthly basis. The companies utilize the services of Walter Karl Company, whose address is 1 Blue Hill Plaza, P.O. Box 1662, Pearl River, New York 10965, as their list rental agency.

QUESTION 10: **The name, address and phone number of a representative of your company whom the Subcommittee may contact to request additional information.**

Undersigned counsel is available to assist the Subcommittee to the extent it requires any additional information.

Please let us know if you have any questions.

Sincerely,

Sheldon S. Lustigman

SSL/eb
Enclosure

cc Mellon, Astor & Fairweather, Inc.
Enwood, Pressman & Ingram, Inc.

THE LUSTIGMAN FIRM, P.C.
ATTORNEYS

60TH FLOOR
EMPIRE STATE BUILDING
NEW YORK, NY 10118-6098
TEL: (212) 268-0797 • FAX: (212) 268-1989

SHELDON S. LUSTIGMAN
(ADMITTED NY & NJ)

ANDREW B. LUSTIGMAN
(ADMITTED NY & NJ)

July 6, 1999

VIA FAX (202) 224 7042 (without enc.)
AND FEDERAL EXPRESS
Mr. Emmett Mattes
Subcommittee Staff
Committee on Governmental Affairs
100 Russell Senate Office
Washington, DC 20510

Re: Enwood, Pressman & Ingram, Inc. and Mellon, Astor & Fairweather, Inc.: Supplemental Request For Material

Dear Mr. Mattes:

On behalf of our clients, Enwood, Pressman and Ingram, Inc. and Mellon Astor Fairweather, Inc., we are furnishing the following confidential information in response to your verbal Supplemental Request. These materials are being furnished in reliance on the same assurances by Staff as are referenced in our letter dated June 16, 1999.

The companies have supplied the materials and information furnished herewith. The companies are responding to the requests on the basis of currently available information. The companies expressly reserve the right to alter, amend. and/or supplement their responses should additional relevant information become available. The companies' responses are as follows:

Q.1. Please provide the net income for 1998.

Answer: The net profit for 1998 for Enwood, Pressman and Ingram, Inc. was approximately $18,457.00 and for Mellon Astor Fairweather, Inc. was approximately $11,079.00.

Q.2. Please provide gross revenues for 1999.

Answer: Gross revenues for Enwood, Pressman and Ingram, Inc. were approximately $1,783,371 and for Mellon Astor Fairweather, Inc., approximately $1,046,595.00.

Q.3. Please provide a total of the attorney general letters received.

Answer: Enwood, Pressman and Ingram, Inc. received 28 inquiries in 1999 and Mellon Astor Fairweather, Inc. received seven.

Mr. Emmett Mattes
July 6, 1999
Page 2

Q.4. Please provide copies of the sweepstakes newsletter.

Answer: Copies of *Sweepstakes Reporter* are enclosed herewith.

Q.5. Please identify the contact at Step-in and Out, Inc.

Answer: The companies' contact is Bob Colton.

Q.6. Please provide samples of the coupon fulfillment materials.

Answer: Samples of coupon materials are enclosed herewith.

Please let us know if you have any questions.

Sincerely,

SHELDON S. LUSTIGMAN

SSL/eb
Enclosure

cc: Enwood, Pressman and Ingram, Inc.
Mellon Astor Fairweather, Inc.

PETER J. TOMAO, ESQ.
1325 FRANKLIN AVENUE
SUITE 375
GARDEN CITY, NY 11530

TELEPHONE: (516) 877-7015
FAX: (516) 248-8693
EMAIL: PTOMAO@JUSTICEMAIL.COM

Senate Permanent Subcommittee on Investigations
EXHIBIT # 31

June 7, 1999

VIA FAX: 202-224-7024

Emmett Mattes, Esq.
Permanent Subcommittee
on Investigations
United States Senate
100 Russell Senate Office Building
Washington, D.C. 20510-6250

Re: Sweepstakes Investigation

Dear Mr. Mattes:

As we discussed, I represent David Dobin in connection with his offer to cooperate with the Subcommittee's investigation of sweepstakes and prize promotions. Mr. Dobin is the sole owner of Lone Star Promotions, Inc. which has received correspondence from the Subcommittee addressed to two of the names in which Lone Star does business: Financial Reward Group and AMI. However, rather than limiting our response to those names, we are providing the requested information for each of the names used by Lone Star.

1. **The name, address, owner or owners, officers or directors of any and all entities (including fictitious names and dba's) under which your company sent mailings from January 1998 to the present.**

ANSWER: David Dobin
1754 Merrick Avenue
Merrick, NY 11556

2. **The date entities identified in Item 1 were established, and the date each entity began sending promotional mailings or conducting contests.**

ANSWER: The name of each such entity, the date it was established and the date of its first mailing are set forth the attached schedule.

3. Copies of all filings required under any state law concerning contests, sweepstakes, prize promotions, awards or merchandise offerings.

ANSWER: None.

4. The approximate number of mailings sent in 1998 by each company identified in item 1.

ANSWER: The number of such mailings is set forth in column 3 of the attached schedule.

5. The number of individuals who responded to the mailings identified in item 4 by sending money or making a purchase.

ANSWER: The number of persons who responded to such mailings by sending money is set forth in column 4 of the attached schedule.

6. The number of individuals who responded to the mailings identified in item 4 without sending money or making a purchase.

ANSWER: The number of persons who responded to such mailings without sending money is set forth in column 5 of the attached schedule.

7. Three sample copies of every mailing of over 1,000 pieces sent in 1998 by all entities identified in item 1.

ANSWER: As we discussed these will be sent separately tomorrow.

8. For every sweepstakes or contests identified in item 4, a list of the prizes awarded and products offered.

ANSWER: The prizes awarded were $12,000.00, $10,000.00 and $5,000.00 for different promotions. We compiling additional information regarding these awards which we will provide to you separately.

The product offered is a discount coupon book, copies of which will be sent to you separately tomorrow.

9. A description of how the names and addresses for mailings are obtained, and the source of any list obtained the entities listed in item 1.

ANSWER: Names and addresses for mailings are purchased from Saavoy List Management, Inc.

10. The name address and phone number of a representative of your company whom the Subcommittee may contact to request additional information.

ANSWER: David Dobin
1754 Merrick Avenue
Merrick, NY 11556
516-379-3939

We look forward to meeting with you on Thursday, June 10, 1999 at 1:00 p.m. at 100 Russell Senate Office Building in Washington, D.C. We understand that this will be an informal meeting as opposed to a recorded examination under oath. At this meeting, Mr. Dobin will be prepared to discuss his answers to the above questions as well as his background and experience in this industry. Please advise us whether there are additional areas which you would like us to be prepared to discuss.

If you have any questions or require any additional information, please do not hesitate to call me. My direct number is 516-877-7015.

Very truly yours,

PETER J. TOMAO

	Name of Entity	Date established	Date of first mailing	Amount of mailing in 1998	Responses with money 1998	Responses without 1998 money
1	American Sufs Cntr	2/97	3-97	27698	8886	6503
2	AMI	2/97	3-97	1639799	108605	195324
3	American Prize Dist	2/97	3-97	1360097	65778	109604
4	Amer. Trust Svcs.	4/97	4-97	1649916	47333	87160
5	Central Award Svc.	4/97	4-98	205580	246	322
6	Cash Award Found.	3/97	3-97	162334	1023	2020
7	Champion Promo.	3/97	3-97	592285	35147	79060
8	Financial Reward	3/97	3-98	3854424	173007	298001
9	Franklin Award Found	4/97	4-97	897469	44997	84465
10	First Atlantic Promo.	3/97	3-97	149980	13208	12001
11	Grand Award Group	12/97	12-97	251724	31202	4928
12	Infinity Award Svc.	12/97	10-97	1546810	95118	162028
13	Merrick Family Cntr	11/97	11-97	376439	20890	70237
14	Natl. Selection Svcs	6/98	6-98	1346020	57323	119337
15	Natl. Winners Grp	3/97	3-97	924490	42552	46476
16	Paragon Award Cntr	5/97	5-97	20656	1489	6273
17	Prime Select USA	2/98	2-98	121119	70241	111337
18	Sweeps Selection Svc	2/98	2-98	356329	16991	322018
19	Transworld Prize	6/98	6-98	1075946	40039	560201
20	World Wide Award	3/97	3-97	1384733	63767	943318
21	No. Amer. Award Svc	4/97	4-97	NA	NA	NA
22	Amer. Prize Dist.	4/97	4-97	283765	3438	30579
23	Arc Awards Grp	5/97	5-97	81169	11148	6955
24	Audity Central	4/97	4-97	1160926	159945	145413
25	Award Central	4/97	4-97	1513304	93416	123942
26	Capital Dist. Svc.	2/98	2-98	1512074	97761	119119
27	Darwin	4/97	4-97	102988	6446	10215
28	Empire Awards Cntr	5/97	5-97	239902	3222	30310
29	Grand Central Award	2/98	2-98	326199	21169	26179
30	J. Rossi Assoc.	4/97	4-97	18002	12556	7217
31	Lone Star Promo	4/97	4-97	594974	32778	48443
32	M.S.I.	5/97	5-97	112212	16116	10817
33	Nationstar Entep.	9/97	9-97	231104	35119	27113
34	Paragon Award Cntr	5/98	5-98	1235820	66559	107706
35	Spectrum Assoc.	4/97	4-97	18002	16498	12946
36	Travis American	1/98	1-98	1632216	57017	116555
37	Triple J Promo	1/98	1-98	90119	5723	5559
38	Un. Tod Prize Cntr	9/97	9-97	18002	12550	10779
39	Victory Prize Claim	6/97	6-97	2812342	26418	23792
40	United States Sweepstakes NOT CHECK	4/98	4-98	NA	NA	NA

PETER J. TOMAO, ESQ.
1325 FRANKLIN AVENUE
SUITE 375
GARDEN CITY, NY 11530

TELEPHONE: (516) 877-7015
FAX: (516) 248-8693
EMAIL: PTOMAO@JUSTICEMAIL.COM

June 8, 1999

VIA FEDERAL EXPRESS
Airbill #808673033100

Emmett Mattes, Esq.
Permanent Subcommittee
on Investigations
United States Senate
100 Russell Senate Office Building
Washington, D.C. 20510-6250

Re: Sweepstakes Investigation

Dear Mr. Mattes:

Enclosed are an original and three copies of each of the promotions which Lone Star issued in 1998 as well as three copies of a sample of the coupon book which Lone Star offers for sale in its sweepstakes promotions.

For your information, the following three winners received prizes in 1998:

(1) **Kim Grace of Holyoke, MA, to whom Lone Star** sent checks totaling of $12,000 between December 22, 1997 and June 1, 1998;

(2) **Donald Martin of Gardena, CA**, to whom Lone Star sent a check for $12,000 on December 18, 1998; and

(3) **Opal P. Clark of Maryville, WA**, to whom Lone Star sent a check for $10,000 on November 30, 1998.

I am enclosing copies of the correspondence between Lone Star and these winners for your information. Lone Star's records indicate that only one of these three winners made a purchase when they responded to the mailing. I am also enclosing copies of the print-outs which Lone Star received from its computer house designating the winners.

We look forward to meeting with you on Thursday, June 8 at 1:00 p.m. If you have any questions or require any additional information in advance of our meeting, please do not hesitate to call me. My direct number is 516-877-7015.

Very truly yours,

PETER J. TOMAO

PETER J. TOMAO, ESQ.
1325 FRANKLIN AVENUE
SUITE 375
GARDEN CITY, NY 11530

TELEPHONE: (516) 877-7015
FAX: (516) 248-8693
EMAIL: PTOMAO@JUSTICEMAIL.COM

June 21, 1999

VIA FEDERAL EXPRESS
Airbill #813248324810

Emmett Mattes
Permanent Subcommittee
on Investigations
United States Senate
100 Russell Senate Office Building
Washington, D.C. 20510-6250

Re: Sweepstakes Investigation

Dear Mr. Mattes:

Enclosed, as you requested, are an original and three copies of each of the following promotions:

1. Darwin;

2. Empire Awards Center;

3. North American Award Services;

4. Spectrum Associates; and

5. United States Sweepstakes Network

I am also enclosing copies of the form letter which Lone Star sends to customers whose order can not be processed and of a special letter which Lone Star sends to customers who mistakenly believe that they have won a sweepstakes.

Also, in response to your questions, Mr. Dobin has determined that approximately twenty percent (20%) of the orders to Lone Star were paid by money order and one and six tenths percent (1.6%) are paid by cash.

We look forward to meeting with you on Monday, June 28 at 10:00 a.m. for Mr. Dobin's deposition in anticipation of his possible testimony before the Subcommittee. If you have any questions or require any additional information in advance of our meeting, please do not hesitate to call me. My direct number is 516-877-7015.

Very truly yours,

PETER J. TOMAO

PETER J. TOMAO, ESQ.
1325 FRANKLIN AVENUE
SUITE 375
GARDEN CITY, NY 11530

TELEPHONE: (516) 877-7015
FAX: (516) 248-8693
EMAIL: PTOMAO@JUSTICEMAIL.COM

July 15, 1999

VIA FAX

Glynna Christian Parde
Chief Investigator and Senior Counsel
Leslie Bell
Minority Counsel
Permanent Subcommittee on Investigations
United States Senate
100 Russell Senate Office Building
Washington, D.C. 20510-6250

Re: Sweepstakes Investigation

Dear Ms Parde and Ms. Bell:

This letter responds to your letter dated July 13, 1999 requesting additional information from Mr. Dobin.

1. A copy of the sheets used by employees of Lone Star Promotions, Inc. (Lone Star) when opening mail.

   A sample form is attached.

2. The approximate number of names each month which (a) Lone Star provides to list brokers and (b) the list brokers rent to third parties on behalf of Lone Star.

   As Mr. Dobin testified during his EBT, Lone Star sells this information to Heatherwood Associates which in turn sells it through list brokers. Heatherwood provides approximately 25,000 names per month. The number of names which the list brokers sell varies between from all of them to none

3. The fee which Lone Star's list brokers charge telemarketing firms for Lone

Star's mailing lists or responses to its mailings and the fee that list brokers charge Lone Star for this service

As Mr. Dobin testified during his EBT, Lone Star sells the mailing list to Heather wood Associates which in turn sells it through list brokers. The list brokers charge the telemarketers between $200 and $250 per thousand and charge 20% as a brokerage fee and 10% as a management fee.

4. A breakdown (e.g. balance sheet and income statement) showing the annual income and expenses for Lone Star.

   We would like this request with you before responding. While Mr. Dobin is committed to fully cooperating with your investigation, this particular information is highly proprietary and we would prefer not to disclose it publicly.

5. The price Lone Star charges third parties to include package fulfillments in its mailings.

   $50.00 per thousand.

6. Whether royalties or other revenue from the rental of Lone Star's mailing lists are paid to Lone Star or to Heatherwood.

   Mailing list revenues are paid to Heatherwood; revenues for "live responses" are paid to Lone Star.

7. A copy of Direct Mail News.

   We will provide this separately.

We are working on the additional requests made on page 2 and expect to have responses for you when we speak. As we discussed in paragraph 4, we would prefer not to publicly disclose sensitive information such ad Mr. Dobin's compensation if possible.

Very truly yours,

PETER J. TOMAO

PGT - Paragon
Date of Mail
Amount "Lorator"

Paid Orders					
To Monies					
Others					

AGT Peter
Tomas

CAL Capital Distributive Service
Date of Mail
Amount "Funeral"

[illegible] date # of pages	Same date # of pages	Same date # of pages

THE LUSTIGMAN FIRM, P.C.
ATTORNEYS

60TH FLOOR
EMPIRE STATE BUILDING
NEW YORK, NY 10118-6098
TEL: (212) 268-0797 - FAX: (212) 268-1989

Senate Permanent Subcommittee on Investigations

EXHIBIT # 32

SHELDON S. LUSTIGMAN
(ADMITTED NY & NJ)

ANDREW B. LUSTIGMAN
(ADMITTED NY & NJ)

June 16, 1999

BY FEDERAL EXPRESS AND
FAX: (202) 224-7042 (w/o enc.)

Mr. Emmett Mattes
Subcommittee Staff
Committee on Governmental Affairs
100 Russell Senate Office
Washington, DC 20510

Re: Enwood, Pressman & Ingram, Inc. and Mellon, Astor & Fairweather, Inc.: Request for Information and Material

Dear Mr. Mattes:

We are special regulatory counsel to Enwood, Pressman & Ingram, Inc. ("Enwood") and Mellon, Astor & Fairweather, Inc. ("Mellon") and have been asked to respond on their behalf to the Permanent Subcommittee on Investigations' Request for Information and Materials as set forth in letters to the companies.

Please be advised that it is the intention of the companies and their principal to comply in good faith with the Subcommittee's Request for Information. You will note that the companies offer both a sweepstakes, which prominently discloses that no purchase is necessary to enter or win, and contests of skill. Further, products marketed by the companies are backed by an unconditional money-back guarantee of satisfaction.

The following information is being supplied based on Staff's representation that this investigation is not related to an enforcement action by the United States Postal Service, United States Attorneys Office, the Federal Trade Commission or any of the State Attorneys General, and that such information will not be provided to such enforcement agencies. The companies have supplied the materials and information furnished herewith. The companies are responding to the requests on the basis of currently available information. The companies expressly reserve the right to alter, amend and/or supplement their responses should additional relevant information become available. The companies' responses are as follows:

QUESTION 1: **The name, address, owner or owners, and officers or directors of any and all entities (including fictitious names and dba's) under which your company sent mailings from January 1998 to the present.**

Nicole Kasday is the sole shareholder of record for each of the companies as well as the sole officer. In addition to Ms. Kasday, Sheilah Williams, 8550 West Charleston Boulevard, No. 178, Las Vegas, Nevada 89117, also acts as a corporate director. As Staff has been previously advised, Ms. Kasday is not actively involved in the day-to-day operations of the companies. Rather, these operations take place under the direction of Anthony Kasday.

Enwood, Pressman & Ingram, Inc. has its corporate business address at 8550 West Charleston Boulevard, No. 177, Las Vegas, Nevada 89117.

The company has operated under the following trading names:

1. Lombard & Lanfield
2. Sweepstakes Administrators Association–EPI
3. Provisional Advance Notification Center
4. Unidentified Claimant Section
5. Cash Release Office
6. Department of Dispursement
7. Clark and Lewison

Contests of Skill

Enwood, Pressman & Ingram, Inc. conducts various contests of skill under the following names:

1. National Board of Directors
2. Express Courier Service
3. Philip T. Grossman Comptroller Operations
4. Western Wire Mailgram

Mailing Addresses

Enwood, Pressman & Ingram, Inc. has used the following addresses to receive mail:

1. 130 Garth Road, Suite 508, Scarsdale, New York 10583
2. 1739 East Carson Street, Suite 930, Pittsburgh, Pennsylvania 15203
3. 1992 Commerce Street, Suite 49, Yorktown Heights, New York 10598
4. 197 Mill Street, Suite 5-135, Liberty, New York 12754
5. 1214 West Boston Post Road, Suite 112, Mamaroneck, New York 10543

Mellon, Astor & Fairweather, Inc.

Mellon lists its address as 236 South Rainbow Boulevard, Suite 477, Las Vegas, Nevada 89128.

Mellon also conducts business under the name Award Assessment Committee.

Mellon receives mail at the following addresses:

1. 736 Northwestern Avenue, Suite 620, Lake Forest, Illinois 60045-1894
2. 197 Mill Street, Suite 5-135, Liberty, New York 12754
3. 3340 West 95th Street, Suite 210, Evergreen Park, Illinois 60805-2236.

QUESTION 2: **The date entities identified in item 1 were established and the date each entity began sending promotional mailings or conducting contests.**

Enwood, Pressman & Ingram, Inc. was established on June 10, 1998 and started conducting business in approximately July or August 1998.

Mellon, Astor & Fairweather, Inc. was established on August 5, 1998 and started conducting business shortly thereafter.

QUESTION 3: **Copies of all filings required under any state law concerning contests, sweepstakes, prize promotions, awards or merchandise offerings.**

None.

QUESTION 4: **The approximate number of mailings sent in 1998 by each company identified in item 1.**

Enwood, Pressman & Ingram, Inc. sent approximately 4,618,509 mailings in 1998 under the trading names referred to above. Mellon, Astor & Fairweather, Inc. sent approximately 335,785 mailings in 1998.

QUESTION 5: **The number of individuals who responded to mailings identified in item 4 by sending money or making a purchase.**

Enwood, Pressman & Ingram, Inc. estimates that approximately 241,729 individuals responded to the mailings by making a purchase or otherwise sending money. Mellon, Astor & Fairweather, Inc. estimates that approximately 19,335 individuals responded to the mailings by making a purchase or otherwise sending money.

QUESTION 6: **The number of individuals who responded to mailings identified in item 4 without sending money or making a purchase.**

Enwood, Pressman & Ingram, Inc. estimates that approximately 258,000 individuals responded to the mailings without making a purchase or otherwise sending money. Mellon, Astor

& Fairweather, Inc. estimates that approximately 38,670 individuals responded to the mailings without making a purchase or otherwise sending money.

QUESTION 7: **Three sample copies of every mailing over 1,000 pieces sent in 1998 by all entities identified in item 1.**

Three sample copies of all available mailings over 1,000 pieces sent in 1998 are enclosed herewith.

QUESTION 8: **For every sweepstakes or contest identified in item 4, a list of the prizes awarded and products offered.**

Enwood, Pressman & Ingram, Inc. has been conducting one sweepstakes promotion. It offered the following prizes:

Grand	$11,000.00
2nd	1,000.00
3rd	500.00
4th	100.00
5th	50.00

Enwood, Pressman & Ingram, Inc. conducted three puzzle skill contest promotions. Each required a one-time nominal entry fee to enter. No further fees of any kind were required to complete the skill contest or to compete. No element of luck or chance is involved. The prizes offered are as follows:

1st	$10,000.00 cash or $18,000.00 Annuity option
2nd	4,000.00
3rd	2,500.00
4th	1,000.00
5th	500.00
6th-10th	100.00 each
11th-100th	50.00 each

1st	$14,000.00 or New Pontiac Firebird (winner's choice)
2nd	4,000.00
3rd	2,500.00
4th	1,000.00
5th	500.00
6th-10th	100.00 each
11th-100th	50.00 each

1st	$10,000.00
2nd	4,000.00
3rd	2,500.00
4th	1,000.00
5th	500.00
6th-10th	100.00 each
11th-100th	50.00 each

None of the prizes have been awarded as yet since the dates for entering the sweepstakes and the skill contests have not been concluded.

Mellon, Astor & Fairweather, Inc.

Mellon, Astor & Fairweather, Inc. conducts a sweepstakes which has the following prizes being offered:

1st	$10,000.00	or Ford Escort or Option of direct deposit into bank account with a bank issued ATM card available for withdrawals per banks daily limits. (Value $10,000.00) (winner's choice).
2nd	1,000.00	
3rd	500.00	
4th	100.00	
5th	50.00	

Mellon, Astor & Fairweather, Inc. also offers a puzzle/skill contest providing the following prizes:

1st	$10,000.00
2nd	2,500.00
3rd	1,000.00
4th	500.00
5th	500.00
6th-10th	100.00 each
11th-100th	20.00 each

None of the prizes have been awarded as yet, since the dates for entering the sweepstakes and skill contests have not been concluded.

QUESTION 9: **A description of how the names and addresses for mailings are obtained, and the source of any list obtained by the entities listed in item 1.**

All names mailed are obtained from rented mailing lists of people who have responded to merchandise sweepstakes or contest offers. The companies do not make any age selection but rather take all names available on a monthly basis. The companies utilize the services of Walter Karl Company, whose address is 1 Blue Hill Plaza, P.O. Box 1662, Pearl River, New York 10965, as their list rental agency.

QUESTION 10: **The name, address and phone number of a representative of your company whom the Subcommittee may contact to request additional information.**

Undersigned counsel is available to assist the Subcommittee to the extent it requires any additional information.

Please let us know if you have any questions.

Sincerely,

Sheldon S. Lustigman

SSL/eb
Enclosure

cc Mellon, Astor & Fairweather, Inc.
Enwood, Pressman & Ingram, Inc.

THE LUSTIGMAN FIRM, P.C.
ATTORNEYS

60TH FLOOR
EMPIRE STATE BUILDING
NEW YORK, NY 10118-6098
TEL: (212) 268-0797 • FAX: (212) 268-1989

SHELDON S. LUSTIGMAN
(ADMITTED NY & NJ)

ANDREW B. LUSTIGMAN
(ADMITTED NY & NJ)

July 6, 1999

VIA FAX (202) 224 7042 (without enc.)
AND FEDERAL EXPRESS
Mr. Emmett Mattes
Subcommittee Staff
Committee on Governmental Affairs
100 Russell Senate Office
Washington, DC 20510

Re: Enwood, Pressman & Ingram, Inc. and Mellon, Astor & Fairweather, Inc.: Supplemental Request For Material

Dear Mr. Mattes:

On behalf of our clients, Enwood, Pressman and Ingram, Inc. and Mellon Astor Fairweather, Inc., we are furnishing the following confidential information in response to your verbal Supplemental Request. These materials are being furnished in reliance on the same assurances by Staff as are referenced in our letter dated June 16, 1999.

The companies have supplied the materials and information furnished herewith. The companies are responding to the requests on the basis of currently available information. The companies expressly reserve the right to alter, amend. and/or supplement their responses should additional relevant information become available. The companies' responses are as follows:

Q.1. Please provide the net income for 1998.

Answer: The net profit for 1998 for Enwood, Pressman and Ingram, Inc. was approximately $18,457.00 and for Mellon Astor Fairweather, Inc. was approximately $11,079.00.

