



FEDERAL TRADE COMMISSION
PROTECTING AMERICA'S CONSUMERS


For Release

Operators of Sweepstakes Scam Will Forfeit \$30 Million to Settle FTC Charges

Case against defendants who appeared to target seniors marks the largest forfeiture ever obtained by FTC against a sweepstakes scam

March 7, 2019

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The operators of a sweepstakes scam that appeared to target seniors have agreed to forfeit a record \$30 million in cash and assets and will be permanently [banned from the prize promotion business under a settlement with the Federal Trade Commission](#) 

The settlement with the FTC and the State of Missouri requires the defendants to turn over more than \$21 million in cash, as well as two luxury vacation homes, a yacht, a Bentley automobile, and other personal property. The case represents the largest forfeiture the FTC has ever obtained in a case against a sweepstakes scam, and the proceeds will be used to refund money to victims.

“These defendants tricked millions of people—many of them older adults—into paying money to collect prizes that never materialized,” said Andrew Smith, Director of the FTC’s Bureau of Consumer Protection. “With our valued partners in the Missouri AG’s office, we are working hard to protect older Americans against scams like these.”

The settlement stems from a [case the FTC and the State of Missouri brought in February 2018](#). The complaint charged Kevin Brandes, William Graham, and corporations under their control with sending tens of millions of deceptive personalized mailers to consumers around the world since 2013. The defendants’ mailers falsely told recipients they had won or were likely to win a substantial cash prize, as much as \$2 million, in exchange for a fee ranging from \$9.00 to \$139.99. In September 2018, the FTC and the State of Missouri filed an amended complaint that named Charles Floyd Anderson and his corporate alter ego as additional defendants.

Some of the defendants’ mailers included notices, such as “Congratulations, You Have Just Won \$1,230,946.00.” Other mailers invited recipients to play “games of skill,” without clearly and conspicuously disclosing the total fees that the recipient would have to pay to play, or that the final round of the game involved a complex mathematical

that the recipient would have to pay to play, or that the final round of the game involved a complex mathematical puzzle that few people, if any, could solve. Many consumers, including seniors, paid the defendants several times before realizing they had been scammed.

Under the agreement, a court-appointed receiver will wind down and dissolve the companies named in the complaint. The receiver will also liquidate the property forfeited by the defendants; the proceeds will be used, along with the defendants' \$21 million cash payment, to provide redress to victims. In addition, the agreement permanently bans the defendants from prize promotions, except those in which consumers sign up in-person.

The settlement imposes a monetary judgment of more than \$114.7 million, which will be suspended after the defendants turn over the \$30 million in assets and cash. The full judgment will become due immediately if the defendants are found to have misrepresented their financial condition.

The FTC appreciates assistance provided in this case by the U.K. National Trading Standards Scams Team, the U.S. Postal Inspection Service, the Canadian Anti-Fraud Centre, the Better Business Bureau of Greater Kansas City, the Kansas Attorney General's Office, and the Utah Attorney General's Office. To facilitate cooperation with the U.K. National Trading Standards Scams Team, the FTC relied on key provisions of the U.S. SAFE WEB Act, which allows the FTC to share information with foreign counterparts to combat deceptive and unfair practices that cross national borders.

The Commission vote approving the proposed stipulated final order against Brandes, Graham, Anderson, and their companies was 5-0. The Commission vote authorizing the filing of the amended complaint that added Anderson as a defendant was 5-0. The proposed stipulated final order was filed in the U.S. District Court for the Western District of Missouri on March 7, 2019.

NOTE: Stipulated final orders have the force of law when approved and signed by the District Court judge.

The Federal Trade Commission works to promote competition, and [protect and educate consumers](#). You can [learn more about consumer topics](#) and file a [consumer complaint online](#) or by calling