Q.2. Please provide gross revenues for 1999.

Answer: Gross revenues for Enwood, Pressman and Ingram, Inc. were approximately $1,783,371 and for Mellon Astor Fairweather, Inc., approximately $1,046,595.00.

Q.3. Please provide a total of the attorney general letters received.

Answer: Enwood, Pressman and Ingram, Inc. received 28 inquiries in 1999 and Mellon Astor Fairweather, Inc. received seven.

Q.4. Please provide copies of the sweepstakes newsletter.

Answer: Copies of *Sweepstakes Reporter* are enclosed herewith.

Q.5. Please identify the contact at Step-in and Out, Inc.

Answer: The companies' contact is Bob Colton.

Q.6. Please provide samples of the coupon fulfillment materials.

Answer: Samples of coupon materials are enclosed herewith.

Please let us know if you have any questions.

Sincerely,

SHELDON S. LUSTIGMAN

SSL/eb
Enclosure

cc: Enwood, Pressman and Ingram, Inc.
Mellon Astor Fairweather, Inc.

Fred HOCHSZTEIN, P.A.
ATTORNEYS AT LAW

SUITE 300
1940 HARRISON STREET
HOLLYWOOD, FLORIDA 33020
(954) 922-4679
FAX (954) 924-6277

Senate Permanent Subcommittee on Investigations
EXHIBIT # 33

May 14, 1999

K. Lee Blalack, Chief Counsel & Staff Director
Permanent Subcommittee on Investigations
Committee on Governmental Affairs
Washington, DC 20510-6250

Via Telefax (202) 224-7042
& U.S. Mail

Re: U.S. National Processing Center

Dear Mr. Blalack:

Please be advised the undersigned represents Millennium Sales, Inc. I have for response several letters sent on April 28, 1999.

In response to your Request for Information and Material, please be advised of the following:

1. Millennium Sales, Inc.

   d/b/a U.S. National Processing Center
   d/b/a Board of Inquiry
   d/b/a Southeast Equity Limited
   d/b/a Independent Award Administration
   d/b/a National Sweepstakes Administration
   d/b/a Consumer Funding Bureau

   21301 Powerline Road, Suite 304
   Boca Raton, Florida 33433

   Richard Kaufman

2. 1995

3. None

4. This information is confidential, proprietary information.

5. This information is confidential, proprietary information.

6. This information is confidential, proprietary information.

7. Copies of mailings will be attached to this response which is sent by U.S. mail.

8. 1995-'96 Winner: Elsie Shipley
162 Ritters Mill Road
Summer Shade, KY 42166-8248
(502) 427-4306

1996-'97 Winner: David Dennis
5227 Powhatan Avenue
Norfolk, VA 23508
(757) 423-4455

1997-'98 Winner: Diane Hopkins
3809 Santa Monica Drive
Abilene, TX 79605
(915) 695-5641

9. This information is confidential and proprietary information

10. 1940 Harrison Street, Suite 300
Hollywood, FL 33020
(954) 922-4679

Very Truly Yours

Fred

Fred Hochsztein

FH/ehj

Senate Permanent Subcommittee on Investigations
EXHIBIT # 34

THE LUSTIGMAN FIRM, P.C.
ATTORNEYS

60TH FLOOR
EMPIRE STATE BUILDING
NEW YORK, NY 10118-6098
TEL: (212) 268-0797 • FAX: (212) 268-1989

SHELDON S. LUSTIGMAN
(ADMITTED NY & NJ)

ANDREW B. LUSTIGMAN
(ADMITTED NY & NJ)

June 10, 1999

VIA FAX (202) 224 7042 (without enc.)
AND FEDERAL EXPRESS

Mr. Emmett Mattes
Subcommittee Staff
Committee on Governmental Affairs
100 Russell Senate Office
Washington, DC 20510

Re: **North American Bureau of Assets, Inc.:**
Request For Information and Material

Dear Mr. Mattes:

We are special regulatory counsel to the North American Bureau of Assets, Inc., ("NABA") and have been asked to respond on its behalf to the Permanent Subcommittee on Investigations' Request for Information and Materials as set forth in letters to the company.

Please be advised that it is the intention of the company and its principals to comply in good faith with the Subcommittee's request for information. You will note that each of the mailings sent by NABA prominently discloses that no purchase is necessary to enter or win the sweepstakes. Please be further advised that the company proudly awards all prizes offered. Moreover, the company's products are backed by an unconditional money-back guarantee of satisfaction.

The following information is being supplied based on Staff's representation that this investigation is not related to an enforcement action by the United States Postal Service, the United States Attorneys' Office, The Federal Trade Commission or any of the state attorneys general and that such information will not be provided to such enforcement agencies. The company has supplied the materials and information furnished herewith. The company is responding to the requests on the basis of currently available information. The company expressly reserves the right to alter, amend. and/or

supplement its responses should additional relevant information become available. The company's response is as follows:

Q.1. The name, address, owner or owners, and officers or directors of any and all entities (including fictitious names and dba's) under which your company sent mailings from January 1998 to the present.

Answer: Robert Groce is the sole shareholder, officer and director.
Corporation Name: North American Bureau of Assets, Inc.
Address: 5649 Boothill Avenue
Las Vegas, NV 89118

Trading names: NABA
National Winners Claim Group
Cash Disbursement Division
International Funding Distribution Center
NA Bureau of Assets
NABA Inc
NWCG
N.A. Bureau of Assets, Inc.

Mail is received at Dept. 7-11,
119 Rockland Center
Nanuet, New York 10954

222 Route 9W, Suite 1000
Haverstraw, New York 10927

Q.2. The date entries identified in item 1 were established and the date each entity began sending promotional mailings or conducting contests.

Answer: North American Bureau of Assets, Inc. was incorporated on or about January 1998, and began sending promotional mailings shortly thereafter.

Q.3. Copies of all filings required under any state law concerning contests, sweepstakes, prize promotions, awards or merchandise offerings.

Answer: The company has filed a registration in the State of New York. A copy of the registration is enclosed.

Q.4. The approximate number of mailings sent in 1998 by each company identified in item 1.

Answer: The company sent a total of approximately 9, 618,122 million mailings in 1998 under the trading names referred to above.

Q.5. **The number of individuals who responded to mailings identified in item 4 by sending money or making a purchase.**

Answer: The company estimates approximately 501,828 individuals responded to the mailings by making a purchase.

Q.6. **The number of individuals who responded to mailings identified in item 4 without sending money or making a purchase.**

Answer: The company estimates that approximately 300,000 qualified individuals responded to the mailings without making a purchase or otherwise sending money and were entered in the promotion.

Q.7. **Three sample copies of every mailing over 1,000 pieces sent in 1998 by all entities identified in item 1.**

Answer: Three sample copies of all available mailings over 1,000 pieces sent in 1998 are enclosed herewith.

Q.8. **For every sweepstakes or contest identified in item 4, a list of the prizes awarded and products offered.**

Answer: Enclosed is a list of the names and addresses of the sweepstakes winners, together with a listing of the prizes offered.

Q.9. **A description of how the names and addresses for mailings are obtained, and the source of any list obtained by the entities listed in item 1.**

Answer: The company rents names from a list rental agency, Walter Karl, 1 Blue Hill Plaza, P.O. Box 1662, Pearl River, New York 10965.

Q.10. **The name, address and phone number of a representative of your company whom the Subcommittee may contact to request additional information.**

Answer: Undersigned counsel is available to assist the Subcommittee to the extent it requires any additional information.

Please let us know if you have any questions.

Sincerely,

SHELDON S. LUSTIGMAN

cc: North American Bureau of Assets, Inc.

WINNERS LIST

$10,000.00 - Alojzy Panter 211 Leisure Dr. Houghton Lake, MI. 48629

$7,225.45 - J. Beal 512 Preston St. Waco, TX. 76704

$5,000.00 - Charles Hartwell 2924 Clearview Ave. NW Canton, OH. 44718

$2,500.00 - Lea Daugherty 451 Hardin Leslie Rd. Bardstown, KY. 40004

$1,500.00 - C L Wasson 938 Meadowbrook Dr. Corpus Christi, TX. 78412

$1,000.00 - Cornelis P Faass 1 Cocoa Dr. Jensen Beach, Fl. 34957

$500.00 - Walter Weiss PO Box 85 Deerfield, ILL. 60015

$100.00 - Bernard Menard PO Box 1099 Kaunakakai, HI. 96748

$50.00 - Elizabeth W Wassum PO Box 1064 Marion, VA. 24354

Misubishi 32" TV or cash equivalent - Beatrice Johnson 7000 96th Ave. Lanham, MD. 20706

Maytag Washer and Dryer or cash equivalent - Bobbett Flonnie PO Box 202 NewYork, NY. 10040

Sony clock Radio or cash equivalent - Henry J Pawlak 320 West Ave. alvion, NY. 14411

STATE OF NEW YORK
DEPARTMENT OF STATE
ALBANY, NY 12231-0001

ALEXANDER F. TREADWELL
SECRETARY OF STATE

October 28, 1998

The Lustigman Firm
Andrew B Lustigman
Empire State Building 60th Floor
New York NY 10118-6098

Re: NABA, Inc.
"$5,000" S/S
File No.: 33542

Dear Sir/Madam:

The Department of State acknowledges the receipt and filing of your Games of Chance registration statement pursuant to the provisions of Section 369e of the General Business Law.

Your check in the amount of $100.00 has been applied as payment of your filing fee.

We are enclosing a Certification of Winners form for your future use. This listing must be filed within 90 days following the completion of your contest. Failure to file as prescribed by statute is a Class B misdemeanor.

Sincerely,

Janice G. Durfee
Principal File Clerk
Miscellaneous Records Bureau

JGD:ms
Enc.

THE LUSTIGMAN FIRM, P.C.
ATTORNEYS

60TH FLOOR
EMPIRE STATE BUILDING
NEW YORK, NY 10118-6098
TEL: (212) 268-0797 • FAX: (212) 268-1989

SHELDON S. LUSTIGMAN
(ADMITTED NY & NJ)

ANDREW B. LUSTIGMAN
(ADMITTED NY & NJ)

June 15, 1999

BY MAIL AND FAX: (202) 224-7042 (w/enc.)

Mr. Emmett Mattes
Subcommittee Staff
Committee on Governmental Affairs
100 Russell Senate Office
Washington, DC 20510

Re: North American Bureau of Assets--Request for Information and Material

Dear Mr. Mattes:

Reference is made to our letter of June 10, 1999 responding on behalf of North American Bureau of Assets, Inc. to the Permanent Subcommittee on Investigations' Request for Information and Materials. With respect to Question No. 3, it has come to our attention that the company also filed a registration in the State of Florida for NABA's sweepstakes and for the sweepstakes offered under the name N.A. Bureau of Assets. Copies of these filings are also enclosed. This is to confirm that a telephone interview with Robert Groce has been scheduled for Tuesday, June 22 at 12:00 p.m. E.S.T. in Las Vegas, Nevada.

Please let us know if you have any questions.

Sincerely,

Andrew B. Lustigman

ABL/eb
Enclosure

cc North American Bureau of Assets

FLORIDA DEPARTMENT OF STATE
Office of the Secretary
Division of International Relations
Division of Administrative Services
Division of Corporations
Division of Cultural Affairs

MEMBER OF THE FLORIDA CABINET
Division of Library & Information Services
Division of Historical Resources
Ringling Museum of Art
Division of Licensing
Division of Elections

FLORIDA DEPARTMENT OF STATE
Sandra B. Mortham
Secretary of State
DIVISION OF LICENSING

12 October 1998

Andrew Lustigman
The Lustigman Firm
350 Fifth Ave. #6024
New York, NY 10118

RE: SS#: SS-98-01952 OPERATOR: NABA, Inc.

NAME OF PROMOTION: NABA, Inc. Sweepstakes

BEGINNING DATE: 04-01-98 ENDING: 12-31-98
DRAWING DATE: 12-31-98

BOND/TRUST ACCOUNT#: 95610003 AMOUNT: $15,000.00
BOND WAIVER: na

Dear Mr. Lustigman :

The above-referenced Game Promotion is now registered with the Florida Department of State, Division of Licensing pursuant to Section 849.094, Florida Statutes. However, registration may not be construed as the Department's endorsement or approval of the promotion. If any of the information stated above is incorrect, please notify this office immediately.

Within sixty (60) days after the winners of this game promotion have been determined, Florida law requires you to submit a certified [NOTARIZED] list of those winners. Such list must include the name and address of each individual who won a prize valued at more than $25, the corresponding prize value, and date the prize was won. If there were no winners for this promotion or if all prizes awarded were valued at less than $25, please send written notification to this division as soon as possible so that your file may be closed and, if applicable, the Surety Bond returned or Trust Account released.

Post Office Box 6687 • Tallahassee, Florida 32314-6687 • (850) 488-5381
FAX: (850) 487-7950 • WWW Address http://www.dos.state.fl.us

12 October 1998
The Lustigman Firm
Page Two

Please refer to the "SS" number referenced at the beginning of this letter in all future correspondence regarding this game promotion. This is most important when you are requesting the return of any bond or trust account you may have been required to file.

If you have any questions regarding this matter, please call the Public Inquiry Section at 850/488-5381. A Service Representative will be happy to assist you.

Sincerely,

Constance N. Crawford

Constance N. Crawford, Chief
Bureau of License Issuance

CC/HH/hh

DIVISIONS OF FLORIDA DEPARTMENT OF STATE
Office of the Secretary
Office of International Relations
Division of Administrative Services
Division of Corporations
Division of Cultural Affairs
Division of Elections
Division of Historical Resources
Division of Library and Information Services
Division of Licensing

FLORIDA DEPARTMENT OF STATE
Sandra B. Mortham
Secretary of State
DIVISION OF LICENSING

MEMBER OF THE FLORIDA CABINET
Historic Florida Keys Preservation Board
Historic Palm Beach County Preservation Board
Historic Pensacola Preservation Board
Historic St. Augustine Preservation Board
Historic Tallahassee Preservation Board
Historic Tampa/Hillsborough County Preservation Board
Ringling Museum of Art

25 June 1997

Steve Sion
North American Bureau Of Asset
Dept. #7-11, 119 Rockland Center
Nanuet, NY 10954

RE: SS#: SS-97-01455 OPERATOR: North American Bureau Of Asset

NAME OF PROMOTION: N.A. Bureau Of Assets

BEGINNING DATE: 07-01-97 ENDING: 12-31-98
DRAWING DATE: 12-31-98

BOND/TRUST ACCOUNT#: 33470789 AMOUNT: $15,000.00
BOND WAIVER: N/A

Dear Mr. Sion:

The above-referenced Game Promotion is now registered with the Florida Department of State, Division of Licensing pursuant to Section 849.094, Florida Statutes. However, registration may not be construed as the Department's endorsement or approval of the promotion. If any of the information stated above is incorrect, please notify this office immediately.

Within sixty (60) days after the winners of this game promotion have been determined, Florida law requires you to submit a certified [NOTARIZED] list of those winners. Such list must include the name and address of each individual who won a prize valued at more than $25, the corresponding prize value, and date the prize was won. If there were no winners for this promotion or if all prizes awarded were valued at less than $25, please send written notification to this division as soon as possible so that your file may be closed and, if applicable, the Surety Bond returned or Trust Account released.

Post Office Box 6687 • Tallahassee, Florida 32314-6687 • (904) 488-5381

Please refer to the "SS" number referenced at the beginning of this letter in all future correspondence regarding this game promotion. This is most important when you are requesting the return of any bond or trust account you may have been required to file.

If you have any questions regarding this matter, please call the Public Inquiry Section at 850/488-5381. A Service Representative will be happy to assist you.

Sincerely,

Constance N. Crawford

Constance N. Crawford, Chief
Bureau of License Issuance

CC/HM/mp

THE LUSTIGMAN FIRM, P.C.
ATTORNEYS

60TH FLOOR
EMPIRE STATE BUILDING
NEW YORK, NY 10118-6098
TEL: (212) 268-0797 • FAX: (212) 268-1989

SHELDON S. LUSTIGMAN
(ADMITTED NY & NJ)

ANDREW B. LUSTIGMAN
(ADMITTED NY & NJ)

June 17, 1999

BY MAIL AND FAX: (202) 224-7042 (w/enc.)

Mr. Emmett Mattes
Subcommittee Staff
Committee on Governmental Affairs
100 Russell Senate Office
Washington, DC 20510

Re: North American Bureau of Assets--Request for Information and Material

Dear Mr. Mattes:

Reference is made to our letter of June 10, 1999 responding on behalf of North American Bureau of Assets, Inc. to the Permanent Subcommittee on Investigations' Request for Information and Materials. With respect to Question No. 3, please be advised that the company also filed additional registrations in the State of New York. Two sweepstakes promotions were registered in April 9, 1999. Those registrations have not yet been assigned a file number by the State of New York, Department of State. An additional registration was made for a 1998-1999 promotion, File No. 29071. A copy of the list of winners is enclosed.

This is to confirm that a telephone interview with Robert Groce has been scheduled for Tuesday, June 22 at 12:00 p.m. E.S.T. at that we will phone the main number to begin the call.

Please let us know if you have any questions.

Sincerely,

Andrew B. Lustigman

ABL/eb
Enclosure

cc North American Bureau of Assets

NYS DEPARTMENT OF STATE
Miscellaneous Records Bureau
41 State Street ~~162 Washington Ave.~~
Albany, NY 12231

ertification of Winners - Commodity Games of Chance

rtify that the persons whose names are shown below and on attached sheets, number _____ through _____ inclusive, have been awarded prizes in the amount or e shown. This contest is registered with the New York Secretary of State under File Number 29071.

March 10, 1999 NAME Robert Groce TITLE President FIRM NABA, INC.

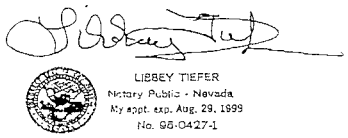
ther certify that prizes were delivered to contestants on the dates shown.

March 10, 1999 NAME Robert Groce TITLE President FIRM NABA, Inc.

OF WINNER	ADDRESS (STREET, CITY, STATE, ZIP)	DESCRIPTION OF PRIZE	AMOUNT OR VALUE	Date Prize Notification Delivered
Beal	512 Preston Street Waco, TX 76704	Grand Prize - $7,225.45	$7,225.45	2/18/99
arles Hartwell	2924 Clearview Avenue, N.W. Canton, OH 44718	First Prize - $1,000.00	$1,000.00	2/18/99

NABA CONTEST WINNERS

NAME	ADDRESS	PRIZE
Beal	512 Preston St., Waco, TX 76704	Grand Prize - $7,225.45
Charles Hartwell	2924 Clearview Ave. NW, Canton, OH 44718	1st Prize - $1,000.00



LIBBEY TIEFER
Notary Public - Nevada
My appt. exp. Aug. 29, 1999
No. 95-0427-1

P 070 046 278

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail *(See reverse)*

Sent to Charles Hartwell	
Street & Number 2824 Clearview Ave	
Post Office, State, & ZIP Code Canton, OH 44718	
Postage	$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	$
Postmark or Date	

LAS, NV 2

FEB 15 2008

PS Form 3800, April 1995

P 070 046 276

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

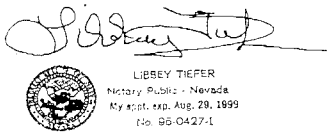
Do not use for International Mail (See reverse)

Sent to J Boal	
Street & Number 512 Preston St	
Post Office, State, & ZIP Code Waco TX 76704	
Postage	$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	$
Postmark or Date	LAS VEGAS, NV FEB 18 1999 USPS 89103

PS Form 3800, April 1995

NABA CONTEST WINNERS

NAME	ADDRESS	PRIZE
J Beal	512 Preston St., Waco, TX 76704	Grand Prize - $7,225.45
Charles Hartwell	2924 Clearview Ave. NW, Canton, OH 44718	1st Prize - $1,000.00



LIBBEY TIEFER
Notary Public - Nevada
My appt. exp. Aug. 29, 1999
No. 96-0427-1

THE LUSTIGMAN FIRM, P.C.
ATTORNEYS

60TH FLOOR
EMPIRE STATE BUILDING
NEW YORK, NY 10118-6098
TEL: (212) 268-0797 • FAX: (212) 268-1989

Senate Permanent Subcommittee on Investigations
EXHIBIT # 35

SHELDON S. LUSTIGMAN
(ADMITTED NY & NJ)

ANDREW B. LUSTIGMAN
(ADMITTED NY & NJ)

June 14, 1999

VIA FAX (202) 224 7042 (without enc.)
AND FEDERAL EXPRESS
Mr. Emmett Mattes
Subcommittee Staff
Committee on Governmental Affairs
100 Russell Senate Office
Washington, DC 20510

Re: Royal Sweepstakes, Inc. Request For Information and Material

Dear Mr. Mattes:

We are special regulatory counsel to Royal Sweepstakes, Inc. ("R.S.I.") and have been asked to respond on its behalf to the Permanent Subcommittee on Investigations' Request for Information and Materials as set forth in letters to the company.

Please be advised that it is the intention of the company and its principal to comply in good faith with the Subcommittee's request for information. You will note that each of the mailings sent by RSI prominently discloses that no purchase is necessary to enter or win the sweepstakes. Moreover, the company's products are backed by an unconditional money-back guarantee of satisfaction.

The following information is being supplied based on Staff's representation that this investigation is not related to an enforcement action by the United States Postal Service, the United States Attorneys' Office, The Federal Trade Commission or any of the state attorneys general and that such information will not be provided to such enforcement agencies. The company has supplied the materials and information furnished herewith. The company is responding to the requests on the basis of currently available information. The company expressly reserves the right to alter, amend, and/or supplement its responses should additional relevant information become available. The company's response is as follows:

Q.1. The name, address, owner or owners, and officers or directors of any and all entities (including fictitious names and dba's) under which your company sent mailings from January 1998 to the present.

Answer: John Lawrence is the sole shareholder of record and the sole officer and director. However, Robert Groce has been retained as a consultant to run the day-to-day business operations of the company.

Corporation Name: Royal Sweepstakes, Inc.

Address: 3750 South Jones Boulevard
Las Vegas, NV 89103

Trading name: R.S.I.

Mail is received at: 405 Terry Town Road, Suite 611
White Plains, New York 10607-1313

Q.2. The date entries identified in item 1 were established and the date each entity began sending promotional mailings or conducting contests.

Answer: Royal Sweepstakes, Inc. was incorporated on June 10, 1998. It began its promotional mailings in or about August 1998.

Q.3. Copies of all filings required under any state law concerning contests, sweepstakes, prize promotions, awards or merchandise offerings.

Answer: The company does not believe it has mailed into any state which requires a filing.

Q.4. The approximate number of mailings sent in 1998 by each company identified in item 1.

Answer: The company sent a total of approximately 463,125 mailings in 1998 under the trading name referred to above.

Q.5. The number of individuals who responded to mailings identified in item 4 by sending money or making a purchase.

Answer: The company estimates approximately 33,626 individuals responded to the mailings by making a purchase.

Q.6. The number of individuals who responded to mailings identified in item 4 without sending money or making a purchase.

Answer: The company estimates that approximately 67,252 individuals responded to the mailings without making a purchase or otherwise sending money.

Q.7. Three sample copies of every mailing over 1,000 pieces sent in 1998 by all entities identified in item 1.

Answer: Three sample copies of all available mailings over 1,000 pieces sent in 1998 are enclosed herewith.

Q.8. For every sweepstakes or contest identified in item 4, a list of the prizes awarded and products offered.

Answer: The sweepstakes promotion has not concluded and the winners have not been selected.

Q.9. A description of how the names and addresses for mailings are obtained, and the source of any list obtained by the entities listed in item 1.

Answer: The company rents names from a list rental agency, Savoy List Management, Mack Center No. 6, P.O. Box 1765, Paramus, New Jersey 07652. The company rents all available names of persons who have responded to similar types of offers and who are 21 years of age or older.

Q.10. The name, address and phone number of a representative of your company whom the Subcommittee may contact to request additional information.

Answer: Undersigned counsel is available to assist the Subcommittee to the extent it requires any additional information.

Please let us know if you have any questions.

Sincerely,

SHELDON S. LUSTIGMAN

SSL/eb
Enclosure

cc: Royal Sweepstakes, Inc.

Senate Permanent Subcommittee
on Investigations

EXHIBIT # 37

UNITED STATES SENATE
PERMANENT SUBCOMMITTEE ON INVESTIGATION
COMMITTEE ON GOVERNMENTAL AFFAIRS

AFFIDAVIT OF ANDREA N. BURROW

I, Andrea N. Burrow, being duly sworn, do depose and say as follows.

1. I am the president and sole shareholder of the companies Cashorama, Inc. and Corporate Prize Headquarters, Inc., both located at 70-40 Paddington Way, Las Vegas, NV 89147.

2. The sole business conducted by Cashorama, Inc. and Corporate Prize Headquarters, Inc. is distribution of promotional mailings.

3. Until March 1999, I worked for Astral Research, Inc., d/b/a Astral Sciences International, which I understand to be owned by Kevin Kasday. Kevin Kasday assisted me in starting Cashorama, Inc.

4. Cashorama, Inc. uses the trade names Bureau of Unclaimed Cash and Prize Committee. Corporate Prize Headquarters, Inc. has not used any trade names

5. Cashorama, Inc. promotes a skill-based contest. It does not market coupon books. Corporate Prize Headquarters, Inc. markets a discount coupon book but has not conducted any "back-end" mailings.

6 Corporate Prize Headquarters, Inc. obtains the discount coupon books offered for sale in its mailings from Steppin' Out. These arrangement are made through Ms. Patty Kern.

7. Anthony Kasday, through his company Neopolitan Consulting, LLC, provides consulting services to both Cashorama, Inc. and Corporate Prize Headquarters, Inc. These services include, but are not limited to, providing copy for the promotional mailings. In consideration for these services, Neopolitan Consulting, LLC receives 35 percent of the net income of Cashorama, Inc., which in 1998 totaled $61,500 and in 1999 has totaled $11,500. Neither Mr. Kasday nor his company, Neopolitan Consulting, LLC, has received any monies from Corporate Prize Headquarters, Inc.

8. Kevin Kasday also provides consulting services to Cashorama, Inc. These services include, but are not limited to, recommending the law firm of Oshare and Associates as attorneys for the corporation and performing "caging services" through Direct Marketing Services, Inc. to both Cashorama, Inc. and Corporate Prize Headquarters, Inc. In consideration of these services, Kevin Kasday receives 50 percent of the net income for Cashorama, Inc., which in 1998 has totaled $95,000 and for 1999 to date has totaled $99,000. Mr. Kasday has not received any monies from Corporate Prize Headquarters, Inc

9. Mike Lucas also provides computer consulting services to both Cashorama, Inc. and Corporate Prize Headquarters, Inc. To date, neither Mr. Lucas nor entities under his direction have received any monies from either Cashorama, Inc. or Corporate Prize Headquarters, Inc.

10. In 1998, I or entities under my direction received $28,500 from Cashorama, Inc. and $25,628 in 1999. To date, I have not received any monies from Corporate Prize Headquarters, Inc.

11. I have met Robert Groce of North American Bureau of Assets, Inc. but have no business or other relationship with him.

ANDREA N. BURROW

Subscribed and sworn to before me on this 15th day of July, 1999.

Notary Public, State of Ohio
My Commission Expires _____

ROBIN A. GERHARDT, Notary Public
STATE OF OHIO
My Commission Expires Aug. 28, 1999

Senate Permanent Subcommittee
on Investigations

EXHIBIT # 38

UNITED STATES SENATE
PERMANENT SUBCOMMITTEE ON INVESTIGATION
COMMITTEE ON GOVERNMENTAL AFFAIRS

AFFIDAVIT OF ROBERT GROCE

I, Robert Groce, being duly sworn, do depose and say as follows:

1. I am a sole shareholder, officer and director of N.A.B.A., Inc., located at 5659 Boothill Avenue, Las Vegas, NV 89118. I bought this company from Steve Sion in 1998, after previously working for the company since the middle of 1997.

2. The sole business conducted by N.A.B.A., Inc. is the distribution of promotional mailings.

3. N.A.B.A., Inc. uses the trade names NABA; National Winners Claim Group; Cash Disbursement Center; NA Bureau of Assets; NABA, Inc.; NWCG; and N.A. Bureau of Assets, Inc.

4. Steve Sion has provided some consulting services for N.A.B.A., Inc. in order to protect the balance of the monies that he is owed as part of the sale to me. However, he has not been paid as a consultant. Mr. Sion has only received payments as part of the Sale of Business Agreement, and the payments have been a part of the buy-down of the principal. Mr. Sion has been paid $175,750 in 1998 on account of the principal purchase price as well as $78,000 in interest on account of a promissory note.

5. Anthony Kasday acts as a consultant for N.A.B.A., Inc. Payments have been made to Neopolitan Consulting, LLC. In 1998 these payments totaled $146,418, and in 1999 to date these payments have totaled $10,000. Mr. Kasday provides copy for the mailings and orders mailing lists.

6. John Lawrence is the sole shareholder of record and the sole officer of Royal Sweepstakes, Inc., located at 3750 South Jones Boulevard, Las Vegas, NV 89103. I have been retained as a consultant to run the day-to-day business operations of Royal Sweepstakes, Inc. In 1998, I, or entities under my control, received $6,300 from Royal Sweepstakes, Inc and in 1999 have received $60,900 to date.

7. Royal Sweepstakes, Inc. uses the trade name R.S.I.

8. Steve Sion acts as a consultant for Royal Sweepstakes, Inc. In 1998, he received $6,300 from Royal Sweepstakes, Inc. In 1999, Mr. Sion, or entities under his control, received $60,900 to date.

9. Anthony Kasday acts as a consultant for Royal Sweepstakes, Inc. In 1998, Anthony Kasday or Neopolitan Consulting, LLC received payments from Royal Sweepstakes, Inc. totaling $6,300. In 1999, these payments totaled $60,900 to date.

ROBERT GROCE

Subscribed and sworn to before me on this 15th day of July, 1999.

Notary Public, State of Nevada
My Commission Expires 8-28-99

PATTI ANN KERN
Notary Public - Nevada
My appt. exp. Aug. 29, 1999
No. 95-0352-1

Senate Permanent Subcommittee
on Investigations

EXHIBIT # 39

AFFIDAVIT OF RICHARD KAUFMAN

I, Richard Kaufman, being duly sworn, do depose and say as follows:

1. The staff of the United States Senate Permanent Subcommittee on Investigations ("Subcommittee") has requested that I voluntarily appear for a deposition regarding matters relating to an investigation it is conducting into the sweepstakes industry.

2. Upon the advice of my counsel, if I am subpoenaed and am required to appear, I will decline to testify as to any and all matters pertaining to the Subcommittee's investigation on the basis of my Fifth Amendment right not to incriminate myself.

Millenium Sales, Inc.
By: Richard Kaufman

Subscribed and sworn to before me on this 15th of July, 1999.

NOTARY PUBLIC
My Commission Expires _____

OFFICIAL NOTARY SEAL
HOLLY KOTT
NOTARY PUBLIC STATE OF FLORIDA
COMMISSION NO. CC557694
MY COMMISSION EXP. JUNE 1,2000

Senate Permanent Subcommittee
on Investigations

EXHIBIT # 40

UNITED STATES SENATE
PERMANENT SUBCOMMITTEE ON INVESTIGATION
COMMITTEE ON GOVERNMENTAL AFFAIRS

CASHORAMA, INC. and
CORPORATE PRIZE HEADQUARTERS, INC.
ANSWERS TO INTERROGATORIES

1. How much compensation did Anthony Kasday receive from Cashorama in the year 1997, 1998, and thus far in 1999?

ANSWER: No monies were paid to Anthony Kasday.

2. How much compensation did Anthony Kasday receive from Corporate Prize Headquarters, Inc., in the year 1997, 1998, and thus far in 1999?

ANSWER: No monies were paid to Anthony Kasday.

3. How much compensation did Neopolitan Consultants, Inc. receive from Cashorama in the year 1997, 1998, and thus far in 1999?

ANSWER: Neopolitan Consultants, LLC did not receive any monies in 1997. In 1998 it received $61,500. In 1999, it has received $11,500 to date.

4. How much compensation did Neopolitan Consultants, Inc. receive from Corporate Prize Headquarters, Inc., in the year 1997, 1998, and thus far in 1999?

ANSWER: Neopolitan Consultants, LLC has not received any monies from Corporate Prize Headquarters, Inc.

5. Identify those promotional mailings, attached hereto as exhibits 51 through 57, for which Anthony Kasday prepared the copy, approved the copy in advance of mailing, or mailed at his direction.

ANSWER: The copy for each of the promotional mailings were either prepared, approved or mailed at the suggestion of Anthony Kasday.

6. For those mailings that Anthony Kasday did not prepare the copy, approve the copy in advance of mailing, or mail at his direction, identify the name and address of the person who prepared or approved the copy.

ANSWER: Not applicable.

Dated: July 15, 1999

CASHORAMA, INC.

By: Andrea N. Burrow
Andrea N. Burrow, President

CORPORATE PRIZE HEADQUARTERS, INC.

By: Andrea N. Burrow
Andrea N. Burrow, President

STATE OF OHIO)
) ss.:
COUNTY OF Ohio)

On this 15th day of July, 1999, before me, a notary public of the State of Ohio, appeared Andrea N. Burrow as President of Cashorama, Inc. and Corporate Prize Headquarters, Inc., who affirmed that the answers to the foregoing interrogatories are true and correct to the best of her knowledge information and belief.

Robin A. Gerhardt
Notary Public, State of Ohio
My Commission Expires _____

ROBIN A. GERHARDT, Notary Public
STATE OF OHIO
My Commission Expires Aug. 28, 1999

Senate Permanent Subcommittee
on Investigations

EXHIBIT # 41

UNITED STATES SENATE
PERMANENT SUBCOMMITTEE ON INVESTIGATION
COMMITTEE ON GOVERNMENTAL AFFAIRS

**ENWOOD, PRESSMAN AND INGRAM, INC. and
MELLON ASTOR AND FAIRWEATHER, INC.
ANSWERS TO INTERROGATORIES**

1. How much compensation did Anthony Kasday receive from Enwood, Pressman and Ingram, Inc., in the year 1997, 1998, and thus far in 1999?

ANSWER: Anthony Kasday did not receive any compensation in 1997. In 1998 he received $50,000 and has not received any compensation in 1999.

2. How much compensation did Anthony Kasday receive from Mellon, Astor and Fairweather, Inc., in the year 1997, 1998, and thus far in 1999?

ANSWER: Anthony Kasday did not receive any compensation in 1997. In 1998 he received $5,000 and has not received any compensation in 1999.

3. How much compensation did Neopolitan Consultants, LLC. receive from Enwood, Pressman and Ingram, Inc. in the year 1997, 1998, and thus far in 1999?

ANSWER: Neopolitan Consultants, LLC did not receive any compensation in 1997. In 1998 it received $65,000. Sometime in mid 1998, Neopolitan Consultants LLC was changed to Neopolitan Consultants, Inc. In 1999 it has received $90,500 to date.

4. How much compensation did Neopolitan Consultants, Inc. receive from Mellon, Astor and Fairweather, Inc., in the year 1997, 1998, and thus far in 1999?

ANSWER: Neopolitan Consultants, LLC did not receive any compensation in 1997. In 1998 it received $115,000. In 1999 Neopolitan Consultants, Inc has received $351,400 to date.

5. Identify those promotional mailings, attached hereto as exhibits 1 through 30, for which Anthony Kasday prepared the copy, approved the copy in advance of mailing, or mailed at his direction.

ANSWER: A copy for each of the promotional mailings was either prepared, approved or mailed at the suggestion of Anthony Kasday.

6. For those mailings that Anthony Kasday did not prepare the copy, approve the copy in advance of mailing, or mail at his direction, identify the name and address of the person who prepared or approved the copy.

ANSWER: Not applicable.

Dated: July 15, 1999

ENWOOD, PRESSMAN AND INGRAM, INC.

By: Sheilah Williams
Sheilah Williams, Manager

MELLON ASTOR AND FAIRWEATHER, INC.

By: Sheilah Williams
Sheilah Williams, Manager

STATE OF NEVADA }
COUNTY OF Clark } ss.:

On this 15th day of July, 1999, before me, a notary public of the State of Nevada, appeared Sheilah Williams as Manager of Enwood, Pressman and Ingram, Inc. and Mellon Astor and Fairweather, Inc., who affirmed that the answers to the foregoing interrogatories are true and correct to the best of her knowledge information and belief.

Patti Ann Kern
Notary Public, State of Nevada
My Commission Expires 8-29-99

PATTI ANN KERN
Notary Public - Nevada
My appt. exp. Aug. 29, 1999
No. 96-03524

Senate Permanent Subcommittee
on Investigations

EXHIBIT # 42

UNITED STATES SENATE
PERMANENT SUBCOMMITTEE ON INVESTIGATION
COMMITTEE ON GOVERNMENTAL AFFAIRS

N.A.B.A., INC.
ANSWERS TO INTERROGATORIES

1. How much compensation did Anthony Kasday receive from N.A.B.A., Inc. in the year 1997, 1998, and thus far in 1999?

ANSWER: No monies were paid to Anthony Kasday.

2. How much compensation did Neopolitan Consultants, Inc. receive from N.A.B.A., Inc. in the year 1997, 1998, and thus far in 1999?

ANSWER: Neopolitan Consultants, L.L.C did not receive any monies in 1997. In 1998 it received $146,418. In 1999, it has received $10,000 to date.

3. Identify those promotional mailings, attached hereto as exhibits 39 through 50, for which Anthony Kasday prepared the copy, approved the copy in advance of mailing, or mailed at his direction.

ANSWER: The copy for each of the promotional mailings were either prepared, approved or mailed at the suggestion of Anthony Kasday.

4. For those mailings that Anthony Kasday did not prepare the copy, approve the copy in advance of mailing, or mail at his direction, identify the name and address of the person who prepared or approved the copy.

ANSWER: Not applicable.

Dated: July 15, 1999

N.A.B.A., Inc.

By: _____
Robert Groce, President

STATE OF NEVADA)
) ss.:
COUNTY OF _____)

On this 15th day of July, 1999, before me, a notary public of the State of Nevada, appeared Robert Groce as President of N.A.B.A., Inc., who affirmed that the answers to the foregoing interrogatories are true and correct to the best of his knowledge information and belief.

Patti Ann Kern
Notary Public, State of Nevada
My Commission Expires 8-29-99

PATTI ANN KERN
Notary Public - Nevada
My appt. exp. Aug. 29, 1999
No. 95-0352-1

Senate Permanent Subcommittee
on Investigations

EXHIBIT # 43

UNITED STATES SENATE
PERMANENT SUBCOMMITTEE ON INVESTIGATION
COMMITTEE ON GOVERNMENTAL AFFAIRS

ROYAL SWEEPSTAKES, INC.
ANSWERS TO INTERROGATORIES

1. How much compensation did Anthony Kasday receive from Royal Sweepstakes, Inc. in the year 1997, 1998, and thus far in 1999?

ANSWER: No monies were paid to Anthony Kasday.

2. How much compensation did Neopolitan Consultants, Inc. receive from Royal Sweepstakes, Inc., in the year 1997, 1998, and thus far in 1999?

ANSWER: Neopolitan Consultants, LLC did not receive any monies in 1997. In 1998 it received $6,300. In 1999, it has received $60,900 to date.

3. Identify those promotional mailings, attached hereto as exhibits 31 through 38, for which Anthony Kasday prepared the copy, approved the copy in advance of mailing, or mailed at his direction.

ANSWER: The copy for each of the promotional mailings were either prepared, approved or mailed at the suggestion of Anthony Kasday.

4. For those mailings that Anthony Kasday did not prepare the copy, approve the copy in advance of mailing, or mail at his direction, identify the name and address of the person who prepared or approved the copy.

ANSWER: Not applicable

Dated: July 15, 1999

ROYAL SWEEPSTAKES, INC.

By: John Lawrence
John Lawrence, President

STATE OF NEVADA }
} ss.:
COUNTY OF _____ }

On this 15th day of July, 1999, before me, a notary public of the State of Nevada, appeared John Lawrence as President of Royal Sweepstakes, Inc., who affirmed that the answers to the foregoing interrogatories are true and correct to the best of his knowledge information and belief.

Patti Ann Kern
Notary Public, State of Nevada
My Commission Expires 8-29-99

PATTI ANN KERN
Notary Public - Nevada
My appt. exp. Aug. 29, 1999
No. 95-0352-1

Senate Permanent Subcommittee on Investigations

EXHIBIT # 44

JOHN M. BURNS, III
ATTORNEY AND COUNSELOR AT LAW
P.O. BOX 4476, GRAND CENTRAL STATION
NEW YORK, NEW YORK 10163-4476
(212) 360-1990
FAX (212) 545-6078

July 16, 1999

VIA TELECOPIER

Hon. K. Lee Blalack, II
Chief Counsel & Staff Director
Permanent Subcommittee on Investigations
United States Senate
100 Russell Building
Washington, D.C. 20510

Re: July 20 hearing

Dear Mr. Blalack:

Enclosed are answers to interrogatories on behalf of Anthony Kasday and Neapolitan Consultants, Inc., both signed by Anthony Kasday. I will add a caption to the original interrogatories and a jurat and, as we discussed, Mr. Kasday can take oath in your offices on Tuesday morning.

Should you have any questions about the interrogatory answers, I will be generally available (except for errand time) over the weekend and up to mid-afternoon on Monday.

I assume that we can safely leave our luggage in your offices during the hearing. Please advise if this is not so. Our reservations away from Washington start in mid-afternoon on Tuesday.

I will telephone you shortly to confirm that we are to arrive in your offices in the Russell building at 830 a.m. and to inquire how I can obtain a copy of the transcript and any report which is issued. If possible, I would like to arrange for "real time" connection with the reporter who takes the hearing.

Accordingly, I will telephone you shortly.

Very truly yours,

John M. Burns

Interrogatories to Anthony Kasday

1 How much compensation did Anthony Kasday receive from Enwood, Pressman and Ingram, Inc., in the year 1997, 1998, and thus far in 1999?

RESPONSE: 1997: $-0-

1998: $ 52,500

1999: $ 2,600

2 How much compensation did Anthony Kasday receive from Mellon, Astor and Fairweather, Inc., in the year 1997, 1998, and thus far in 1999?

RESPONSE: 1997: $-0-

1998: $ 5,000

1999: $-0-

3 How much compensation did Anthony Kasday receive from North American Bureau of Assets, Inc., in the year 1997, 1998, and thus far in 1999?

RESPONSE: 1997: $ 321,010

1998: $ 10,000

1999: $-0-

4. How much compensation did Anthony Kasday receive from Royal Sweepstakes, Inc., in the year 1997, 1998, and thus far in 1999?

RESPONSE: 1997: $-0-

1998: $-0-

1999: $-0-

5 How much compensation did Anthony Kasday receive from Cashorama in the year 1997, 1998, and thus far in 1999?

RESPONSE: 1997: $-0-

1998: $-0-

1999: $-0-

6 How much compensation did Anthony Kasday receive from Corporate Prize Headquarters, Inc., in the year 1997, 1998, and thus far in 1999?

RESPONSE: 1997: $-0-

1998: $-0-

1999: $-0-

7 How much compensation did Anthony Kasday receive from Express Processing, Inc. in the year 1997, 1998, and thus far in 1999?

RESPONSE: 1997: $ 106,957

1998: $ 17,700

1999: $-0-

8 How much compensation did Anthony Kasday receive from Neopolitan Consultants, Inc., in the year 1997, 1998 and thus far in 1999?

RESPONSE: 1997: $-0-

1998: $ 92,100

1999: $ 17,000

9. How much compensation did Anthony Kasday receive in the year 1997, 1998, and thus far in 1999, from any other company sending promotional mailings?

RESPONSE: 1997: $-0-

1998: $-0-

1999: $-0-

10 Identify those promotional mailings, attached hereto as exhibits 1 through 58, for which Anthony Kasday prepared the copy, approved the copy in advance of mailing, or mailed at his direction.

RESPONSE: Anthony Kasday either prepared the copy for,

contributed to the copy for or approved in advance of mailing the copy for each of exhibits 1 through 57.

11. For those mailings that Anthony Kasday did not prepare the copy, approve the copy in advance of mailing, or mail at his direction, identify the name and address of the person who prepared or approved the copy.

RESPONSE: Not Applicable in view of answer 10.

12. Beginning in 1987, identify every company sending promotional mailings that Anthony Kasday owned, operated, advised, or consulted from which he received compensation.

RESPONSE: Winner's Award Center, Inc.

Fortune Marketing Group, Inc.

Horizon's, Inc.

Express Processing, Inc.

CMS, Inc.

Cashorama, Inc.

North American Bureau of Assets

Mellon, Astor and Fairweather, Inc.

13. For each of the above companies, identify the date the company was incorporated, the persons who served as officers and directors of the company and, if the company is no longer in business, the date the company ceased doing business.

RESPONSE: Upon information and belief:

Winner's Award Center, Inc., incorporated approximately 1985, discontinued operations approximately 1990. Sole officers: Anthony Kasday and Ross McClenahan.

Fortune Marketing Group, Inc., incorporated 1989, discontinued operations 1991. Sole Officer: Anthony Kasday.

Horizon's, Inc., incorporated 1990, discontinued

operations 1993. Sole officers: David Avrick and Anthony Kasday.

Express Processing, Inc., incorporated approximately 1996, discontinued operations 1998. Sole Officer: Anthony Kasday.

CMS, Inc., incorporated approximately 1997-98, discontinued operations approximately 1998. Sole officer: Patrick Morley.

Cashorama, Inc., incorporated 1996. Sole Officer: Andrea Burrow.

North American Bureau of Assets, incorporated 1997 Sole Officer: Robert Groce.

Mellon, Astor and Fairweather, Inc., incorporated 1998. Sole officer: Nicole Kasday.

Anthony Kasday

JOHN M. BURNS, III
ATTORNEY AND COUNSELOR AT LAW
P.O. BOX 4476, GRAND CENTRAL STATION
NEW YORK, NEW YORK 10163-4476
(212) 360-1990
FAX (212) 645-6078

July 16, 1999

VIA TELECOPIER

Hon. K. Lee Blalack, II
Chief Counsel & Staff Director
Permanent Subcommittee on Investigations
United States Senate
100 Russell Building
Washington, D.C. 20510

Re: July 20 hearing

Dear Mr. Blalack:

Confirming today's telephone conversation, Enwood, Pressman and Ingram, Inc. was omitted from interrogatory answers 12 and 13 through my inadvertence. Once I have confirmed the foregoing with Mr. Kasday, I will add Enwood to those answers. I believe it was organized in 1998 and that its sole officer is Nicole Kasday.

Enclosed is the first page of the answers on behalf of Neapolitan.

Very truly yours,

John M. Burns

Interrogatories to Neopolitan Consultants, Inc.

1. How much compensation did Neopolitan Consultants, Inc. receive from Enwood, Pressman and Ingram, Inc., in the year 1997, 1998, and thus far in 1999?

RESPONSE: 1997: $-0-

1998: $ 65,000

1999: $ 90,500

2. How much compensation did Neopolitan Consultants, Inc. receive from Mellon, Astor and Fairweather, Inc., in the year 1997, 1998, and thus far in 1999?

RESPONSE: 1997: $-0-

1998: $ 115,000

1999: $ 351,400

3. How much compensation did Neopolitan Consultants, Inc. receive from North American Bureau of Assets, Inc., in the year 1997, 1998, and thus far in 1999?

RESPONSE: 1997: $-0-

1998: $ 136,418

1999: $ 10,000

4. How much compensation did Neopolitan Consultants, Inc. receive from Royal Sweepstakes, Inc., in the year 1997, 1998, and thus far in 1999?

RESPONSE: 1997: $-0-

1998: $ 6,300

1999: $ 60,900

5. How much compensation did Neopolitan Consultants, Inc. receive from Cashorama in the year 1997, 1998, and thus far in 1999?

RESPONSE: 1997: $-0-

1998: $ 61,500

1999: $ 11,500

6. How much compensation did Neopolitan Consultants, Inc. receive from Corporate Prize Headquarters, Inc., in the year 1997, 1998, and thus far in 1999?

RESPONSE: 1997: $-0-

1998: $-0-

1999: $-0-

7. How much compensation did Neopolitan Consultants, Inc. receive in the year 1997, 1998, and thus far in 1999, from any other company sending promotional mailings?

RESPONSE: 1997: $-0-

1998: $ 50,000

1999: $ 2,500

Anthony Kasday, Pres.

Senate Permanent Subcommittee
on Investigations
EXHIBIT # 49

SFO:MAK
F.#
Informat.s

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

- - - - - - - - - - - - - - - - - X

UNITED STATES OF AMERICA

- against -

DAVID DOBIN and JEFFREY NOVIS,

Defendants.

- - - - - - - - - - - - - - - - - X

SUPERSEDING
INFORMATION

95 CR 0250 (TCP)
(T. 18, U.S.C. §§371,
2 and 3551 et seq.)

THE UNITED STATES ATTORNEY CHARGES:

INTRODUCTION

At all times relevant to this Information:

1. The defendants DAVID DOBIN and JEFFREY NOVIS were the owners and principals of Wellsworth Smythe Jewelers, Ltd., a business located at 1850 Landsdowne Avenue, Merrick, New York.

2. The defendants DAVID DOBIN and JEFFREY NOVIS were in the business of generating direct mail "sweepstakes" announcements to individuals whose names appeared on target lists they had purchased. From approximately May 1993 to September 1994, the defendants caused hundreds of thousands of such announcements to be mailed to individuals across the United States.

3. Announcements were mailed under the names of at least thirty different companies, including the following: Audit and Control Award Processing Station; Automated Transfer Systems; Award Notification Council; Awards Direct; Benson

Foundation USA; Cash Installment Services; Cash/Merchandise Selection Committee; Central Funds Delivery; Corporate Disbursement Division; Correspondence Division; Davidson, Jeffries & March; Department of Award Disbursements; Department of Cash Awards; DNH Confirmation Division; DNH Prize Claim Office; DNH Processing Department; D.O.C.A.; EDP Marketers of America -- Cash Disbursements Division; Fortunes Unlimited; Fulfillment Bureau International; Main Processing Unit; N.A.A.N.; National Award Processing Station of Northeast Region; National Scheduling Services; Prize Selection Committee; Rainbows Unlimited, USA; Select Awards Associates; Sweeps-Tech America; Wellsworth Smythe Jewelers, Ltd.; and WSJ Ltd. -- Prize Disbursement Division.

4. Each announcement was also signed by an individual with a title such as "Chairperson", "Chief of Corporate Records", "Treasurer", "Comptroller" or "Independent Auditor".

5. Each announcement was designed to lead the recipient to believe that he had won $12,000 and that to receive the money, he need only complete and return an enclosed form, purportedly to verify his identity. The announcement advised the "winner" that a unique identification number had been assigned to him that would also be used to verify his identity.

6. Each "winner" was also advised that if he enclosed a particular sum, ranging from $6.98 to $10.98, then he would receive additional "entitlements" purportedly worth thousands of dollars.

7. Some of the announcements advised "winners" that for an additional fee, typically $2.00, the "winner's" claim would be processed more quickly and the "winner" would therefore receive his money more quickly.

8. A typical announcement, which the defendants DAVID DOBIN and JEFFREY NOVIS caused to be mailed in the name of the "DNH Prize Claim Office -- Office of Cash Awards", read as follows:

> I hope you get this letter in time, otherwise the $12,000.00 cash prize we want to send you will have to be given to an alternate winner. We are waiting to hear from you.
>
> As a person who recently participated in one of our nationwide contests, it is my pleasure to tell you that you have been selected to receive our $12,000.00 cash giveaway!
>
> If you fill out and sign the prize delivery data sheet, and return the winning claim number to our office in the envelope we've provided, we will deliver a cash certified check to your front door via USPS overnight courier for $12,000.00!
>
> In addition, bonuses worth up to $1,500.00 have already been reserved for you.
>
> This is no joke. Everyday people who have winning claim numbers worth thousands of dollars don't respond and never get the money they had coming to them. Don't let that happen to you.
>
> [Signed], James L. Larsen, Treasurer.

9. The announcement described in paragraph eight above also included a "Prize Delivery Data Sheet", stating that: "If you do return the winning claim number in time, with $8.98 processing bonus, you will receive a certified check for $12,000.00, bonuses worth up to an additional $1,500.00, and a surprise <u>FREE</u> bonus gift that could mean even more cash in your pocket!."

10. The defendants DAVID DOBIN and JEFFREY NOVIS caused to be mailed a similar announcement purportedly from the "Office of Larry Clark, Prize Disbursement Division". After advising the "winner" of his good fortune, the announcement continued with a "Prize Winners Affidavit and Official Publicity Release", which stated in relevant part: "A $7.98 fee is required to receive your bonuses. For priority super-rush processing include $2 extra (total $9.98). Your check or money order should be made payable to: WSJ Ltd. Cash Giveaway".

11. The "winners" were all directed in the sweepstakes announcements to send their responses to one of Five Post Office Boxes that the defendants DAVID DOBIN and JEFFREY NOVIS either opened or caused to be opened in 1993 and 1994.

12. Between May 1993 and September 1994, more than 650,000 individuals not only responded to the various sweepstakes announcements, but enclosed additional money totalling more than $6,000,000, which the defendants DAVID DOBIN and JEFFREY NOVIS caused to be collected and deposited into various bank accounts they had opened.

COUNT ONE

13. Paragraphs one through twelve are hereby repeated, realleged and incorporated as though set forth in full herein.

14. In or about and between May 1993 and September 1994, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendants DAVID DOBIN and JEFFREY NOVIS, together with others, did knowingly and

wilfully combine, conspire, confederate and agree to commit an offense against the United States, in violation of Title 18, United States Code, Section 1341, by conspiring to use and cause the use of the United States Mails as part of a continuing scheme to defraud individual recipients of the defendants' sweepstakes announcements and to obtain money and property by means of false and fraudulent pretenses and representations.

15. It was a part of the conspiracy that the defendants DAVID DOBIN and JEFFREY NOVIS designed the various sweepstakes announcements to lead recipients to believe they had won $12,000, when in fact, the defendants did not intend to pay them anything. The purpose of leading the recipients to believe they had won $12,000 was to induce them to return the identity verification form with money for the "entitlements" the recipients had been told were reserved for them, as well as money to expedite the receipt of the $12,000.

16. It was a further part of the conspiracy that, in order to lend authenticity to the various announcements, the defendants DAVID DOBIN and JEFFREY NOVIS caused the announcements to be sent under the names of companies that were fictitious and under the signature of corporate officers whose names and titles were fictitious.

17. It was a further part of the conspiracy that despite generating sweepstakes announcements under more than thirty company names, the defendants DAVID DOBIN and JEFFREY NOVIS made an award of $12,000 only three times. Thus, in the

cases of most of the "companies" under whose names the defendants caused announcements to be mailed, no genuine winners were ever named and no money was ever awarded.

18. It was a further part of the conspiracy that "winners" who returned the expediting fee had their claims treated no differently than those who did not pay the additional money.

19. It was a further part of the conspiracy that the "entitlements" purportedly reserved for the "winners", which the "winners" would receive after providing a fee with the identification form, were in fact nothing more than pamphlets advertising discount prices on various goods and services, such as "our versions" of well-known perfume brands and other products. In order to achieve the full benefits of the "entitlements", a "winner" would have to spend thousands of dollars. It was the intent of the defendants DAVID DOBIN and JEFFREY NOVIS that the "winners" believe that the "entitlements" reserved for them would cost no more than the few dollars the "winners" enclosed to receive the "entitlements."

Senate Permanent Subcommittee
on Investigations

EXHIBIT #_____

PETER J. TOMAO, ESQ.
1325 FRANKLIN AVENUE
SUITE 375
GARDEN CITY, NY 11530

TELEPHONE: (516) 877-7015
FAX: (516) 248-8693
EMAIL: PTOMAO@JUSTICEMAIL.COM

July 19, 1999

VIA FAX 202 224-7042

Glynna Christian Parde
Chief Investigator and Senior Counsel
Permanent Subcommittee on Investigations
United States Senate
100 Russell Senate Office Building
Washington, D.C. 20510-6250

Re: Sweepstakes Investigation

Dear Ms Parde:

This letter responds to your request for additional information:

1. Date of Complaint: The Affidavit in Support of Search Warrant & Complaint was dated August 2, 1994 (Executed 8/_/94). However, this document did not charge Mr. Dobin, Mr. Novis or Wellsowrth Smythe Jewelers with any offense.

2. Date of Felony Information: March 31, 1995

3. Date of Plea, March 31, 1995

As you requested, I will bring a copy of the transcript of the plea proceedings with me to our meeting, which as we agreed, is scheduled this afternoon at 2 p.m. to prepare for his testimony which is scheduled for Tuesday morning at 9:30 a.m. For your information, we expect to leave Long Island at 11:00 am.

Very truly yours,

PETER J. TOMAO

Senate Permanent Subcommittee
on Investigations

EXHIBIT # 51

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

- - - - - - - - - - - - - - - X

UNITED STATES OF AMERICA, : CR 95 250

v. : U.S. Courthouse
Uniondale, New York

DAVID DOBIN and :
JEFFREY NOVIS,

:

Defendants. TRANSCRIPT OF PLEAS
March 31, 1995
- - - - - - - - - - - - - - - X 2:00 o'clock a.m.

BEFORE:

HONORABLE THOMAS C. PLATT, U.S.D.J.

APPEARANCES:

For the Government: ZACHARY W. CARTER
United States Attorney
225 Cadman Plaza East
Brooklyn, New York 11201
By: MARK KIRSCH, ESQ.
Assistant U.S. Attorney

For the Defendants: RAYMOND JERMYN, ESQ.
For Defendant Dobin.

FRANCIS X. CASALE, JR., ESQ.
For Defendant Novis.

Court Reporter: HARRY RAPAPORT, C.S.R.
United States District Courthouse
Two Uniondale Avenue
Uniondale, New York 11553
(516) 485-6558

Proceedings recorded by mechanical stenography, transcript produced by Computer-Assisted Transcription

1 THE CLERK: Criminal cause for plea, David Dobin
2 and Jeffrey Novis.
3 MR. KIRSCH: Mark Kirsch for the government.
4 MR. JERMYN: Raymond Jermyn, J E R M Y N, for
5 Dobin.
6 MR. CASALE: For Novis, Francis X. Casale, Jr.,
7 534 Broad Hollow Road, suite 301, Melville, New York.
8 THE COURT: Is it a felony which is charged?
9 MR. CASALE: Yes, your Honor.
10 THE COURT: And you are going to have to waive
11 indictment, because this is an information.
12 MR. JERMYN: Yes, your Honor.
13 MR. CASALE: Yes, your Honor. We are prepared to
14 do that.
15 THE COURT: Have you talked to your clients about
16 this?
17 MR. CASALE: Yes, your Honor, at length.
18 THE COURT: The understand?
19 MR. CASALE: Yes.
20 THE COURT: Messrs. Dobin and Novis, you don't
21 have to answer any questions of this Court. You may
22 remain silent throughout these proceedings. If you start
23 to say something you may stop at any time during this
24 proceeding or some subsequent proceeding. You are both
25 entitled to counsel of your own choice. If you can't

1 THE CLERK: Criminal cause for plea, David Dobin
2 and Jeffrey Novis.
3 MR. KIRSCH: Mark Kirsch for the government.
4 MR. JERMYN: Raymond Jermyn, J E R M Y N, for
5 Dobin.
6 MR. CASALE: For Novis, Francis X. Casale, Jr.,
7 534 Broad Hollow Road, suite 301, Melville, New York.
8 THE COURT: Is it a felony which is charged?
9 MR. CASALE: Yes, your Honor.
10 THE COURT: And you are going to have to waive
11 indictment, because this is an information.
12 MR. JERMYN: Yes, your Honor.
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14 do that.
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16 this?
17 MR. CASALE: Yes, your Honor, at length.
18 THE COURT: The understand?
19 MR. CASALE: Yes.
20 THE COURT: Messrs. Dobin and Novis, you don't
21 have to answer any questions of this Court. You may
22 remain silent throughout these proceedings. If you start
23 to say something you may stop at any time during this
24 proceeding or some subsequent proceeding. You are both
25 entitled to counsel of your own choice. If you can't

1 afford counsel the Court will appoint counsel at no cost
2 to you. Do you both understand your rights?
3 Mr. Dobin?
4 THE DEFENDANT DOBIN: Yes.
5 THE COURT: Mr. Novis?
6 THE DEFENDANT NOVIS: Yes.
7 THE COURT: All right.
8 Mr. Dobin, how old are you?
9 THE DEFENDANT DOBIN: 42, sir.
10 THE COURT: Mr. Novis, how old are you?
11 THE DEFENDANT NOVIS: 52.
12 THE COURT: And your full name is Jeffrey?
13 THE DEFENDANT NOVIS: Yes.
14 THE COURT: Mr. Dobin?
15 THE DEFENDANT DOBIN: Yes.
16 THE COURT: What kind of education do you have.
17 THE DEFENDANT DOBIN: Graduate of C W Post
18 College.
19 THE COURT: Mr. Novis?
20 THE DEFENDANT NOVIS: Two yours of college in the
21 University of Florida.
22 THE COURT: Either of you currently under the
23 care of a physician or psychiatrist?
24 THE DEFENDANT DOBIN: No.
25 THE DEFENDANT NOVIS: No.

1 THE COURT: Either of you under any medication,
2 narcotics of any kind?
3 THE DEFENDANT DOBIN: No.
4 THE DEFENDANT NOVIS: No.
5 THE COURT: You both have attorneys of your own
6 choice?
7 THE DEFENDANT DOBIN: Yes.
8 THE DEFENDANT NOVIS: Yes.
9 THE COURT: And have you both been furnished with
10 a copy of the superseding information?
11 THE DEFENDANT DOBIN: Yes.
12 THE DEFENDANT NOVIS: Yes.
13 THE COURT: Have you both read it?
14 THE DEFENDANT DOBIN: Yes.
15 THE DEFENDANT NOVIS: Yes.
16 THE COURT: You both understand it?
17 THE DEFENDANT DOBIN: Yes.
18 THE DEFENDANT NOVIS: Yes.
19 THE COURT: And you both discussed it fully with
20 your respective attorneys?
21 THE DEFENDANT DOBIN: Yes.
22 THE DEFENDANT NOVIS: Yes.
23 THE COURT: You understand that basically, you
24 are you charged with a crime of conspiracy to use and
25 cause the use of the U.S. Mails as part of a continuous

1 scheme to defraud individual recipients of money and
2 property by means of false and fraudulent pretenses and
3 representations?
4 THE DEFENDANT DOBIN: Yes.
5 THE DEFENDANT NOVIS: Yes.
6 THE COURT: This is a felony charge, you
7 understand that?
8 THE DEFENDANT DOBIN: Yes.
9 THE DEFENDANT NOVIS: Yes.
10 THE COURT: You understand that you have a
11 constitutional right to be charged by an indictment
12 returned by a grand jury, but you can waive that right and
13 consent to being charged by an information signed and
14 filed by the U.S. Attorney?
15 THE DEFENDANT DOBIN: Yes, I understand stand.
16 THE DEFENDANT NOVIS: Yes.
17 THE COURT: Instead of the indictment the felony
18 charge is brought against you by the U.S. Attorney by
19 simply signing and filing an information against you; you
20 understand that?
21 THE DEFENDANT DOBIN: Yes.
22 THE DEFENDANT NOVIS: Yes.
23 THE COURT: Unless you waive indictment you may
24 not be charged with a felony unless a grand jury has found
25 on the return of an indictment that there is probable

1 cause to believe that this crime has been committed and
2 that you committed it.
3 THE DEFENDANT DOBIN: Yes.
4 THE DEFENDANT NOVIS: Yes.
5 THE COURT: You understand if you do not waive
6 indictment, the government may present the case to a grand
7 jury and request it to indict you?
8 THE DEFENDANT DOBIN: Yes.
9 THE DEFENDANT NOVIS: Yes.
10 THE COURT: You understand that the grand jury is
11 composed of at least 16 and not more than 12 -- 23
12 persons, and at least 12 grand jurors must find probable
13 cause to believe that you committed the crime with which
14 you are being charged before you may be indicted?
15 THE DEFENDANT DOBIN: Yes.
16 THE DEFENDANT NOVIS: Yes, sir.
17 THE COURT: You understand the grand jury might
18 or might not indict you for this or any other case
19 similarly presented to them?
20 THE DEFENDANT DOBIN: Yes.
21 THE DEFENDANT NOVIS: Yes.
22 THE COURT: Understand if you waive indictment by
23 the grand jury, the case will proceed against you on the
24 information just as if you had been indicted?
25 THE DEFENDANT DOBIN: Yes.

1 THE DEFENDANT NOVIS: Yes.
2 THE COURT: Mr. Dobin and Mr. Novis, have you
3 both discussed this matter of waiving your right to
4 indictment by grand jury with your attorney?
5 THE DEFENDANT DOBIN: Yes.
6 THE DEFENDANT NOVIS: Yes, sir.
7 THE COURT: You both understand you have the
8 right to indictment by grand jury?
9 THE DEFENDANT DOBIN: Yes.
10 THE DEFENDANT NOVIS: Yes.
11 THE COURT: Have any threats or promises been
12 made as a result of your plea -- is there a plea agreement
13 here?
14 MR. KIRSCH: Yes, your Honor, there are written
15 plea agreements.
16 THE COURT: Let's mark them.
17 MR. KIRSCH: I have marked them as Government
18 Exhibit 1 and 2, Judge.
19 THE COURT: Mr. Dobin, your agreement is marked
20 as Exhibit 1.
21 Is that your signature on the last page?
22 THE DEFENDANT DOBIN: Yes, sir.
23 THE COURT: Prior to signing it, did you read
24 it?
25 THE DEFENDANT DOBIN: Yes, sir.

1 THE COURT: Did you understand it?
2 THE DEFENDANT DOBIN: Yes, your Honor.
3 THE COURT: Did you discuss it fully with your
4 attorney?
5 THE DEFENDANT DOBIN: Yes, I did.
6 THE COURT: Apart from what is contained in this
7 agreement, are there any promises or threats made to
8 induce to you waive indictment?
9 THE DEFENDANT DOBIN: No, your Honor.
10 THE COURT: Mr. Novis, your agreement is marked
11 number two.
12 Is that your signature on the last page?
13 THE DEFENDANT NOVIS: Yes, your Honor.
14 THE COURT: Prior to signing it, did you read
15 it?
16 THE DEFENDANT NOVIS: Yes, your Honor.
17 THE COURT: Did you understand it?
18 THE DEFENDANT NOVIS: Yes.
19 THE COURT: Did you discuss it fully with your
20 attorney?
21 THE DEFENDANT NOVIS: Yes.
22 THE COURT: Apart from what is contained in this
23 agreement, any threats or promises been made to induce you
24 to plead guilty to the indictment?
25 THE DEFENDANT NOVIS: No, sir,.

1 THE COURT: Mr. Dobin, do you wish to waive your
2 right to indictment by grand jury?
3 THE DEFENDANT DOBIN: Yes, I do.
4 THE COURT: Counsel, any reason he shouldn't?
5 MR. JERMYN: No.
6 THE COURT: Mr. Novis, do you wish to waive your
7 right to indictment?
8 THE DEFENDANT NOVIS: Yes.
9 THE COURT: Any reason you shouldn't?
10 THE DEFENDANT NOVIS: No.
11 MR. CASALE: No.
12 THE COURT: Do you waive indictment, Mr. Dobin?
13 THE DEFENDANT DOBIN: Yes, sir.
14 THE COURT: Mr. Novis?
15 THE DEFENDANT NOVIS: Yes.
16 THE COURT: You may each sign the waiver in open
17 court and I will make the finding that the waivers are
18 voluntarily made and I will accept it.
19 Do they wish to have the indictment read
20 outloud?
21 MR. JERMYN: We waive the public reading.
22 MR. CASALE: Likewise.
23 THE COURT: How does he wish to plead?
24 MR. JERMYN: He wishes to plead guilty to the one
25 count in the information to mail fraud.

1 MR. KIRSCH: Your Honor, this is the initial
2 appearance for both defendants, and neither defendant has
3 entered a plea of any kind prior today.
4 MR. JERMYN: That's correct.
5 THE COURT: He wishes to plead guilty to the
6 first count? Is there more than one count?
7 MR. KIRSCH: No, Judge.
8 THE COURT: And what about Mr. Novis?
9 MR. CASALE: Mr. Novis makes a similar
10 application. He initially enters a plea to the
11 information, and previously withdraws -- withdraws the
12 previously entered plea and enters a plea of guilty to the
13 information, your Honor.
14 THE COURT: Gentlemen, you heard what your lawyer
15 has to say.
16 Again, you don't have to answer my questions, but
17 I have to ask you certain questions to determine that what
18 they say is true, and that you are entering pleas of
19 guilty with knowledge of the consequences and you are
20 doing it voluntarily and that you understand fully the
21 crime with which you are being charged.
22 As I say, you don't have answer my questions.
23 You both understand that before accepting a plea
24 of guilty, I must advise you as to your constitutional
25 rights, the nature of the charge against you and the

1 THE DEFENDANT NOVIS: Yes.
2 THE COURT: You understand you have a right to
3 plead not guilty to the superseding information, in which
4 event the government would be required to prove your guilt
5 beyond a reasonable doubt?
6 THE DEFENDANT DOBIN: Yes.
7 THE DEFENDANT NOVIS: Yes.
8 THE COURT: If the government failed to prove
9 your guilt beyond a reasonable doubt, the jury would have
10 to say that you are not guilty.
11 THE DEFENDANT DOBIN: Yes.
12 THE DEFENDANT NOVIS: Yes.
13 THE COURT: You understand then that I have to
14 ask you questions about the offense to which you offer to
15 plead guilty, and if you give me false answers, the
16 answers can be used against you in a prosecution of making
17 a false statement to the Court?
18 THE DEFENDANT DOBIN: Yes, your Honor.
19 THE DEFENDANT NOVIS: Yes, your Honor.
20 THE COURT: If I put you under oath and you give
21 me false answers, the answers could be used against you in
22 a prosecution for perjury?
23 THE DEFENDANT DOBIN: Yes.
24 THE DEFENDANT NOVIS: Yes, your Honor.
25 THE COURT: If your pleas of guilty are accepted

1 there will be no trials, and you would be waiving the
2 right to a trial and all the foregoing constitutional
3 rights.
4 THE DEFENDANT DOBIN: Yes.
5 THE DEFENDANT NOVIS: Yes.
6 THE COURT: Now, under the litany prescribed by
7 the Second Circuit, I must read the superseding
8 information allowed, which in view of the answers given
9 me, it is probably superfluous, but I am obliged to do so
10 under their view of the thing from on high. So, if you
11 get a copy in front of you and read along with me it would
12 be easier.
13 THE COURT: It begins at all times relevant to
14 this information, the defendants David Dobin and Jeffrey
15 Novis were the owners and principals of Wellsworth Smythe
16 Jewelers Ltd., a business located at 1850 Landsdowne
17 Avenue, Merrick, New York.
18 The defendants David Dobin and Jeffrey Novis were
19 in the business of generating direct mail sweepstakes
20 announcements to individuals whose names appeared on
21 target lists they had purchased. From approximately May
22 1993 to September 1994, the defendants caused hundreds of
23 thousands of such announcements to be mailed to
24 individuals across the United States.
25 Announcements were mailed under the names of at

1 least 30 different companies, including the following:
2 Audit and Control Award Processing Station, Automated
3 Transfer Systems, Award Notification Council, Awards
4 Direct, Benson Foundation USA, Cash Installment Services,
5 Cash Merchandise Selection Committee, Central Funds
6 Delivery, Corporate Disbursement Division, Correspondence
7 Division, Davidson Jeffries and March, Department of Award
8 Disbursements, Department of Cash Awards, DNH Price Claim
9 Office; DNH Processing Department, D O C A, E D P
10 Marketers of America, Cash Disbursements Division,
11 Fortunes Unlimited, Fulfillment Bureau International, Main
12 Processing Unit, NAAN, National Award Processing Station
13 of Northeast Region, National Scheduling Services, Price
14 Selection Committee, Rainbows Unlimited, U.S.A., Select
15 Awards Associates; Sweeps Tech America, Unlimited U.S.A.,
16 Select Awards Associates, Sweeps Tech America, Wellsworth
17 Smythe Jewelers Limited, and WSJ Limited, Prize
18 Disbursement Division.
19 Four. Each announcement was also signed by an
20 individual with a title such as chairperson, chief of
21 corporate records, treasurer, comptroller or independent
22 auditor.
23 Five. Each announcement was designed to lead the
24 recipient to believe that he had won $12,000 and that to
25 receive the money, he need only complete and return an

1 enclosed form, purportedly to verify his identity. The
2 announcement advised the winner that a unique
3 identification number had been assigned to him that would
4 also be used to verify his identity.
5 Six. Each winner was also advised that if he
6 enclosed a particular sum, ranging from $6.98 to $10.98,
7 then he would receive additional entitlements purportedly
8 worth thousands of dollars.
9 Seven. Some of the announcements advised winners
10 that for an additional fee, typically $2.00, the winner's
11 claim would be processed more quickly and the winner would
12 therefore receive his money more quickly.
13 A typical announcement, which the defendants
14 David Dobin and Jeffrey novice caused to be mailed in the
15 name of the DNH price claim office, office have cash
16 awards, read as follows:
17 I hope you get this letter in time, otherwise the
18 $12,000 cash price we want to send you will have to be
19 given to an alternate winner. We are waiting to hear from
20 you.
21 As a person who recently participated in one of
22 our nationwide contests, it is my pleasure to tell you
23 that you have been selected to receive our $12,000 cash
24 give away;
25 If you fill out and sign the prize delivery data

1 sheet, and return the winning claim number to our office
2 in the envelope we've provided, we will deliver a cash
3 certified check to your front door via USPS overnight
4 courier for $12,000.
5 In addition, bonuses worth up to $1,500 have
6 already been reserved for you.
7 This is no joke. Everyday people who have
8 winning claim numbers worth thousands of dollars don't
9 respond and never get the money they had coming to them.
10 Don't let that happen to you.
11 Signed, James L. Larsen, treasurer.
12 The announcement described in paragraph eight
13 above also included a prize delivery data sheet, stating
14 that: If you do return the winning claim number in time,
15 with $8.98 processing bonus, you will receive a certified
16 check for $12,000, bonuses worth up to an additional
17 $1,500, and a surprise free bonus gift that could mean
18 even ore cash in your pocket.
19 Ten. The defendants David Dobin and Jeffrey
20 Novis caused to be mailed a similar announcement
21 purportedly from the Office of Larry Clark, prize
22 disbursement division. After advising the winner of his
23 good fortune, the announcement continued with a prize
24 winners affidavit and official publicity release, which
25 stated in relevant part: A $7.98 fee is required to

1 receive you bonuses. For priority super-rush processing
2 include $2.00 extra, total $9.98. Your check or money
3 order should be made payable to: WSJ Ltd. Cash Giveaway
4 The winners were all directed in the sweepstakes
5 announcements to send their responses to one of the five
6 post office boxes and the defendants David Dobin and
7 Jeffrey Novis either opened or caused to be opened in 1993
8 and 1994.
9 Between May 1993 and September 1994, more than
10 650,000 individuals not only responded to the various
11 sweepstakes announcements, but enclosed additional money
12 totaling more than six million bucks, which the defendants
13 David Dobin and Jeffrey Novis caused to be collected and
14 deposited into various bank accounts they had opened.
15 Then it goes back and realleges all those
16 paragraphs. And it says again: In or about and between
17 May 1993, and September 1994, both dates being approximate
18 and inclusive, within the Eastern District of New York and
19 elsewhere, the defendants David Dobin and Jeffrey Novis,
20 together with others, did knowingly and willfully combine,
21 conspire, confederate and agree to commit an offense
22 against the United States, in violation of Title 18,
23 United States Code, Section 1341, by conspiring to use and
24 cause the use of the United States mails as part of a
25 continuing scheme to defraud individual recipients of the

1 defendants' sweepstakes announcements and to obtain money
2 and property by moons of false and fraudulent pretenses
3 and representations.
4 It was a part of the conspiracy that the
5 defendants David Dobin and Jeffrey Novis designed the
6 various sweepstakes announcements to lead recipients to
7 believe they had won $12,000, when in fact, the defendants
8 did not intend to pay them anything. The purpose of
9 leading the recipients to believe they had won $12,000 was
10 to induce them to return the identity verification form
11 with money for the entitlements the recipients had been
12 told were reserved for them, as well as many to expedite
13 the receipt of the $12,000.
14 16. It was a further part of the conspiracy
15 that, in order to lend authenticity to the various
16 announcements, the defendants David Dobin and Jeffrey
17 Novis caused the announcements to be sent under the names
18 of companies that were fictitious and under the signature
19 of corporate officers whose names and titles were
20 fictitious.
21 It was a further part of the conspiracy that
22 despite generating sweepstakes announcements under more
23 than thirty company names, the defendants David Dobin and
24 Jeffrey Novis made an award of $12,000 only three times.
25 Thus, in the cases of most of the companies under whose

1 names the defendants caused announcements to be mailed, no
2 genuine winners were ever named and no money was ever
3 awarded.
4 It was a further part of the conspiracy that
5 winners who returned the expediting fee had their claims
6 treated no differently than those who did not pay the
7 additional money.
8 It was a further part of the conspiracy that the
9 entitlements purportedly reserved for the winners, which
10 the winners would receive after providing a fee with the
11 identification form, were in fact nothing more than
12 pamphlets advertising discount prices on various goods and
13 services, such as our versions of well known perfume
14 brands and other products. In order to achieve the full
15 benefits of the entitlements, a winner, would have to
16 spend thousands of dollars. It was the intent of the
17 defendants David Dobin and Jeffrey Novis that the winners
18 believe that the entitlements reserved for them would cost
19 no more than the few dollars the winners enclosed to
20 receive the entitlements.
21 It was a further part of the conspiracy that when
22 a winner returned the identification form with money, the
23 defendants David Dobin and Jeffrey Novis caused to be
24 mailed to that person further announcements declaring that
25 the person had won again, with the intent that that person

1 return yet more money. In fact, many winners paid
2 multiple times.
3 In furtherance of the conspiracy and to
4 accomplish its objects the defendants David Dobin and
5 Jeffrey Novis caused to be committed, with in the Eastern
6 District of New York, the following overt act.
7 On or about December 1993, the defendants David
8 Dobin and Jeffrey Novis caused to be mailed sweepstakes
9 announcements under the name and return address DNH
10 Confirmation Division, Box 368, Bellmore, New York, 11710.
11 Mr. Dobin, do understand what you are charged
12 with doing?
13 THE DEFENDANT DOBIN: Yes.
14 THE COURT: Mr. Novis, did you?
15 THE DEFENDANT NOVIS: Yes.
16 THE COURT: Mr. Dobin, did you do that? Did you
17 enter into a conspiracy to do that?
18 THE DEFENDANT DOBIN: Yes, I did, your Honor.
19 THE COURT: Mr. Novis, did you enter into a
20 conspiracy to do that?
21 THE DEFENDANT NOVIS: Yes, your Honor.
22 THE COURT: And Mr. Dobin, did you at the time
23 you entered the conspiracy do so knowingly?
24 THE DEFENDANT DOBIN: Yes, I did, sir.
25 THE COURT: Intentionally?

1 THE DEFENDANT DOBIN: During the period covered
2 in the information I was engaged in the direct mail
3 sweepstakes business. I conspired with others during that
4 period of time to obtain funds by means of false
5 representations in the solicitations mail from our office
6 in Merrick. One such mailing or such mailings were in
7 December of 1993, and is covered in the information.
8 THE COURT: Anyone force to you do that?
9 THE DEFENDANT DOBIN: No, sir.
10 THE COURT: And you willfully participated in
11 that?
12 THE DEFENDANT DOBIN: Yes, sir.
13 THE COURT: What about you, Mr. Novis?
14 THE DEFENDANT NOVIS: Yes. During the period
15 covered in the information I was also engaged in the
16 direct mail sweepstake business, and conspired with others
17 during that period of time to obtain funds by means of fault
18 representations, solicitation mail from our office in Merrick.
19 On one such mailing that occurred in December of 1993.
20 THE COURT: No one forced you to do that?
21 THE DEFENDANT NOVIS: No, sir.
22 THE COURT: You participated in the conspiracy
23 knowingly and willfully?
24 THE DEFENDANT NOVIS: Yes.
25 THE COURT: All right.

1 Gentlemen, apart from what is contained in the
2 plea agreements that we have heretofore discussed, any
3 promises of any kind, including any promises or
4 suggestions been made to you by your lawyer, by this
5 Court, or anyone connected with the government, or anyone
6 else to induce a plea of guilty from you?
7 THE DEFENDANT DOBIN: No.
8 THE DEFENDANT NOVIS: No, your Honor.
9 THE COURT: Have you been threatened in any way
10 into pleading guilty?
11 THE DEFENDANT DOBIN: No, sir.
12 THE DEFENDANT NOVIS: No.
13 THE COURT: According to the plea agreements
14 which you signed, which according to the government, the
15 maximum term of imprisonment for this offense is five years.
16 THE DEFENDANT DOBIN: Yes.
17 THE DEFENDANT NOVIS: Yes.
18 THE COURT: And there is a maximum supervised
19 release term of three years to follow any term of
20 imprisonment, which means that the condition of release
21 after you are released from prison is violated, you may be
22 sentenced up to two years without credit for pre-release
23 imprisonment or the period you served on supervised
24 release; you understand that?
25 THE DEFENDANT DOBIN: Yes.

1 THE DEFENDANT NOVIS: Yes.
2 THE COURT: In addition, I can find each of you
3 up to $250,000 a piece.
4 THE DEFENDANT DOBIN: Yes.
5 THE DEFENDANT NOVIS: Yes, sir.
6 THE COURT: I can order restitution.
7 THE DEFENDANT DOBIN: Yes.
8 THE DEFENDANT NOVIS: Yes.
9 THE COURT: And I must order a $50 mandatory
10 special assessment.
11 THE DEFENDANT DOBIN: Yes.
12 THE DEFENDANT NOVIS: Yes.
13 THE COURT: You understand that these offenses
14 are covered by what we call the guidelines?
15 THE DEFENDANT DOBIN: Yes.
16 THE DEFENDANT NOVIS: Yes.
17 THE COURT: And did you discuss the guidelines
18 that you may think are applicable and your attorneys may
19 think are applicable in your respective cases?
20 THE DEFENDANT DOBIN: Yes.
21 THE DEFENDANT NOVIS: Yes.
22 THE COURT: You understand in the normal course
23 of events, the probation department computes -- has the
24 first crack at computing the applicable guidelines?
25 THE DEFENDANT DOBIN: Yes.

1 guideline, you both have a right to appeal.
2 THE DEFENDANT DOBIN: Yes.
3 THE DEFENDANT NOVIS: Yes.
4 THE COURT: Have either of your lawyers made any
5 prediction to express any opinion as to the sentence which
6 will be imposed by the Court?
7 THE DEFENDANT DOBIN: No.
8 THE DEFENDANT NOVIS: No.
9 THE COURT: You understand that you will have the
10 assistance of your lawyers at the time sentence is imposed?
11 THE DEFENDANT DOBIN: Yes.
12 THE DEFENDANT NOVIS: Yes.
13 THE COURT: Having been advised of your
14 constitutional rights and the nature of the charges
15 against you and the consequences of the plea of guilty,
16 how do you plead to the charge contained in the conspiracy
17 count, guilty or not guilty?
18 THE DEFENDANT DOBIN: Guilty, sir.
19 THE COURT: Mr. Novis, having been advised of
20 your constitutional rights and the nature of the plea, how
21 do you plead?
22 THE DEFENDANT NOVIS: Guilty, your Honor.
23 THE COURT: The Court finds in each case there is
24 a factual basis for the plea and accepts a plea of guilty
25 to the count in the information.

1 Do either of you have any questions of either
2 myself or your lawyers?
3 THE DEFENDANT DOBIN: No.
4 THE DEFENDANT NOVIS: No, your Honor.
5 THE COURT: You are both satisfied with the
6 advice that your lawyers have given you?
7 THE DEFENDANT DOBIN: Yes.
8 THE DEFENDANT NOVIS: Yes.
9 THE COURT: And you have no questions?
10 THE DEFENDANT DOBIN: No.
11 THE DEFENDANT NOVIS: No, your Honor.
12 THE COURT: I will accept the plea.
13 Now, the next order of business, you will be
14 interviewed by a representative of the probation
15 department. With that interview he or she will prepare
16 what is known as a pre-sentence report which is broken
17 down into to parts. The first is the description of the
18 events. The second is the calculation of the guidelines
19 that we have discussed -- I am sorry, it is okay as to the
20 first part.
21 The second part of the probation report is a
22 check of your background; and you tell them anything,
23 good, bad or different. And I rely heavily on pit. To
24 the extent that your attorneys permit you to do so I would
25 urge you to cooperate in anyway possible with the

1 probation officer, because the better informed, the better
2 things go or you.
3 It takes about six or eight weeks or more,
4 depending on what the government wants you to do for them.
5 They have not been arraigned before?
6 MR. KIRSCH: Yes, your Honor.
7 THE COURT: What is the government's position
8 with respect to bail?
9 MR. KIRSCH: The government's position is they be
10 released on their own recognizance, and travel be
11 restricted to the continental United States.
12 MR. CASALE: No objection to that.
13 THE COURT: You want their passports?
14 MR. KIRSCH: It would be satisfactory to the
15 government if the lawyers held the passports, Judge.
16 THE COURT: Give your passports to your
17 attorneys.
18 Do not go outside the continental United States
19 without permission of the Court, which you have to make
20 application for through your attorneys.
21 MR. JERMYN: Fine, your Honor.
22 MR. CASALE: That's fine.
23 THE COURT: Thank you.
24
25 (End of proceedings.)

Senate Permanent Subcommittee
on Investigations

EXHIBIT # 52

MEMORANDUM

TO: PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
MEMBERSHIP LIAISONS

FROM: K. LEE BLALACK, Chief Counsel & Staff Director
GLYNNA CHRISTIAN PARDE, Chief Investigator & Senior Counsel
EMMETT MATTES, Postal Service Detailee
Permanent Subcommittee on Investigations

RE: BACKGROUND FOR DECEPTIVE MAILINGS HEARING,
SWEEPSTAKES GO UNDERGROUND
July 20, 1999, 9:30 a.m., Room 342 Dirksen

DATE: July 15, 1999

I. PSI's Investigation

Following the March hearings of the Permanent Subcommittee on Investigations ("PSI") into the sweepstakes promotions of the four largest companies, Senator Collins authorized an investigation into the marketing practices of the smaller, less prominent sweepstakes and skill contest operators. After those hearings, PSI received more than one thousand letters, many containing examples of sweepstakes, skill contests, or other mailings, that the recipients believed were deceptive. From those examples, PSI developed a list of promotions that warranted further investigation and sent letters to fifty companies requesting information about their identity, mailings, and contests.

Of the fifty companies, 39 provided some form of response to the questions.[1] Two companies indicated that they would provide the information only upon receipt of a subpoena. Six companies did not respond at all, and the letters were returned for the remaining three companies. After reviewing these responses and obtaining information regarding some of these companies from the Office of Special Investigations ("OSI") of the General Accounting Office ("GAO"), PSI narrowed its investigative focus to a handful of companies.

PSI then interviewed or deposed several individuals involved with the targeted companies. At least one individual contacted by PSI, Richard Kaufman, President of Millennium Sales, Inc., refused to testify at a deposition upon advice of counsel, asserting his Fifth Amendment right against

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[1] During the course of its investigation, PSI learned that, in many instances, companies sponsor only one contest but use multiple trade names for promotional mailings sent as part of the same contest. As a result, less than fifty separate companies actually received PSI's request.

self-incrimination. Additionally, counsel for Anthony Kasday, President of Neopolitan Consulting, Inc. ("Neopolitan"), refused to allow his client to answer certain questions on the basis of the Fifth Amendment.

The information provided by the responding companies indicates that, in the aggregate, they sent approximately 100,000,000 promotional mailings in 1998. We have attached a chart reflecting the information for 1998 provided by these companies. For each company, the chart shows the total number of mailings, the entries or responses that included a purchase, the non-purchase responses, and the percentage of total responses that included a purchase. Although these companies are smaller than the major sweepstakes companies, their combined mailings generate significant volume.

II. Hearing Structure, and Themes

The hearing will highlight the deceptive practices of smaller sweepstakes companies, especially some of the novel ways that they evade detection and prosecution. The hearing will demonstrate that the practices of the smaller operators create enforcement problems for regulatory agencies, like the USPIS, and emphasize the need for additional enforcement tools such as those contained in S. 335, The Deceptive Mail Prevention and Enforcement Act.

The first panel will consist of Glynna Parde, PSI's Chief Investigator and Senior Counsel, David Dobin, President of Lone Star Promotions, Inc. ("Lone Star"), and Anthony Kasday, a consultant to at least five different sweepstakes companies. Glynna will lay out the results of PSI's investigation into this segment of the industry and, in doing so, provide the foundation for subsequent questioning of Mr. Kasday and Mr. Dobin.

Mr. Dobin, who entered a guilty plea to a federal conspiracy charge as a result of prior sweepstakes promotions, will describe the operations of his current sweepstakes company, Lone Star.[2] He also will tell from an insider's perspective how the sweepstakes industry operates. Mr. Kasday will also be able to shed light on the industry and its practices, particularly the novel ways in which an operator can engage in deceptive practices with very limited exposure to possible enforcement actions.

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[2] In connection with his guilty plea, Mr. Dobin entered into an agreement with the United States Attorney for the Eastern District of New York under which he agreed to cooperate fully with the government in hopes of reducing his sentence. The prosecutor in the case suggested that, as part of this agreement, Mr. Dobin cooperate with PSI. As a result, Mr. Dobin voluntarily agreed to an interview, a deposition and to serve as a witness for this hearing.

Under the cooperation agreement, Mr. Dobin may not discuss his cooperation, including what was said in any proffer sessions. Notwithstanding this limitation, the United States Attorney permitted Mr. Dobin to discuss information relating to the sweepstakes industry, including the information he disclosed in proffer sessions and the fact that he has entered a plea to one felony count pursuant to a cooperation agreement and is awaiting sentencing. Mr. Dobin, however, may not disclose information he learned as a result of the proffer sessions and/or from his cooperation. For example, Mr. Dobin may have cooperated with the government in connection with the telemarketing scam of his customers discussed below but would be unable to discuss that cooperation or what he may have learned.

The second panel will consist of Kenneth J. Hunter, the Chief Postal Inspector of the USPIS, and Robert G. DeMuro, an Inspector Attorney for the USPIS. Their testimony will provide an overview of the problems facing regulatory agencies combating deceptive mailings. They also will discuss recent cases involving deceptive mailings, including government look-alike mailings, and support the need for better enforcement tools such as those in S. 335.

The key themes of the hearing will be as follows:

1) There is a largely unknown and unnoticed segment of the promotional mailing industry that does a very lucrative business with sweepstakes and skill contests that involved, at least, 100 million mailings last year.

2) Most of these sweepstakes and skill contests are sponsored by small operators who engage in marketing tactics that are much more deceptive than those of the larger, more prominent sweepstakes companies and, in some cases, are outright frauds.

3) These operators often pursue this lucrative business without detection and with little fear of prosecution because they craftily obscure their identities so that neither the public nor the regulators can easily identify and pursue them.

4) The USPIS requires additional enforcement authority to meet the challenge presented by these hidden operators and, S. 335 gives the USPIS the tools it needs to fight these deceptive mailings.

III. Key Findings for Hearing

In support of the hearing themes set forth above, PSI will establish the following key findings:

- Some sweepstakes companies use multiple trade names and mailings to promote only one sweepstakes or skill contest.

- Some sweepstakes companies use multiple mailboxes to make it more difficult for state and federal authorities to determine who is sending deceptive mailings and to bring effective enforcement actions against such companies.

- Some sweepstakes operators direct the companies that send deceptive mailings, not as an employee, officer or director, but as a "consultant," to avoid enforcement actions by state and federal authorities.

- Some sweepstakes companies send multiple mailings for the same contest, but under different trade names, to individuals who respond to an initial promotional mailing.

- Most of these small sweepstakes companies will rent the names and addresses of individuals responding to their promotional mailings to other sweepstakes companies who then use the lists to solicit their promotions.

- Smaller sweepstakes companies generally send mailings that are more deceptive and misleading than those of the larger sweepstakes.

- Some of the smaller sweepstakes companies have failed to provide rush processing and failed to award a prize.

IV. Practices of Sweepstakes Companies

PSI's investigation of these smaller companies uncovered marketing practices that are, to say the least, deceiving. We also found that these small companies promote their products much more aggressively than the four largest sweepstakes companies. We outline below some of the key discoveries of our investigation.

A. Multiple Trade Names

PSI's investigation unveiled a pattern of deception that often begins with the use of a different trade name (e.g., dba) for each promotional mailing. For example, Lone Star offers three sweepstakes contests but utilizes forty different trade names – a different trade name for each promotional mailing. Likewise, Enwood, Pressman and Ingram, Inc. ("EPI") promotes its single product – a coupon book - through a single contest but uses seven different trade names to do so. As a result, an individual may receive several promotional mailings that appear to be from different companies but, in actuality, all of them relate to the same contest.[3]

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[3] In explaining why multiple trade names may be used for a single sweepstakes contest, EPI's Anthony Kasday indicated in a telephone interview with PSI investigators that "[y]ou can send a mailing to someone, and for whatever reason they may not be interested in responding, either weren't feeling well that day or the cat died or whatever. Now, if they receive another mailing a month later, maybe or maybe not they'll respond to that one, and it's probably better if it's something that they haven't seen before and say, oh, I got this already. Maybe this time they'll read it." Interview of Anthony Kasday, June 18, 1999, at 66 (emphasis added) (hereinafter "Kasday Interview").

Unlike the major sweepstakes companies, these promotions do not have and are not seeking name recognition or brand loyalty.[4] These companies claim to use a different trade name for each promotional mailing for marketing purposes. One individual interviewed by PSI analogized the use of trade names to a car manufacturer, such as Chevrolet, giving each of its car models a different name, like Nova and Caprice.[5] The analogy is inapposite, however, because unlike a car manufacturer, which has a different name for each model, these sweepstakes companies often offer only one contest under multiple trade names. It would be the equivalent of selling the same car as both a Nova and a Caprice.

B. Multiple Mailboxes

Not only will these smaller companies use multiple trade names for each contest, but they also open multiple mailboxes at post offices or commercial mail receiving agencies ("CMRA"), such as Mail Boxes Etc. Many companies actually maintain mailboxes in multiple states and have the mail forwarded by an overnight courier service to their base of operations. Sheilah Williams, the office manager for EPI and Mellon, Astor and Fairweather, Inc. ("MAF"), testified in a deposition that EPI uses five different mail boxes located in New York and Pennsylvania for one sweepstakes and three skill contests that are promoted through seven and four trade names, respectively. She said MAF uses three different mail boxes in Illinois and New York for one sweepstakes and one skill contest that is promoted through two trade names. The mail from each of these locations is then forwarded to their office in Las Vegas, Nevada where it is processed.

Mrs. Williams said she did not know why EPI and MAF used multiple mail boxes in different locations, but she assumed that it was to make sorting responses to various promotions easier for office staff. This reason seems implausible, however, since there are not enough mail boxes to be reserved for each separate promotional mailing. Thus, multiple promotions are being sent to the same mailbox. Although the use of separate mailboxes may prevent one post office or CMRA from being overwhelmed with responses, we believe that there are two principal reasons for opening multiple mail boxes.

First, it allows the operator to give the multiple trade names different addresses and, thus, can support the deception that the mail piece is not a promotional solicitation. For example, one mailing from MAF identifies MAF as a "Trustee" with an address in Lake Forrest, Illinois.[6] Under questioning, Sheilah Williams conceded that the address is a Mail Boxes, Etc. that she opened to

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[4] The clever names utilized by these companies often are deceiving themselves. For example, a mailing may appear to come from a group that is trying to locate someone who has already won a prize or is the rightful owner of a cash award. For example, some of these small companies use trade names such as Unidentified Claimant Section, Public Winner Releasing Committee, Cash Release Office, and the Cash Claim and Disbursement Center.

[5] Id. at 65.

[6] A copy of this mailing is attached.

receive mail for MAF.[7] The use of an Illinois, rather than Las Vegas, address may be part of the deception that the mail piece is from a law firm. Additionally, a different address also would make it difficult for the recipient to correlate this mailing with others sent by MAF.

Second, current law – which S. 335 would change – only allows the USPIS to seek a temporary restraining order against a mailing from a specific mail box. Thus, the USPIS and the Attorney General of Illinois might be able to bring an enforcement action to stop the promotion mentioned above, but it would not prevent MAF from promoting the same sweepstakes and selling the same prize under another trade name that receives its mail in New York. In short, if state or federal authorities close one mailbox, the sweepstakes company can continue its sweepstakes promotion under a different trade name at another location.

This problem is illustrated by the USPIS case involving Borden Barrows. The USPIS will testify that Mr. Barrows has operated several different promotions, including "Cash Claim Service," and has been the subject of numerous investigations by USPIS, many of which culminated in cease and desist orders or consent agreements. The Cash Claim Service promotion involved the remittance of $9.97 for $775 being held by the U.S. Government.[8] After action by the USPIS, Mr. Barrows simply opens a new mailbox in a different state. The USPIS must then initiate a new action against Mr. Barrows in that location. The multi-jurisdictional restraining order contained in S. 335 would prevent Mr. Barrows from simply moving his operations to another state.

C. Repeated Solicitations

PSI discovered that if an individual responds to an initial mailing, known as a "front-end" mailing, sweepstakes companies will send additional mailings, known as "back-end" mailings, to the same individual. In his deposition, David Dobin testified that, if an individual responds to a front-end mailing by making a purchase, Lone Star sends four to five back-end mailings to the individual. If the individual also responds to one of the back-end mailings, Lone Star sends an additional four to five back-end mailings. If the individual responds to the second back-end mailing, Lone Star sends the individual a personalized "house mailing." The front-end mailing, each of the back-end mailings, and the house mailing all offer the same product – a discount coupon book, but for varying fees. Lone Star sends all of these mailings to the same individual within a six-week period.[9]

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[7] Deposition of Sheilah Williams, July 7, 1999 at 123 (hereinafter "Williams Dep").

[8] This is the same promotion that PSI received earlier from an individual in Maine.

[9] Deposition of David R. Dobin, June 28, 1999, at 70 (hereinafter "Dobin Dep"). Anthony Kasday told PSI investigators that his companies, EPI and MAF, also inundate consumers with mailings if they respond to an initial mailing by purchasing their product, which is also a coupon book. Kasday Interview at 76, 88. Mr. Kasday said that, if a person responds to his mailings with a purchase, he will send them multiple follow-up mailings for the same sweepstakes but under different trade names, such as Lombard and Lanfield or Clark and Lewison. Mr. Kasday estimated that he would solicit the same individual four or five times over a period of "[a] few weeks" and would offer

In addition to sending multiple promotional mailings under different trade names for one contest and sending front-end and back-end mailings, PSI learned that the names of individuals responding to one of these promotional mailings are then rented to other sweepstakes companies, beginning the cycle again. These names include those that previously responded to a promotional mailing by making a purchase. Mr. Dobin testified that, in renting a mailing list, "[t]he only thing we were concerned about is whether they had previously responded to a sweepstakes before.... We would buy from other sweepstakes direct mailers of people who already played the game."[10]

Mr. Dobin also informed PSI that he sells the return coupons that individuals send him containing their name, address, and telephone number. Sometimes these coupons also state whether they have a credit card, and may contain a number used to determine whether they are the prize winner. According to Mr. Dobin, sweepstakes companies not only rent the names through list brokers, but Lone Star sells these return coupons to telemarketing firms. In one instance, Mr. Dobin discovered that his "customers" were being called by an unknown third party who informed them that they had won the grand prize – when they had not – but had to make an upfront payment of money to collect the prize.[11]

Therefore, PSI's investigation shows that many of these small operators predicate their entire marketing strategy upon locating a particularly susceptible consumer whom they can repeatedly solicit for multiple purchases of the same product, or some minor variant of the product. The sweepstakes operators undoubtedly will respond that they are merely giving customers who like their products the opportunity to buy again, to develop strong customer loyalty. Given that these mailings are usually from different trade names and are mailed from different locations, it seems unlikely that these repeated solicitations are legitimate efforts to build customer loyalty to a brand name. Instead, "back-end" mailings and the rental of mailing lists appear to be an effort to locate the sucker and milk him or her for all their worth.

D. Use of Front Companies

These small sweepstakes operators clearly want to remain underground and anonymous. They want to be below the radar of the USPIS and other state and federal authorities. For instance, Mr. Kasday, who admittedly has been in the sweepstakes and skill contest business for thirty years, is not a shareholder, officer, director or employee of a company that sends sweepstakes mailings. Yet, Mr. Kasday currently receives 25% of the profits of EPI and the "lion's share" of the profits of MAF. Though Mr. Kasday failed to mention it during his interview with PSI investigators, his office manager testified that, at Mr. Kasday's direction, she pays his consulting firm, Neopolitan, a weekly sum ranging from $1,000 to $10,000. Mr. Kasday also directs Williams to send checks from MAF

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them the same coupon book each time, or some variant of the coupon book. Id. at 84, 88.

[10] Dobin Dep at 24.

[11] Id. at 57-59.

to Neopolitan every two to three weeks ranging from $1,000 to $10,000.[12] Mrs. Williams also testified that Mr. Kasday receives, through Neopolitan, monies for consulting services that he provides to at least three other sweepstakes companies.[13]

Moreover, Mr. Kasday incorporated EPI and MAF in the name of his niece, Nicole Kasday, a college student. Although Nicole Kasday is the sole shareholder and officer, she has no involvement in the operations of these companies and is not apprised of their activities.[14] Instead, Mr. Kasday directs and supervises the operations of both companies and also performs functions such as writing the copy for promotional mailings and selecting mail lists. Ms. Williams testified that Mr. Kasday is her boss.[15] By characterizing his relationship with these companies as "consulting services," Mr. Kasday receives a lucrative income from the sweepstakes business but avoids potential enforcement actions by state and federal authorities that would be directed toward the officers and owners of the companies.

E. Deceptive Mailings

These smaller companies send promotional mailings that illustrate the scamier side of the sweepstakes industry. For example, one promotional mailing entitled, "Quickbucks 'Cash Exchange' Sweepstakes," includes a faux $1,000 bill.[16] The promotional mailing states that, if the serial number contained in the faux bill matches one of the four serial numbers contained in the mailing, the faux bill is exchangeable for "real cash." The mailing also indicates in a "P.P.S." that the recipient would receive "crispy real $100 bills." The "Cash Declarative" on the reverse side of the mailing indicates, however, that most recipients will receive only the minimum payout of $1.00. Mr. Kasday, who operates the company that sent this mailing, advised PSI that, although not every mailing contained a faux bill with a serial number that matched a number in the mailing, ninety percent or more of the mailings had a matching serial number (i.e., most recipients would receive $1.00).

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[12] Williams Dep at 88. Mr. Kasday is sole officer, director, and employee of Neopolitan.

[13] Id. at 59-61, 87-88. Ms. Williams also testified that, at Mr. Kasday's direction, she sends him – in his personal capacity – weekly $100.00 checks from EPI. Id. at 65. Mrs. Williams could not explain the purpose of this payment.

[14] Kasday Interview at 25. According to corporate filings, Nicole Kasday and Sheilah Williams are the two directors of EPI and Sheilah Williams is the sole director of MAF.

[15] Williams Dep. at 32.

[16] A copy of this mailing is attached. Smokey Everett, a detailee from the U.S. Secret Service ("USSS"), believes that the faux $1,000 bill may violate 18 U.S.C. § 504, which specifies certain requirements for copies of any obligation or security of the United States and directs the Secretary of Treasury to prescribe regulations to permit color illustrations of such currency of the United States. 18 U.S.C. § 504 (1976 & Supp. 1999). The copy of the faux $1,000 bill which is attached has been altered to comply with these requirements and is not the same color or size as the actual bill contained in the original mailing.

Two mailings by MAF are particularly deceptive. The first mailing, which is attached, refers to MAF as a "Trustee" and then advises the individual recipient as follows:

> Dear Vernon Tucker,
>
> I have been instructed by my client to locate a certain Vernon Tucker, whose last known address was 1200 Oak St. If you are this person, our client has authorized us to release your portion of the disbursement fund.
>
> Our Client has requested anonymity, as he wants to remain an anonymous benefactor.
>
> Prior to releasing the Vernon Tucker share of the disbursement fund, my firm must receive your legal signature to document our files.
>
> Our client has spent a good portion of his life giving away hundreds of thousands of dollars - now he has chosen your name.
>
> Upon internal verification of your legal identity, our client has authorized Mellon, Astor & Fairweather to disburse your portion of the client fund to Vernon Tucker at 1200 Oak St. A $10 purchase fee is required for elective of over $3,000.00 cash savings voucher folio.
>
> Please sign the bottom portion of this document and return in the envelope provided.
>
> Mellon, Astor, & Fairweather is required to wait 7 days for your response. Failure to respond may result in your ownership claim reverting back to the firm. Please do not allow this to happen - respond promptly.
>
> Sincerely yours,
>
> Chief Disbursement Officer.

Ms. Williams testified that she did not know that MAF was a "trustee" and did not know that MAF had any clients, much less any clients who want to "remain an anonymous benefactor" and "has spent a good portion of his life giving away" money.[17]

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[17] Williams Dep at 119.

A second MAF mailing again identifies MAF as the "Trustee of Record" and includes a seal purporting to be that of "J. Remington Astor, Prize Registrar."[18] The mailing then states as follows:

> By the power vested in me by Mellon, Astor and Fairweather, I have been duly authorized to release and ship a 1999 Ford Escort with options as selected or cash to [*Name of individual*] at Las Vegas, NV, when a match of pre-selected winning numbers with a personal I.D. numbers is made. I hereby certify that the following is true and correct.
>
> I am holding negotiable funds in the amount of $10,000.00 ready to send. I am authorized to ship a 1999 Ford Escort loaded with elected options in lieu of the $10,000.00 Prize.
>
> [*Name of individual*], you are a Guaranteed Winner of either Cash or the car.
>
> [*Name of individual*], the funds are on deposit at a federally insured facility awaiting your shipping authorization. Please complete the authorization form enclosed and return by 06/24/99. Your cash or car award is fully guaranteed pursuant to the official rules on reverse. No purchase necessary.

The mailing then adds, "[i]n addition. There is a $3,500 cash savings folio being held in your name. A mandatory claim fee of $10 is required for release."

Unlike major sweepstakes companies whose purpose is to sell magazines and mostly reputable products, these mailings offer items such as discount coupon books or costume jewelry. The descriptions of the coupon books vary from solicitation to solicitation but usually do not indicate clearly that the product is in fact a coupon book. For example, the books may be described as an "Optional Commodities Package," a "Winners Pak," an "Elective Entitlement," a "Redemption Packet," "Elective Option Bonus," "Deluxe Bonus Elective," and an "Optional Consumer Entitlement." These coupon books claim a retail value of up to $3,500, but offer only discounts on vacations, cruises, rental cars, film, etc. Therefore, to realize the total savings advertised in each booklet, the consumer must spend thousands of dollars. Mr. Kasday told PSI investigators that EPI and MAF paid approximately $0.22 to $0.25 per coupon booklet. Yet, to receive these inexpensive coupon booklets, recipients of his sweepstakes promotions must remit a $10.00 "mandatory activation fee."[19]

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[18] This mailing has been attached.

[19] Kasday Interview at 78, 94.

In addition to not knowing that the product is a discount coupon book, many consumers may believe that, to enter the sweepstakes, they must remit the fee. Instead of clearly indicating that the recipient is to enclose a fee to purchase the coupon book, the mailing directs the recipient to include a "processing fee," a "release fee," a "fee for processing, procurement and shipping," or a "mandatory activation fee." These fees range from $9.99 to $22.00. Many of these mailings do not include a box where the recipient can affirmatively indicate acceptance of the coupon book. One promotional mailing actually pre-marks the box indicating acceptance.

F. Fraudulent Activity

PSI discovered that, although some sweepstakes companies may offer "rush processing" in their promotional mailings, "rush processing" does not mean that the recipient will receive a prize earlier but only that the sweepstakes company will expedite sending its product, usually the discount coupon book. Moreover, the sweepstakes company may not even expedite the processing of the discount coupon book. Mr. Dobin testified that his previous sweepstakes company, Wellsworth Smythe Jewelers ("WSJ"), would separately batch responses with a fee for rush processing but quite often those individuals did not receive the coupon book any earlier than individuals who did not pay the fee.[20]

PSI also discovered that one sweepstakes company may not have actually awarded a prize. The USPIS will testify about its pending case against Eagle Promotions, Inc. ("Eagle"). The USPIS and the U.S. Attorney for the District of New Jersey allege that Eagle sent sweepstakes mailings under at least thirteen different trade names, and did not award a prize in its contest.

EM/GP/KLB
Attachments
M:\PSI\Deceptive Mailings\Bkgrd Material- July 20 Fraud Hrg\Bkground-liason-July Hrg.wpd

[20] The U.S. Attorney's Office alleged that failure to provide rush processing was part of a conspiracy between Mr. Dobin and his partner, Jeff Novis, to commit mail fraud. Although Mr. Dobin plead guilty to conspiracy and admits that WSJ did not necessarily provide rush processing, he denies other allegations by the U.S. Attorney's Office.

Company	Mailings	Purchase	Non Purchase	Purchase %	List Br.*
Allied Marketing Group Inc. Sweep Clearing House	335,000	26,000	31,000	7.76%	NS
Belmo Sales Payment Claims Center Golden Bridge Sweepstakes	5,728,751	308,313	734,850	5.38%	NS
Cashorama Cash Distribution Notification Bureau of Unclaimed Cash	1,005,698	62,721	57,060	6.24%	LS
Corporate Prize Headquarters, Inc.	68,823	1,936	2,252	2.80%	CA
CVP CVP	52,121,449	1,745,624	3,281,210	3.35%	CDM
Enwood. Pressman & Ingram, Inc. National Board of Directors Express Courier Service Philip T. Grossman Comptroller Operations Western Wire Mailgram Lombard & Lanfield Sweepstakes Administrators Association- EPI Provisional Advance Notification Center Unidentified Claimant Section Cash Release Office Department of Disbursement Clarke & Lewison	4,618,509	241,729	258,000	5.23%	WK
Leisure International	833,924	82,000	147,182	9.83%	
Mellon, Astor & Fairweather, Inc. Award Assessment Committee	335,785	19,335	38,670	5.76%	WK
Lone Star Financial Reward Group AMI	5,364,943	289,423	410,116	5.39%	Savoy
****Millenium Sales, Inc.** US National Processing Center Board of Inquiry Southeast Equity Limited Independent Award Administration National Sweepstakes Administration Consumer Funding Bureau	5,713,411	320,539	N/A	5.61%	

Company	Mailings	Purchase	Non Purchase	Purchase %	List Br.*
NABA NABA, Inc. N.A. Bureau of Assets NWCG National Winners Claim Group International Funding Distribution Center Cash Disbursement Division	9,618,122	501,828	300,000	5.22%	WK
Nik-kol Co. Inc. Cash Disbursement Office Award Payment Services	4,100,000	175,480	434,447	4.21%	Savoy
Nordic Island National Disbursement Center	1,000,000	20,491	46,983	2.05%	SLTD CU
**** North American Awards Center** North American Awards Center Opportunities	8,196,159	610,985		7.45%	
Royal Sweeps Inc. Royal Sweepstakes RSI	463,125	33,626	67,252	7.26%	Savoy
Westport Enterprises SCS	3,558,281	129,395	380,351	3.64%	WK
Totals:	**103061980**	**4569425**	**6189373**	**4.43%**	

* ListBrokers
NS- Not supplied
CDM-Catalyst Direct Marketing
WK- Walter Karl
CA- Cashorama
SLTD-Specialists LTD
CU-Choices Unlimited
LS- List Services

** Incomplete

n.b. not all dbas are included in this chart, especially in the case of Belmo Sales, which has 20 dbas, and Lonestar, which has 40.

REVOCATION NOTICE

Trustee: Mellon, Astor & Fairweather*
736 N. Western Avenue, Suite 620
Lake Forest, IL 60045-1894

File # Z2552737089 P04290
Date : 1/29/99
No Purchase required
RE: Client Fund Disbursements

Respondent:

301-70 ALL FOR AADC 786
[redacted]
1200 Oak St
Burnet, TX 78611-1310

- ☑ **Approved for Elective Eligibility**
- ☑ **Funds held for disbursement**
- ☑ **Affidavit Required**

Summary:

Urgent...Urgent... Urgent...Urgent...

Dear [redacted]

I have been instructed by my client to locate a certain [redacted], whose last known address was 1200 Oak St. If you are this person, our client has authorized us to release your portion of the disbursement fund.

Our client has requested anonymity, as he wants to remain an anonymous benefactor.

Prior to releasing the [redacted] share of the disbursement fund, my firm must receive your legal signature to document our files.

Our client has spent a good portion of his life giving away hundreds of thousands of dollars - now he's chosen your name.

Upon internal verification of your legal identity, our client has authorized Mellon, Astor & Fairweather to disburse your portion of the client fund to [redacted] at 1200 Oak St. A $10 purchase fee is required for elective of over $3,000.00 cash savings voucher folio.

Please sign the bottom portion of this document and return in the envelope provided.

Mellon, Astor & Fairweather is required to wait 7 days for your response. Failure to respond may result in your ownership claim reverting back to the firm. Please do not allow this to happen - respond promptly.

Sincerely yours,

Chief Disbursement Officer

Enclosures
PTR/alm
*Not a law firm

DETACH AND RETURN BELOW

OFFICIAL AFFIDAVIT

DETACH AND RETURN BELOW

Approvals:

[redacted]
1200 Oak St
Burnet, TX 78611-1310

File # Z2552737089 P04290

☐ **I am responding within 7 days**

I, _____, do hereby authorize Mellon, Astor & Fairweather to release my portion of client fund to my address as it appears below. I have electively included $10.00 + $2 S&H ($12.00 total) to obtain priority processing and over $3,000.00 cash savings voucher folio.

I swear under penalty of revocation that I am the Vernon Tucker of Burnet, TX. A legal sample of my signature appears below.

Legal Signature: _____ Date: ___/___/___

Send cash, check or money order payable to: MAF (Mellon, Astor, & Fairweather) and mail in return envelope.

SWEEPSTAKES RULES AND INFORMATION

Immediate family members or relatives of sponsor or their employees not eligible to enter. No purchase required. Must be 18 years of age or older to participate. Only one major prize redemption per person or resident household. Illegible, improper or incomplete responses and/or entries may be disqualified.

All winners predetermined prior to mail notification by a matching of individual ID numbers with winning numbers preselected at random by an independent judge. This is a multiple program with separate entities. First part is a national sweepstakes with grand prize of ten thousand dollars, odds 1/286,500; second prize one thousand dollars odds 1/286,500; third prize five hundred dollars odds 1/286,500; fourth prize one hundred dollars odds 1/286,500; fifth prize fifty dollars odds 1/286,500. Prize money already won consists of shares from the prize pool which will be no less than one dollar. Taxes on winnings are sole responsibility of winners. Unclaimed prizes of fifty dollars or more will be awarded to next new randomly selected ID number from total universe of participants until claimed.

At least one of every listed cash award will be released. Deadline for claiming cash prizes is either nine days from recipients receipt of notification or sixty days from date of this notification. this sweepstakes begins August 5, 1998 and ends June 30, 2000. Postmark determines date of responders reply. All major prizes verified and paid by July 30, 2000. Sponsor not responsible for lost, stolen or misdirected mail. Void in ND, AK, AR, NV, IA, VT, MN, WY, WI, KS, MO, AZ, IN, NC, WA, OR, OK, RI, NM, WV, ID, PQ or where otherwise prohibited. Different graphic presentations and promotional names may be utilized by sponsor during the course of this sweepstakes.

Complete list of winners available at conclusion of judging by sending a S.A.S.E. #10 (large) to: Winners List, MAF, 736 N. Western Avenue, Suite 620, Lake Forest, IL 60045-1894. Complete sweepstakes subject to these rules and all judges decisions must be final. Second part is an elective, fee-based for profit offering, designed to increase consumer awareness of national retail food, merchandise and entertainment services from national incentive guarantors, and consisting of a discount voucher program with a value of at least three thousand dollars when fully redeemed. Sweepstakes entry is without charge and non-contingent on other elective offers. When entering sweepstakes in combination with elective offering, use the enclosed reply envelope. When entering sweepstakes only, print your full name and address on a 3x5 index card with the words "cash claim entry" printed in lower left hand corner of card, then place the card in a business size #10 envelope addressed to: Sweepstakes entry, 940 holt road, suite 215, Webster, NY 14580-9101. Do not use enclosed envelope for sweeps only entries as this will disqualify your entry and cash claim. Satisfaction 100% guaranteed.

ONE THOUSAND DOLLARS

1,000 THE UNITED STATES OF AMERICA 1,000

Quick Bucks

1214 W. BOSTON POST RD.
SUITE 112
MAMARONECK, NY 10543

[redacted]

QUICKBUCKS
"CASH EXCHANGE"
SWEEPSTAKES

HERE IS A WINNING $1,000.00 QUICKBUCKS
BILL FOR TODD HOOVER

Make a match and ... **YOU ARE A GUARANTEED WINNER!!!**

If the serial number on this faux $1,000.00 bill matches ANY of the serial numbers below, it is exchangeable for **REAL CASH!** (use the envelope provided)

D50523144A B793811154A C107890710 L35836992F

I wanted to send you this swappable faux THOUSAND DOLLAR BILL right now, because if your serial number matches one of the numbers above, YOU HAVE WON ONE OF OUR VARYING AMOUNT REAL CASH PRIZES! Believe it!! As I write these words, I'm looking at the ten crisp one hundred dollar bills sitting in my desk right now. I'M KEEPING THEM IN MY LOCKED DESK SO I CAN SEND THEM BY COURIER MAIL TO THE WINNER!! I get a big kick out of hearing from delighted winners, AND I'D LOVE TO SAY "HI" TO YOU AS A WINNER!

My name is [redacted]ickerson, and I'm the President of QUICKBUCKS WINNERS SWEEPSTAKES. **YOU are a guaranteed winner!** You may be someone who has never won before, but THIS TIME, YOU HAVE "money in the bank".

Grand Prize is $11,000.00 with other prizes of $1,000.00, $500.00 and lesser amounts as indicated in sweepstakes rules without mandatory purchase.

CHECK THE SERIAL NUMBER ON YOUR FAUX ONE THOUSAND DOLLAR BILL AGAINST THE PRINTED LIST ABOVE RIGHT NOW. If you make a "match", RUSH your faux bill back in the special winner's envelope enclosed. I promise to exchange it for REAL CASHABLE MONEY as soon as the numbers are confirmed. Eleven thousand dollar grand prize has been computer pre-selected to matching personal ID numbers, as have all other awards.

BUT WAIT... THERE'S MORE... You have full pre-approval for release to you of the charter WINNERS PAK consisting of additional cash win opportunity and two thousand five hundred dollars in WINNERS PAK discount vouchers good for food, entertainment, services, merchandise, etc., and all from national incentive guarantors GUARANTEED to be worth a full $2,500.00 when fully redeemed. Modest mandatory activation fee required for release.

Sincerely,

Henry Wickerson, President

P.S. **This is NOT a joke!** YOU have won cash money, guaranteed! You must return your faux $1,000.00 bill to collect!! I MUST hear from you within 10 days of receipt of this letter or your winnings could be forfeited.

P.P.S. I can't wait to send out these crispy real $100.00 bills! You've practically got some cash in your hands... GO FOR IT!!

CUT ALONG DOTTED LINE AND MAIL IN ENVELOPE PROVIDED

[ ] I am the person named above.

[ ] I have made a serial number match. Send me the cash I have won.

[ ] I have never won $1,000.00 (or more) before.

[ ] Enclosed is $10.00 MANDATORY activation fee for $2,500.00 Winners Pak.

[ ] I wish RUSH processing! Enclosed is $3 additional.

Entitlements Waived: [ ] YES [ ] NO

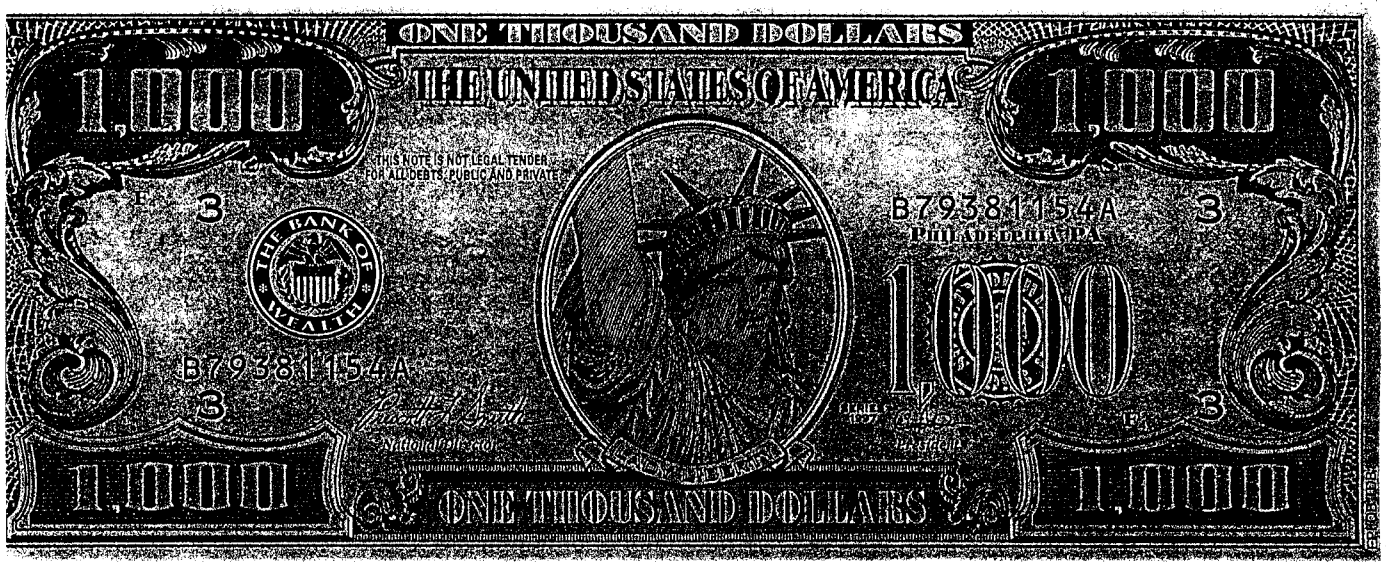
My phone # is: (____)_____-_____

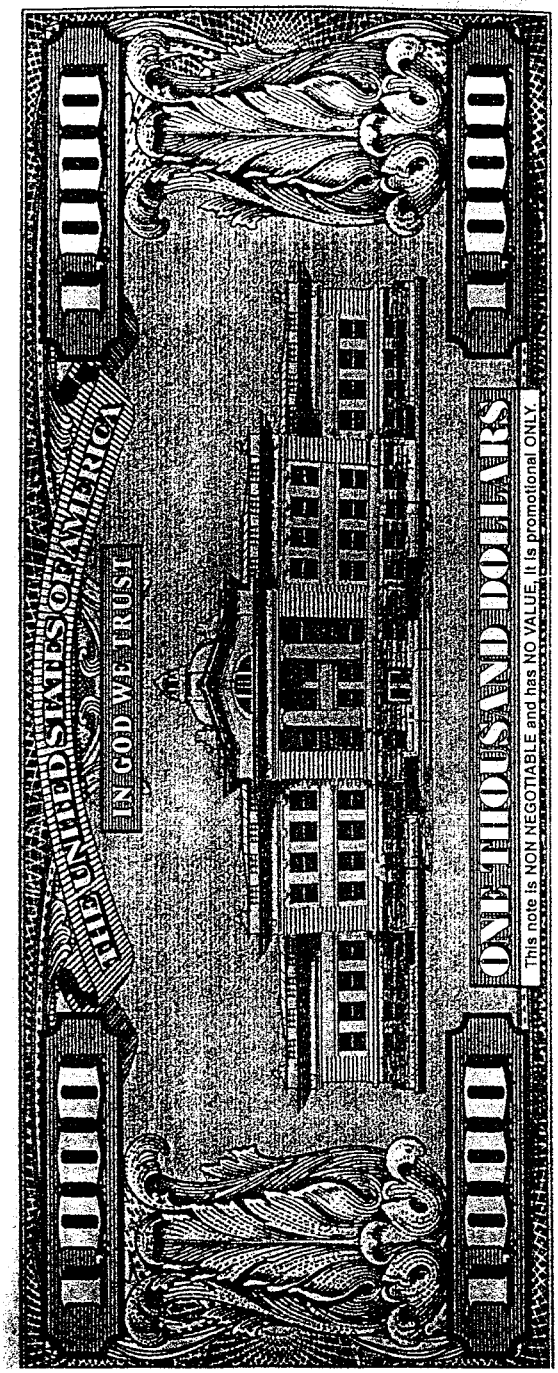
ID# Z2008995034 P04279

[redacted]

CASH DECLARATIVE

MUST BE 18 YEARS OF AGE [illegible] TO PARTICIPATE. IMMEDIATE FAMILY MEMBERS [illegible] OF SPONSOR'S EMPLOYEES NOT ELIGIBLE TO ENTER. PURCHASE IS NOT REQUIRED. ONLY ONE MAIL-IN PER HOUSEHOLD PER [illegible] RESIDENT HOUSEHOLD. ILLEGIBLE, IMPROPER OR INCOMPLETE RESPONSES AND ENTRIES MAY BE DISQUALIFIED. [illegible] IS A MULTIPLE PROGRAM WITH SEPARATE ENTITIES. FIRST PART IS A NATIONAL SWEEPSTAKES WITH GRAND PRIZE ELEVEN THOUSAND DOLLARS ($11,286,500); SECOND PRIZE ONE THOUSAND DOLLARS ($1,286,500); THIRD PRIZE [illegible] HUNDRED DOLLARS ($1,286,500); FOURTH PRIZE ONE HUNDRED DOLLARS ODDS 1:286,500; FIFTH PRIZE FIFTY DOLLARS ODDS 1/286,500; AND ADDITIONAL CASH WILL BE ADDED SO THAT ONE DOLLAR WILL BE THE MINIMUM PAYOUT ODDS. ONE THOUSAND DOLLAR FAUX [illegible] MATCHING SERIAL NUMBER DOES NOT GUARANTEE CASH [redacted] TAXES ON WINNINGS ARE SOLE RESPONSIBILITY OF WINNERS. UNCLAIMED PRIZES OR PIECES [redacted] AWARDED TO NEXT NEW RANDOMLY SELECTED ID NUMBER FROM TOTAL [redacted] LEAST ONE OF EVERY LISTED CASH AWARD WILL BE RELEASED. [redacted] NOTIFICATION BY A MATCHING OF INDIVIDUAL ID NUMBERS WITH WINNING NUMBERS PRESELECTED AT RANDOM BY INDEPENDENT JUDGE. DEADLINE FOR CLAIMING CASH PRIZES IS EITHER NINE DAYS FROM RECIPIENTS RECEIPT NOTIFICATION OR SIXTY DAYS FROM DATE OF THIS NOTIFICATION. THIS SWEEPSTAKES BEGINS JANUARY 1, 1995 AND JUNE 30, 1999. POSTMARK DETERMINES DATE OF RESPONDERS REPLY. ALL MAJOR PRIZES VERIFIED AND PAID BY JUNE 30, 1999. SPONSOR NOT RESPONSIBLE FOR LOST, STOLEN OR MISDIRECTED MAIL. VOID IN ND, AK, AR, NV, [illegible] WI, KS, MO, AZ, IN, NC, WA, OR, OK, RI, NM, WV, ID, PO, OR WHERE OTHERWISE PROHIBITED. DIFFERENT GIFT PRESENTATIONS AND PROMOTIONAL NAMES MAY BE UTILIZED BY SPONSOR DURING THE COURSE OF THIS SWEEPSTAKES. COMPLETE LIST OF WINNERS AVAILABLE AT CONCLUSION OF JUDGING BY SENDING A S.A.S.E. #10 (LARGE) TO: WINNERS LIST, EPI, 1214 WEST BOSTON POST ROAD, SUITE 112, MAMARONECK, NY 10543. COMPLETE SWEEPSTAKES RULES: THESE RULES AND ALL JUDGES DECISIONS MUST BE FINAL. SECOND PART IS AN EFFECTIVE, FEE BASED [illegible] OFFERING, DESIGNED TO INCREASE CONSUMER AWARENESS OF NATIONAL RETAIL FOOD MERCHANDISING ENTERTAINMENT SERVICES FROM NATIONAL INCENTIVE GUARANTORS, AND CONSISTING OF A DISCOUNT [illegible] PROGRAM WITH A VALUE OF AT LEAST TWO THOUSAND TWO HUNDRED DOLLARS WHEN FULLY USED [illegible] ENTRY IS WITHOUT CHARGE AND NON-CONTINGENT ON OTHER ELECTIVE OFFERS. WHEN ENTERING SWEEPSTAKES COMBINATION WITH ELECTIVE OFFERING, USE THE ENCLOSED REPLY ENVELOPE. WHEN ENTERING SWEEPSTAKES ONLY, PRINT YOUR FULL NAME AND ADDRESS ON A 3x5 INDEX CARD WITH THE WORDS "CASH CLAIM ENTRY" PRINTED [illegible] LEFT HAND CORNER OF CARD. CHECK ENTITLEMENTS WAIVED BOX ON CLAIM FORM. WHEN ELECTING THIS SWEEPSTAKES ONLY, PLACE THE CARD IN A BUSINESS SIZE #10 ENVELOPE ADDRESSED TO: SWEEPSTAKES ENTRY 100 [illegible] SCARSDALE, NY 10583-3764. DO NOT USE ENCLOSED ENVELOPE FOR SWEEPSTAKES ENTRIES ONLY. [illegible] YOUR ENTRY AND CASH CLAIM SATISFACTION 100% GUARANTEED.


ONE THOUSAND DOLLARS
1,000
THE UNITED STATES OF AMERICA
1,000
THIS NOTE IS NOT LEGAL TENDER FOR ALL DEBTS, PUBLIC AND PRIVATE
B79381154A
PHILADELPHIA, PA.
THE BANK OF WEALTH
1000
B79381154A
1,000
ONE THOUSAND DOLLARS
1,000


THE UNITED STATES OF AMERICA
IN GOD WE TRUST
ONE THOUSAND DOLLARS
This note is NON NEGOTIABLE and has NO VALUE. It is promotional ONLY.

TRUSTEE OF RECORD

Offices of Mellon, Astor & Fairweather*
736 N. Western Avenue, Suite 620
Lake Forest, IL 60045-1894

OFFICIAL FILE STAMP

** FILED **
FILE NO. A10569

Declaration of Distribution In the name of:

Z20089950342 20856
[redacted]

FILE DATE

05/27/99

RESPONSE DEADLINE

06/24/99

RESPONDENT ELIGIBLE FOR:
✓ 1999 FORD ESCORT ✓ $10,000 CASH

DECLARATION / SWORN STATEMENT

By the power vested in me by MAF, I have been duly authorized to release and ship a 1999 Ford Escort with options as selected or cash to [redacted] at Las Vegas, NV, when a match of pre-selected winning numbers with a personal I.D. numbers is made. I hereby certify that the following is true and correct:

I am holding negotiable funds in the amount of $10,000.00 ready to send. I am authorized to ship a 1999 Ford Escort loaded with elected options in lieu of $10,000.00 Prize.

[redacted], you are a Guaranteed Winner of either Cash or the car.

[redacted] the funds are on deposit at a federally insured facility awaiting your shipping authorization. Please complete the authorization form enclosed and return by 06/24/99. Your cash or car award is fully guaranteed pursuant to the official rules on reverse. No purchase necessary.

CHIEF FINANCIAL OFFICER

DIRECTOR OF PRIZE DISTRIBUTION

J. Remington Astor
Prize Registrar
My appt. exp. Aug. 29, 2000
No. 85-0215-1

Dear [redacted]

To receive your cash or car, you must claim it before the deadline or your award will be "forfeited." According to the official rules, I will be required to ship your award to another finalist party. If you reply before 06/24/99 you will safely fall within the claim deadline and avoid award forfeiture.

Upon officially being selected the grand prize winner, you will choose between the $10,000.00 cash or the 1999 Ford Escort. If you would like to have the car, please complete the enclosed Check Off on Sheet so that we may deliver the color and options of your choice that you desire.

Cash awards will be distributed via authorized courier at 55 W. Charleston Blvd. Cash awards in addition to the grand prize of $10,000.00 include $100 x 1, $500 x 1. Official rules mandate distribution of all awards and full informational details.

In addition, there is a $5,500.00 cash savings bond being held in your name. A mandatory planning fee of $104 required for release.

Don't throw away the cash. Respond now.

Sincerely,

Director of Prize Distribution

AUTHORIZATION
FOR RELEASE

SWEEPSTAKES RULES AND INFORMATION

Immediate family members or relatives of sponsor or their employees not eligible to enter. No purchase required. Must be 18 years of age or older to participate. Only one major prize redemption per person or resident household. Ineligible, improper or incomplete responses and/or entries may be disqualified.

All winners predetermined prior to mail notification by a matching of individual ID numbers with winning numbers preselected at random by an independent judge. This is a multiple program with separate entities. First part is a national sweepstakes with grand prize of ten thousand dollars or 1999 Ford Escort (winners choice), odds 1/286,500; second prize one thousand dollars odds 1/286,500; third prize five hundred dollars odds 1/286,500; fourth prize one hundred dollars odds 1/286,500; fifth prize fifty dollars odds 1/286,500. Prize money al[illegible] from the prize pool which will be no less than one dollar. Taxes on [illegible] winners. Unclaimed prizes of fifty dollars or more will be awarded to next new randomly selected ID number from total universe of participants until claimed.

At least one of every listed cash award will be released. Deadline for claiming cash prizes is either nine days from recipients receipt of notification or sixty days from date of this notification. This sweepstakes begins August 5, 1998 and ends June 30, 2000. Postmark determines date of responders reply. All major prizes verified and paid by July 30, 2000. Sponsor not responsible for lost, stolen or misdirected mail. Void in ND, AK, AR, NV, IA, VT, MN, WY, WI, KS, MO, AZ, IN, NC, WA, OR, OK, RI, NM, WV, ID, PQ or where otherwise prohibited. Different graphic presentations and promotional names may be utilized by sponsor during the course of this sweepstakes.

Complete list of winners available at conclusion of judging by sending a S.A.S.E. #10 (large) to: Winners List, MAF, 736 N. Western Avenue, Suite 620, Lake Forest, IL 60045-1894. Complete sweepstakes subject to these rules and all judges decisions must be final. Second part is an elective, fee-based for profit offering, designed to increase consumer awareness of national retail food, merchandise and entertainment services from national incentive guarantors, and consisting of a discount voucher program with a value of at least three thousand dollars when fully redeemed. Sweepstakes entry is without charge and non-contingent on other elective offers. When entering sweepstakes in combination with elective offering, use the enclosed reply envelope. when entering sweepstakes only, print your full name and address on a 3x5 index card with the words "cash claim entry" printed in lower left hand corner of card, then place the card in a business size #10 envelope addressed to: Sweepstakes entry, 940 holt road, suite 215, Webster, NY 14580-9101. Do not use enclosed envelope for sweeps only entries as this will disqualify your entry and cash claim. Satisfaction 100% guaranteed.

FIRST PRIZE: $10,000.00 CASH OR 1999 FORD ESCORT

WARNING: Awards and cash savings folio may not be released unless this form is completed and returned in the envelope provided. No exceptions.

RELEASE AUTHORIZATION

Z2008995034 P04856
[redacted]

CHECK ALL APPLICABLE BOXES

☐ I am the [redacted] to whom this notification is addressed. I have valid identification to present to claim required. (Do not send ID at this time)

Upon final declaration as first prize winner, I choose: ☐ $10,000.00 cash ☐ 1999 Ford Escort (please complete automobile Preferred Options Sheet below)

☐ I have enclosed $10 payable to MAF. Release and deliver my $3,500.00 cash savings folio

☐ I have read and understand the official rules and affirm that I am over 18 years of age and have not already received over $20,000.00 from Mellon, Astor & Fairweather

☐ I wish RUSH processing. Here is $3.00 EXTRA.

Signature: _____
[redacted]

Enclosed is: ☐ cash ☐ check ☐ money order payable to MAF (Mellon, Astor & Fairweather)

1999 FORD ESCORT PREFERRED OPTIONS SHEET

EXTERIOR PAINT COLORS (CHOOSE ONE)	INTERIOR TRIM COLORS: MED. GRAPHITE	WILLOW GREEN	MED. PRAIRIE TAN
☐ Mocha Frost			☐
☐ Bright Red	☐		☐
☐ Antarctic Blue	☐		☐
☐ Silver Frost	☐	☐	
☐ Black Satin	☐		☐
☐ Vibrant White	☐	☐	☐
☐ Aquamarine Frost	☐	☐	☐

PREFERRED UPHOLSTERY
☐ Leather
☐ Vinyl
☐ Fabric

TRANSMISSION
☐ Manual
☐ Automatic

EXTRA PREFERRED OPTIONS

☐ Power Windows / Steering / Locks ☐ CD Player ☐ Speed Control
☐ Anti-lock Brakes (ABS) ☐ Dual Air Bags ☐ Air Conditioning

Please return the entire page with the Preferred Options Sheet and the Release Authorization with your signature in the return envelope provided.

Senate Permanent Subcommittee on Investigations

EXHIBIT # 53

SOCIAL SECURITY

Office of the Inspector General

JUL 19 1999

The Honorable Susan Collins
Chairman, Permanent Subcommittee
on Investigations
Committee on Governmental Affairs
United States Senate
Washington, D.C. 20510

Dear Senator Collins:

On July 20, 1999, the Permanent Subcommittee on Investigations, Committee on Governmental Affairs is holding hearings to examine the subject of deceptive mailings and the need for legislation to curb deceptive practices used in sweepstakes, skill contests and Government look-alike mailings. The Social Security Administration Office of the Inspector General (SSA/OIG) supports the passage of S. 335, the "Deceptive Mail Prevention and Enforcement Act."

Section 1140 of the Social Security Act provides for the imposition of civil monetary penalties against companies and/or individuals that use Social Security program words or emblems in a manner that gives the false impression of approval, endorsement or authorization by the SSA. Section 2 of S. 335 provides an additional legislative tool to fight these deceptive practices.

I am enclosing a Statement for the Record to the Subcommittee that provides information relevant to the work of the SSA/OIG in the area of deceptive solicitations. If you have any questions or need additional information, please call me or have your staff contact Stephanie J. Palmer, Assistant Inspector General for External Affairs, at 410-965-9704.

Sincerely,

James G. Huse, Jr.
Acting Inspector General

Enclosure

STATEMENT FOR THE RECORD

HEARING BEFORE THE
COMMITTEE ON GOVERNMENTAL AFFAIRS

PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

UNITED STATES SENATE

JULY 20, 1999

JAMES G. HUSE, JR.
ACTING INSPECTOR GENERAL
SOCIAL SECURITY ADMINISTRATION

Thank you for the opportunity to provide this Subcommittee with a Statement for the record on the topic of deceptive solicitations. I want to highlight the Office of the Inspector General's (OIG) efforts to fight misleading Social Security-related solicitations, and the need for additional legislative tools in this area, specifically, the passage of S.335, the "Deceptive Mail Prevention and Enforcement Act."

Companies Who Offer Social Security Number "Services"

Securing a new or replacement Social Security card from the Social Security Administration (SSA) is fast, simple, and free. On average, the paperwork takes less than 10 minutes to complete. Ninety six percent of new parents secure a Social Security number (SSN) for their newborns right in the hospital by consenting to an electronic transfer of information from their State's Department of Vital Records to the SSA.

Unfortunately, we have identified companies that have managed to exploit and profit off this straightforward, free service offered by SSA. These companies have designed deceptive SSN-related mailings that give the false impression of approval, endorsement, or authorization from the SSA. They also time their mailings to arrive when individuals are most susceptible to their misleading contents. For example, these company mailings frequently target new brides around their wedding date, by offering name change "services." Additionally, these mailings target new parents shortly after the birth of a child and offer newborn SSN "services," even though a SSN has most likely been secured by the hospital. These solicitations frequently misuse the terms "Social Security" or "Social Security Administration" to create the false impression of official Government sanction or approval. Meanwhile, the companies charge up to $16 for this alleged "SSN-assistance service."

OIG Efforts to Combat Misleading Mailings

The SSA/OIG has dedicated significant resources to striking back against such deceptive SSA-related mailings. We monitor and track all allegations of deceptive mailings. We immediately notify companies about possible violations of section 1140 of the Social Security Act -- the statute that provides for the imposition of civil monetary penalties against violators. In the majority of cases, we achieve voluntary compliance. We also work jointly with other Federal law enforcement agencies, such as the U.S. Postal Inspection Service and the Department of Justice, as well as State Attorney Generals, to advance governmentwide strategies against such deceptive practices. These coordinated efforts have been highly effective in fighting consumer fraud. Nonetheless, there have been on occasion, companies that refuse to immediately cease and desist from such deceptive practices.

Civil Case Example

The Federal Record Services Corporation (FRSC) was the subject of four separate State actions due to its deceptive SSA-related advertisements. In February, we initiated a civil monetary penalty proceeding against FRSC under the Social Security Act. Shortly thereafter, the Department of Justice moved for a preliminary injunction, which sought nationwide relief from FRSC's deceptive practices.

FRSC is in the business of assisting individuals in filling out Social Security Form SS-5, the form used to apply for a Social Security number card or to change one's name on the card. The company sends direct-mail solicitations to consumers that appear either to be from, or endorsed by, the SSA. Unsuspecting consumers then forward sensitive personal information about themselves to this company. The service, in its entirety, consists of copying this personal information onto SSA Form SS-5. For this clerical service, the company charges consumers $15. FRSC direct mails over 2 million solicitations each year, and over 90,000 people use the company's service annually. Gross revenues for the company's service top $1.5 million per year.

On May 21, a Federal Judge in the Southern District of New York took a big step towards ending this company's deceptive practices. At the request of Mary Jo White, U.S. Attorney for the Southern District of New York, U.S. District Judge Barbara S. Jones granted a preliminary injunction against FRSC. Under the terms of the preliminary injunction, the company's assets have been frozen and its mail has been detained pending the outcome of OIG's civil monetary penalty proceedings. Judge Jones also enjoined FRSC from sending solicitations without disclosing:

- in prominent bold typeface, on the initial solicitation page, that its mailings are not approved, endorsed, or authorized by SSA;
- in mailings concerning registration of newborn children with the SSA, that registration of the newborn child with SSA has likely occurred already by the hospital where the child was born;
- that there is no charge to obtain an SSN from SSA; and
- that the form to obtain an SSN or a revised card is available for free at any SSA office or by calling SSA's toll-free 800 number.

Further litigation is pending in this case.

Criminal Case Example

Deceptive SSA-related mailings occasionally rise to the level of criminality. In September 1998, our office investigated Anthony David Williams (Williams) who ran a nationwide scam that targeted the elderly of our country.

Williams, a.k.a. Donald Jenkins, contacted SSA beneficiaries by telephone and through the U.S. mails alleging to be a SSA employee. Williams sent correspondence to these individuals bearing the words "Social Security Administration" and the official SSA seal. Williams advised these beneficiaries that they had been approved to receive an additional SSA benefit check, and that in order to initiate the disbursement of the check, they would have to pay a processing fee that ranging from $9 to $99. In some cases, Williams would request banking information from the beneficiaries. After receiving the requested information, Williams created bank drafts whereby he withdrew additional sums directly from their checking accounts.

In other related fraudulent schemes, Williams would contact individuals by mail and telephone to inform them they were part of a group that could participate in pooled lottery winnings upon payment of a processing fee. When individuals responded to Williams' solicitations by mailing him checks, Williams would create fictitious authorization forms. With signature and related information from the victim's checks, Williams would create bank drafts, withdrawing sums of money directly from their checking accounts.

On December 24, 1998, Williams appeared in the United States District Court, Phoenix, Arizona before United States District Judge Earl H. Carroll. Williams agreed to waive indictment and pleaded guilty to a one count information charging him with a violation of Title 18 U.S.C. § 1341, Mail Fraud. The information charged Williams with devising telemarketing schemes to defraud SSA beneficiaries, as well as other fraudulent lottery schemes using the U.S. mails, for a loss to the victims of approximately $1.3 million.

Potential Legislative Remedies

No legislation can prevent the type of outrageous criminal activity demonstrated in the Williams case. However, S. 335 provides a common sense approach to advance the fight against the more typical scenario – the mailing of deceptive solicitations by "SSN-assistance" companies. We feel that consumers are entitled to important information about the free nature of SSA's services. Specifically, that a Social Security card, and assistance in securing such card, is provided free of charge. Thus, we strongly endorse section 2 of S.335, which would require notification by "SSN-assistance" companies that an SSN can be obtained without cost from SSA.

Again, I would like to thank the Subcommittee for allowing me the opportunity to address this problem that impacts on hundreds of thousands of Americans each year.

FRED THOMPSON, TENNESSEE, CHAIRMAN

WILLIAM V. ROTH, JR., DELAWARE
TED STEVENS, ALASKA
SUSAN M. COLLINS, MAINE
GEORGE V. VOINOVICH, OHIO
PETE V. DOMENICI, NEW MEXICO
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ARLEN SPECTER, PENNSYLVANIA
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ROBERT G. TORRICELLI, NEW JERSEY
MAX CLELAND, GEORGIA
JOHN EDWARDS, NORTH CAROLINA

HANNAH S. SISTARE, STAFF DIRECTOR AND COUNSEL
JOYCE A. RECHTSCHAFFEN, MINORITY STAFF DIRECTOR AND COUNSEL

Senate Permanent Subcommittee on Investigations

EXHIBIT # 54

United States Senate

COMMITTEE ON
GOVERNMENTAL AFFAIRS
WASHINGTON, DC 20510-6250

July 22, 1999

Peter J. Tomao, Esq.
1325 Franklin Avenue
Suite 375
Garden City, New York 11530

Dear Mr. Tomao:

As the Ranking Member on the Permanent Subcommittee on Investigations, I have additional questions of Lone Star Promotions, Inc., and David Dobin as a follow-up to Tuesday's hearing.

I would like Mr. Dobin to provide complete responses to the attached questions no later than July 30, 1999. Thank you for your assistance. If you have any questions, please contact Leslie Bell, of my staff, at (202) 224-9505.

Sincerely,

Carl Levin
Ranking Member
Permanent Subcommittee on Investigations

CL:ljg
Enclosure
cc: The Honorable Susan M. Collins
Chairman

QUESTIONS

Attached are two exhibits numbered 11 and 12. Please refer to these exhibits when responding to the following questions.

1. Exhibit 11

a. In the fifth paragraph of Exhibit 11, it says that "once we receive your envelope, pending your confirmed possession of the winning identified number check #1074, for $10,000 US DOLLARS, will be made payable to" the recipient "and IMMEDIATELY sent to" the recipient's address.

i. What do you mean by the term "winning identified number check #1074?" Is this the actual winning number?

ii. What is the "identified number?" Is it "check #1074" or is it some other number? Please explain exactly what this sentence means.

b. In the next to the last paragraph in Exhibit 11, it says that the recipient is to write the number of the check "#1074" on the outside of the envelope because that will help you identify "the envelope containing a claim for that check number."

i. Are other numbers besides #1074 used for this particular sweepstakes?

ii. Why does the recipient have to write "#1074" on the responding envelope?

c. Exhibit 11 does not include on the front of the letter a description of the contents of the "special benefits." You have informed the Subcommittee that the description of the contents of the special benefits is in the rules. Why is the description of the contents of the special benefit not also on the front of the letter so that most people can see it?

d. In Exhibit 11, does the payment of $14.98 affect in any manner, including timing, the awarding or processing of the prize.

e. In Exhibit 11, does the term "PROCESS IMMEDIATELY RE: CHECK #1074 $10,000.00 CASH" apply to the payment of $14.98 to "initiate immediate processing and delivery?" If not, why are these two statements right next to each other?

f. What percentage of income for each sweepstakes promoted by Lone Star comes from back-end mailings as compared with front-end mailings? Please provide a chart identifying: 1) each sweepstake conducted by Lone Star since it began operating and sending mail; 2) the percentage of income from back-end mailings for each sweepstake; and 3) the percentage of income from front-end mailings for each sweepstake.

g. What percentage of all the entries are from back-end mailings compared with front-end mailings?

2. Exhibit 12

a. In the rules for Exhibit 12, "primary benefit" is described in two different terms, "primary benefit" and "cash savings vouchers."

i. Are "primary benefit" and "cash savings vouchers" the same thing?

ii. If "primary benefit" and "cash savings vouchers" are the same thing, why do you use two different terms?

b. In Exhibit 12, the word "claim" appears in a number of different places and with what appears to be different meanings. For example: 1) "Special Select Claim Number;" 2) "Sign and mail your Prize Registration Form to officially register your eligibility to claim as is necessary;" and 3) ". . . we will process your claim immediately upon receipt of the proper Acquisition Fee." In the first example, it appears that you are using the word "claim" to mean the claim for the $10,000 sweepstakes. What do you intend "claim" to mean in terms of the reference in (3) to processing the claim?

c. Exhibit 12 also states that a "Uniformed Courier" is going to forward the Cash Savings Value directly to the recipient's home. Who is the uniformed courier?

3. Why does Lone Star not sell its customer lists directly to the list broker, Saavoy? Why does Lone Star sell its customer lists through Lisa Dobin's company, Heatherwood?

Lone Star Promotions, Inc.
1754 Merrick Avenue
Merrick, New York 11566

July 30, 1999

VIA FAX - 202-224-1972
AND REGULAR MAIL

Senator Carl Levin, Ranking Member
United States Senate
Permanent Subcommittee on Investigations - Minority Office
193 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Levin:

I appreciate the opportunity to respond to the additional questions raised by your letter dated July 22, 1999 as the issues raised at hearing on July 20, 1999 regarding the sweepstakes industry.

There are serious problems in the sweepstakes industry which the Subcommittee's hearings are properly addressing. However, Lone Star should not be cited as an example of a "hidden operator" engaging in deceptive mailings. Far from hidden, Lone Star has operated under the belief that its every actions were observed by the U.S. Postal Inspectors.

I do not want to sound combative or defensive in these responses. I testified before the Subcommittee because I agree with its aims and wanted to help. When I learned about the Subcommittee's investigation, I had my counsel contact the Subcommittee staff to offer my full cooperation. I have met on several occasions with the staff of this committee and provided whatever information I had.

With all respect, Senator, I must disagree that Lone Star has operated in an illegal or deceptive manner. As I told the Subcommittee, Lone Star, since its formation, has relied upon the advice of its counsel to operate within the law. I have been in regular contact with the Postal Inspectors and was never told that any of Lone Star's practices were either

illegal or deceptive.

Lone Star is not a "hidden operator of sweepstakes" as the title of these hearings suggests. Lone Star is simply a small business which does not get a lot of attention outside its own industry. Lone Star never moved to avoid detection, as suggested at the hearing. From its formation, Lone Star has been at the same address. I still live at the same address and have the same telephone number which I did at the time the postal inspectors first conducted their search at the offices of Wellsworth Smythe Jewelers, Inc.

I also do not agree that the use of trade names in promotional mailings is in any way misleading. The proposed legislation does not outlaw such use of trade names. Rather, the legislation would require that the promoter clearly identify itself. As I noted in my testimony, Lone Star is clearly identified as the promoter on each mailing. In addition, Lone Star provides an address and telephone number at which it can be reached. Lone Star is today providing the information which the proposed legislation would require.

I have the following responses to your specific questions:

1. Exhibit 11

a. In the fifth paragraph of Exhibit 11, it says that "once we receive your envelope, pending your confirmed possession of the winning identified number check #1074, for $10,000 US DOLLARS will be made payable to "the recipient" and IMMEDIATELY sent to" the recipient's address.

i. What do you mean by the "winning identified(sic) number check #1074"? Is this the actual winning number ?

Answer: In the first place, this portion of the promotion is misquoted. The word used in the promotion is "identifier" not "identified". Perhaps one could argue that a comma could have been inserted after the word "number" and before the word "check". However, the language as written is clear. Properly read, the referenced words clearly refer to two different things. The "winning identifier number " is the actual pre-selected winning number, while "check #1074' refers to the check number and not the winning number. The phrase "winning identifer number" clearly refers the reader back to the language at the very beginning of the promotion that if they have and return for official verification the matching preselected winning claim number, we will forward said prize." The actual winning number is a ten digit number which was pre-selected by Lone Star's computer house as described in my prepared statement. At

the time of this mailing, neither I nor any other Lone Star employee knew what the winning number was.

ii **What is the "identified number' ? Is it "check #' or is it some other number ? Please explain what this sentence means.**

Answer: As discussed above, the words in the promotion are "identifier number", not "identified number" refers to the number assigned to each promotion. In the case of Exhibit 11, this number is "8030520129". The suffix "-2LMPS" is used to designate the promotion for Lone Star's internal use and is not relevant to the winning number. The "winning" identifier number is the preselected number described above. The sentence as written is clear: If the recipient has and returns the winning number, the prize will be awarded to him or her.

b. **In the next to last paragraph in Exhibit 11, it says that the recipient is to write the number of the check "#1074" on the outside of the envelope because it will help you identify "the envelope containing a claim for that check number."**

i. **Are other numbers besides #1074 used for this particular sweepstakes ?**

Answer: No other check numbers are used in connection with this sweepstakes.

ii **Why does the recipient have to write "#1074" on the responding envelope ?**

Answer: We request the recipient write the number on the envelope as a marketing tool to have the recipient feel that he or she is more actively involved in the sweepstakes. It also helped us to quickly identify the promotion when we sorted the responses. However, the recipient was not required to write the number on the envelope and it did not affect its chances of winning.

c. **Exhibit 11 does not include on the front of the letter a description of the contents of the "special benefits". You have informed the Subcommittee that a description of the special benefits is in the rules. Why is the description of the contents not also on the front of the letter so that most people can see it ?**

Answer: When I wrote this particular promotion, I decided to refer the recipient to the rules for a description of the special benefits. This appears right next to the dollar value of these benefits at the top of the page. Since the

description appears near the top of the rules near the phrase "no purchase necessary" and odds of winning, anyone considering purchasing it can readily find and read its description. I disagree with the premise of your last question that "most people can see it" only if it appears on the front. I expect that Lone Star's customers will read the rules as well as the promotion. I write these rules so that they can be readily understood and use a large type font, unlike many of our competitors, who use smaller print which can make your eyes dance. It is unfair to separate the rules from an analysis of this promotion, especially where, as here, the reader is directed to them. The rules provide a very important function in conveying important information to the reader.

d. In Exhibit 11, does the payment of $14.98 affect in any manner, including timing, the awarding or processing of the prize ?

Answer: No, the payment does not affect, in any way including timing, the awarding or processing of the "guaranteed cash payout" of $10,000. It relates solely to the special benefits.

e. In Exhibit 11, does the term "PROCESS IMMEDIATELY RE: CHECK #1074 $10,000.00 CASH" apply to the payment of $14.98 to "initiate immediate processing and delivery"? If not, why are these two statements right next to each other ?

Answer: As I said above, the payment does not apply to payment of the cash prize. There is nothing significant about the proximity of the words "Process Immediately" to the request that the recipient purchase our product. Exhibit 11 puts both in a box which was not part of the original promotion.

f. What percentage of income for each sweepstakes promoted by Lone Star come from back-end mailings as compared to front-end mailings ? Please provide a chart identifying: 1) each sweepstakes conducted by Lone Star since it began operating and sending mail; 2) the percentage of income from back-end mailings for each sweepstakes; and 3) the percentage of income from front end mailings for each sweepstakes.

Answer: Lone Star does not maintain records which would readily provide information regarding the "percentage of income" from mailings. Lone Star is attempting to gather as much responsive material as possible and expects to have fuller response to this question in approximately two weeks.

g. **What percentage of all the entries are from back end mailings as compared with front-end mailings ?**

Answer: As noted in my response to question 1.f. above, Lone Star is in the process of gathering the information necessary to answer this question and expects to submit its response in approximately two weeks..

2. Exhibit 2

a. **In the rules for Exhibit 12, "primary benefit" is described in two different terms, "primary benefit" and "cash savings vouchers".**

i. **Are "primary benefit" and "cash savings vouchers" the same thing ?**

Answer: Yes. The primary benefit is the cash savings voucher folio.

ii **If "primary benefit" and "cash savings voucher" are the same thing why do you use two different terms ?**

Answer: The term "primary benefit" is used to disguise it from the "Cash Prize". The primary benefit is the cash savings vouchers.

b. **In Exhibit 12, the word "claim" appears in a number of different places and with what appears to be different meanings., For example: 1) "Special Select Claim Number", 2) "Sign and mail your Prize Registration Form to officially register your eligibility to claim as is necessary," and 3) "... we will process your claim immediately upon recipient of the proper "Acquisition Fee". In the first example, it appears to that you are using the word "claim" to mean the claim for the $10,000 sweepstakes. What do you intend "claim" to mean in terms of the reference in (3) to processing the claim?**

Answer: We use the word "claim" in its usual meaning expect when it is combined with other words to create a term with its own definition such as "Special Select Claim Number." The dictionary defines "claim" when used as a noun as a "right to something" and when used as a verb "to demand a right to something". This is how, the word is used in the promotion. Example (3) refers to the "claim" for the primary benefit, while example (2) refers to the claim for the cash prize. These examples are in separate paragraphs to avoid confusion.

c. **Exhibit 12 also states that a "uniformed courier" is going to forward the Cash**

Savings Value directly to the recipient's home. Who is the uniformed courier ?

Answer: The U.S. Postal Service letter carrier assigned to the route on which the recipient lives on the day the package containing the primary benefit is delivered.

3. **Why does Lone Star not sell its customer lists directly to the list broker, Saavoy ? Why does Lone Star sell its customer lists through Lisa Dobin's company, Heatherwood?**

Answer: When we formed Lone Star, we also formed Heatherwood and another company called "Big Six." Our purpose was to use separate corporations to perform separate functions. Big Six holds the lease on the office premises from the landlord and sublets it to Lone Star. Heatherwood purchases the mailings lists from Lone Star and resells them through list brokers. These are separate functions involving separate services. Each corporation maintains its own books and accounts and all taxes are paid. Contrary to the innuendo at the hearing about "hidden" operators of sweepstakes, each of these corporations is legally formed and operates completely above board. Lisa Dobin is not a nominee owner of Heatherwood. Heatherwood has office space which Lisa Dobin uses to do work for Heatherwood. Heatherwood pays a fee to Lone Star for the use of its staff and facilities in the operation of Heatherwood's business. Neither Heatherwood, nor Big Six have any role in Lone Star's promotions.

I hope that these answers respond to your questions. Please let me know if you have an additiona questions.

Very truly yours,

David Dobin

cc: The Honorable Susan M. Collins
Chairman, Senate Permanent Subcommittee
on Investigations

Lone Star Promotions, Inc.
1754 Merrick Avenue
Merrick, New York 11566

August 18, 1999

Senator Susan M. Collins, Chairman
United States Senate
Permanent Subcommittee on Investigations
100 Russell Senate Office Building
Washington, D.C. 20510

VIA FAX - 202-224-7042
AND FEDERAL EXPRESS
AIR BILL# 814516262049

Senator Carl Levin, Ranking Member
United States Senate
Permanent Subcommittee on Investigations
- Minority Office
193 Russell Senate Office Building
Washington, D.C. 20510

VIA FAX - 202-224-1972
AND FEDERAL EXPRESS
AIR BILL# 814516262050

Dear Senator Collins and Senator Levin:

I appreciate the opportunity to submit additional comments on the issues raised at hearing on July 20, 1999 regarding the sweepstakes industry.

As I indicated in my testimony and prepared remarks, there are serious problems in the sweepstakes industry which must be corrected. I voluntarily testified before the Subcommittee because I agree with its aims and wanted to help. When I learned about the Subcommittee's investigation in February of this year, I had my counsel contact the Subcommittee staff to offer my full cooperation. Since that time, I have met on several occasions with the staff of this committee and provided valuable information about how the sweepstakes business is run from A to Z, as well as, tricks used by some companies to deceive consumers. I had hoped that this information would enable the Subcommittee to learn how words and phases can be used to deceive. I understand that I was one of the few if not the only operator to provide such information and it would be unfortunate if my cooperation has now brought undue criticism upon Lone Star.

For example, when I testified, I was shocked to hear the Subcommittee staff describe Lone Star as a "hidden operator of sweepstakes". This is simply not true. Lone Star has always operated openly and has never done anything to avoid detection. Lone Star is, in fact, a small business which does not get a lot of attention outside its own industry. Lone Star

never moved or made any other effort to avoid detection, as suggested at the hearing. From its formation, Lone Star has been at the same street address. Lone Star includes its mailing address and customer service telephone number on each promotion. Tri Star Promotions was operated in the same manner from its inception until it ceased operations. (Tri Star ceased operations because of disagreement between the owners and not because of any legal action taken or threatened against it by any consumer protection agency.) I still live at the same address and have the same telephone number which I did at the time the postal inspectors first conducted their search at the offices of Wellsworth Smythe Jewelers, Inc. Far from hidden, both Lone Star and Tri Star operated under the belief that every one of their actions are observed by the U.S. Postal Inspectors.

With all respect, Senators, I must disagree that Lone Star has operated in an illegal or deceptive manner. As I told the Subcommittee, Lone Star, since its formation, has relied upon the advice of its counsel to operate within the law. Both Lone Star and Tri Star on occasion received inquiries from state consumer protection authorities, which were answered in a timely fashion and did not result in any legal action. In addition, I have been in regular contact with the Postal Inspectors and was never told that any of Lone Star's practices were either illegal or deceptive.

The contests run by Lone Star are sweepstakes and not lotteries or any other sort of illegal gaming. I ensure that Lone Star's sweepstakes comply with the general guidelines that distinguish between sweepstakes and illegal gaming. For example:

1. People receiving Lone Star's promotions are given the opportunity of entering the sweepstakes without making a purchase by simply returning the entry form to Lone Star in the same manner as those making purchases. Approximately 60% of the entries which Lone Star receives do <u>not</u> make purchases. The purchase and non-purchase entries are treated equally in every aspect.

2. Lone Star offers a legitimate product of value for sale in conjunction with the sweepstakes. Lone Star has a "no quibble" money back policy for any complaints. Lone Star also has a policy that if there any reason to believe that the customer expects that a purchase will increase the chances of winning, Lone Star returns that customer's money with a letter explaining Lone Star "no purchase necessary" policy. (Lone Star, however, does enter the consumer in the sweepstakes.) As a result, Lone Star has no evidence that it has accepted any payment as an entry fee rather than a payment for its product.

Since there is no charge for entry, Lone Star's contests are not lotteries.

I also do my best to ensure that Lone Star's promotions do not contain any fraudulent offers or misleading statements. Some sweepstakes make offers that are too good to be true and guarantee that the recipient will win. Other sweepstakes operators engage in "verbal slight of hand" by promising that every entrant will win and then providing a prize of nominal value, in some cases less than one dollar.

Lone Star makes no promises or guarantees as to winning. Lone Star's promotions and rules clearly state that to win, the recipient must "have and return" the pre-selected winning number. Lone Star prominently indicates the odds of winning in its rules in large typeface. If the consumer simply reads the promotion, he or she should be fully aware that the promotion provides an opportunity and not a guarantee to win a prize. The only thing which Lone Star guarantees is that the consumer who purchases its product will be satisfied and Lone Star backs up that guarantee with a full refund policy.

As I testified at the hearing, Lone Star does send multiple promotions to the same consumers for the same sweepstakes. I have reviewed this practice with Lone Star's attorneys and am satisfied that this practice is lawful. I understand that there are court holdings that such an arrangement does not constitute a "lottery" because the consumer is able to submit multiple entries without paying any entry fees. Nor is this practice misleading. Lone Star's promotions include official rules which indicate that multiple promotions may be used in a single sweepstakes and the odds of winning are not affected because each mailing bears one of a limited number of unique claim number which are established with Lone Star's computer house before any mailings are made. I know of nothing to suggest that anyone has been mislead by this practice.

I also do not agree that the use of different trade names in promotional mailings is in any way misleading. The proposed legislation does not outlaw such use of trade names. Rather, the legislation would require that the promoter or sponsor clearly identify itself. As I noted in my testimony, Lone Star already clearly identifies itself as the promoter on each mailing. In addition, Lone Star provides an address and telephone number at which it can be reached. Lone Star is today providing the information which the proposed legislation would require.

It is true that recently Lone Star has not awarded a prize within the time in which we expected to do so. As Senator Collins pointed out at the hearing, Lone Star is currently running a sweepstakes with a $5,000 prize for which the deadline has been extended

by now more than nine months. This was completely unintentional. When this sweepstakes began it was anticipated that Lone Star would send out promotions using the numbers assigned to it by December 1, 1998. That date was initially included on the promotions for this contest, including "Darwin". However, as result of a change in Lone Star's marketing strategy, Lone Star has mailed out promotions for this contest at a slower pace than anticipated and has not yet reached the 3 million mark. Lone Star can not award the prize until that number is reached because the pre-selected number may not yet have been sent. Lone Star expects to reach that mark shortly and award the prize. This is the first time that Lone Star has not met its self imposed deadline. Notably, the prizes which were awarded on time in Lone Star's other sweepstakes were for larger amounts, such as $10,000.00 or $12,000.00.

While regrettable, I consulted with Lone Star's attorneys and am satisfied that the delay in awarding the prize does not violate any law. Lone Star's Official Rules clearly state that "Sponsor reserves the right to extend the deadline" immediately following the deadline date in the same typeface. In addition, Lone Steps has taken steps to ensure that this problem does not reoccur.

I appreciate the opportunity to address these issues and remain available to assist the Subcommittee, its staff and minority counsel in any way in this investigation.

Very truly yours,

David Dobin

Lone Star Promotions, Inc.
1754 Merrick Avenue
Merrick, New York 11566

August 18, 1999

VIA FAX - 202-224-1972
AND FEDERAL EXPRESS AIR BILL# 814516262050

Senator Carl Levin, Ranking Member
United States Senate
Permanent Subcommittee on Investigations - Minority Office
193 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Levin:

This letter provides fuller responses to questions 1.f. and 1.g. raised by your letter dated July 22, 1999 following hearing before the Senate Permanent Subcommittee on Investigation regarding the sweepstakes industry held on July 20, 1999.

1.f. **What percentage of income for each sweepstakes promoted by Lone Star come from back-end mailings as compared to front-end mailings ? Please provide a chart identifying: 1) each sweepstakes conducted by Lone Star since it began operating and sending mail; 2) the percentage of income from back-end mailings for each sweepstakes; and 3) the percentage of income from front end mailings for each sweepstakes.**

Answer: As I advised you in my letter dated July 30, 1999, Lone Star does not maintain records which would provide information regarding the "percentage of income" from front-end and back-end mailings. We have prepared the attached chart which shows for each sweepstakes the percentage of purchases derived from back-end and from front end mailings for each sweepstakes. In total, approximately 68.3% of the purchases are from front-end mailings and 31.7% are from back-end mailings.

1.g. What percentage of all the entries are from back-end mailings as compared with front-end mailings ?

Answer: The attached chart shows the percentages of entries from front-end mailings and back-end mailings for each sweepstakes. The total percentages are: 27.7% entries from back-end mailings and 72.7% from front-end mailings.

I hope that these answers respond adequately to your questions. If you or your staff have any further questions or would like my assistance in any matter please let me know.

Very truly yours,

David Dobin

cc: The Honorable Susan M. Collins
Chairman, Senate Permanent Subcommittee
on Investigations
Via Fax and Fedex Airbill # 814516262049

LONE STAR PROMOTIONS, INC.
SWEEPSTAKES STATISTICS
(Prepared for Senate Subcommittee on Investigations)

Sweepstakes	1[1]	2	3	4	5
Range of Numbers	800,000,000-802,500,000	050,000,000-052,999,999	053,000,000-055,999,999	056,000,000-058,999,999	300,000,000 302,999,999
Prize	$10,000.00	$12,000.00	$12,000.00	$12,000.00	$5,000.00
Winner/Date Awarded	Opal Clark 11-30-98	Kim Grace 12-22-97	Donald Martin 12-18-98	Karen.Gross 8-18-99	Open
Total Responses Received	313,059	319,632	315,937	308,351	412.662
Number/ Percentage from Front End Mailings	219,077 70%	311,507 97.5%	314,399 99.5%	308,351 100%	53.552 13%
Number/ Percentage from Back End Mailings	93,982 30%	8,126 2.5%	1,538 0.5%	0	359,110 87%
Total Responses Received Making Purchases	125,625 40.1%	116,543 36.5%	121,458 38.4%	124,503 40.4%	179,811 43.6%
Number/ Percentage from Front End Mailings	79,192 63%	113,053 97%	120,501 99.2%	124,503 100%	19,245 10.7%
Number/ Percentage from Rear End Mailings	46,433 37%	3,490 3%	957 0.8%	0	160,566 89.3%

[1] Lone Star Promotions, Inc. took this sweepstakes over from TriStar Promotions.

August 18, 1999

FRED THOMPSON, TENNESSEE, CHAIRMAN

WILLIAM V. ROTH, JR., DELAWARE
TED STEVENS, ALASKA
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JOHN EDWARDS, NORTH CAROLINA

HANNAH S. SISTARE, STAFF DIRECTOR AND COUNSEL
JOYCE A. RECHTSCHAFFEN, MINORITY STAFF DIRECTOR AND COUNSEL

Senate Permanent Subcommittee
on Investigations

EXHIBIT # 55

United States Senate

COMMITTEE ON
GOVERNMENTAL AFFAIRS

WASHINGTON, DC 20510-6250

July 23, 1999

Mr. Kenneth Hunter
Chief Postal Inspector
Postal Inspection Service
Room 3100
475 L'Enfant Plaza, S.W.
Washington, D.C. 20260

Dear Mr. Hunter:

As the Ranking Member on the Permanent Subcommittee on Investigations, I have three additional questions as a follow-up to Tuesday's hearing.

1) Is it deceptive for a company to use different trade names in promotional mailings to the same individual regarding the same sweepstakes?

2) If a person can only win once in a particular sweepstakes, is it deceptive for a promoter to send different-appearing promotions for the same sweepstakes multiple times to the same person making the same representation that the person has a 1 in 3 million chance of winning the prize?

3) Is it deceptive for a promoter to claim in the first promotion of a sweepstakes that a person can win and repeat that claim in the second promotion of the same sweepstakes without knowing whether the first promotion to that person contained a winning claim number?

I would appreciate an answer no later than July 30, 1999. If you have any questions, please contact Leslie Bell, of my staff, at (202) 224-9505. Again, I thank you for your interest in the bill and for your assistance with the Subcommittee's hearings.

Sincerely,

Carl Levin
Ranking Member
Permanent Subcommittee on Investigations

CL:ljg
cc: The Honorable Susan M. Collins, Chairman

FRED THOMPSON, TENNESSEE, CHAIRMAN

WILLIAM V. ROTH, JR., DELAWARE
TED STEVENS, ALASKA
SUSAN M. COLLINS, MAINE
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JOHN EDWARDS, NORTH CAROLINA

HANNAH S. SISTARE, STAFF DIRECTOR AND COUNSEL
JOYCE A. RECHTSCHAFFEN, MINORITY STAFF DIRECTOR AND COUNSEL

United States Senate
COMMITTEE ON
GOVERNMENTAL AFFAIRS
WASHINGTON, DC 20510-6250

July 28, 1999

Mr. Kenneth Hunter
Chief Postal Inspector
Postal Inspection Service
Room 3100
475 L'Enfant Plaza, S.W.
Washington, D.C. 20260

Dear Mr. Hunter:

In my July 23, 1999, letter, I asked you to answer three questions as a follow-up to the hearing held on July 20, 1999. In addition to these three questions, I have the following question.

Is it illegal for a sweepstakes promoter to send to the same person three different sweepstakes promotions for the same $10,000 prize, implying that each promotion is a different sweepstakes and, therefore a different prize, by using a different business name and a different presentation on the promotion? Is it deceptive? Under this scheme, the recipient is led to believe he or she has the opportunity to win $30,000 total, in three separate sweepstakes, but in reality, he or she has the opportunity to win only $10,000 in one sweepstakes.

I would appreciate an answer no later than July 30, 1999. If you have any questions, please contact Leslie Bell, of my staff, at (202) 224-9505. Again, I thank you for your interest in the bill and for your assistance with the Subcommittee's hearings.

Sincerely,

Carl Levin
Ranking Member
Permanent Subcommittee on Investigations

CL:ljg
cc: The Honorable Susan M. Collins, Chairman

UNITED STATES
POSTAL SERVICE

July 30, 1999

Honorable Carl Levin
Ranking Member
Permanent Subcommittee on Investigations
193 Russell Senate Office Building
Washington, DC 20510-6250

Dear Senator Levin:

This is in response to your correspondence of July 23 and July 28, 1999, with follow-up questions concerning issues raised in the hearing held on July 20. Following are the questions and our response to each.

1. Is it deceptive for a company to use different trade names in promotional mailings to the same individual regarding the same sweepstakes?

   If the promoter conceals from the consumer that the additional sweepstakes mailings, which use different trade names, are promoting the same initial sweepstakes, then that would be deceptive. A responding consumer could believe that she or he is entering different sweepstakes, not just one sweepstakes. Based on the testimony at the hearing, it became clear that consumers who respond by sending money to promoters become a target for multiple mailings using different trade names.

   In our experience substantiating that the promoter intended to defraud in violation of Title 18 USC 1341, or caused an "omission of material fact," which is necessary for action under Title 39 USC 3005, is difficult. The facts surrounding each instance must be fully considered before we can determine if they are actionable. It is not uncommon for a promoter to fashion both the language and layout of the offer to mask or defend the deception without clearly violating any existing law or regulation. The consumers, however, view many of these promotions as misleading and expect us to take action to stop them.

2. If a person can only win once in a particular sweepstakes, is it deceptive for a promoter to send different-appearing promotions for the same sweepstakes multiple times to the same person making the same representations that the person has a 1 in 3 million chance of winning the prize?

   Consumers who are not provided information that there is only one prize for the multitude of trade names offering the same single sweepstakes prize are deceived. If the consumer is responding to mailings based on a belief they are entering or participating in separate sweepstakes, it is an "omission of material fact" by the promoter. Again, the difficulty for us comes in attempting to challenge whether the promotion on its whole resulted in an "omission of material fact" for purposes of deception.

475 L'ENFANT PLAZA SW
WASHINGTON DC 20260-2100
202-268-4267
FAX: 202-268-4563

3. Is it deceptive for a promoter to claim in the first promotion of a sweepstakes that a person can win and repeat that claim in the second promotion of the same sweepstakes without knowing whether the first promotion to that person contained a winning claim number?

   If it is a possibility that the sweepstakes is complete and without clear and conspicuous notice to the consumer, and the promoter continues to solicit the same or other consumers with additional trade names for the same possibly completed sweepstakes, it is deceptive and may constitute a false representation and/or an "omission of material fact." However, depending upon the language the promoter uses, it remains our burden to convince a jury or judicial authority that the case is actionable. This can be difficult under the current laws and regulations.

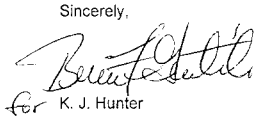
4. Is it illegal for a sweepstakes promoter to send to the same person three different sweepstakes promotions for the same $10,000 prize, implying that each promotion is a different sweepstakes and, therefore a different prize, by using a different business name and a different presentation on the promotion? Is it deceptive? Under this scheme, the recipient is led to believe he or she has the opportunity to win $30,000 total, in three separate sweepstakes, but in reality, he or she has the opportunity to win only $10,000 in one sweepstakes.

   While it is not illegal for a sweepstakes promoter to send different sweepstakes promotions to a consumer, it would constitute a misrepresentation if the consumer was led to believe they represented different sweepstakes. For example, the type of promotion you describe would be actionable if we could prove an "omission of material fact" (i.e. there is one sweepstakes versus three). However, the challenge for postal inspectors is to show that the language was crafted to deceive an ordinary consumer by omitting facts essential for the consumer to be reasonably able to understand what the actual promotion included and their odds of winning.

We appreciate the interest you have shown in addressing the weaknesses in the current statutes we rely on for consumer protection. As our responses to your questions show, consumers may consider solicitations to be deceptive even though they do not technically violate current criminal or civil statutes.

Please contact me if you or your staff have any additional questions or need assistance on this issue.

Sincerely,



for K. J. Hunter

Senate Permanent Subcommittee
on Investigations
EXHIBIT # 56

RECEIVED AUG 2 3 1993

JEFFREY G. KLEIN, P.A.
ATTORNEY AT LAW

JEFFREY G. KLEIN, J.D., M.B.A.
ADMITTED TO PRACTICE IN FLORIDA & PENNSYLVANIA

2600 NORTH MILITARY TRAIL
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BOCA RATON, FLORIDA 33431
TELEPHONE (407) 997-4030
TELEFAX (407) 998 9557

August 19, 1993

Dean E. Smith
Trade Practice consultant
Better Business Bureau of
Nashville/Middle Tennessee Inc.
Sovran Place, Suite 1830
Nashville, Tennessee 37239

Dear Mr. Smith:

I am in receipt of your letter dated August 12, 1993 regarding R.L.T.M.R. and its sweepstakes promotion. I have been advised by the company's president that due to his deteriorating health, adverse financial conditions and the inability to promote the sweepstakes and product sale; the company was unable to award the Chevrolet S-10 Blazer as previously planned.

R.L.T.M.R. apologizes for any inconvenience, misunderstanding or unwarranted confusion the promotion and/or the sweepstakes may have caused.

Sincerely,

Jeffrey G. Klein, Esquire

JGK/rsk

P.S. All prior correspondence between this office and the Better Business Bureau was based upon information provided to me from R.L.T.M.R.

rltmr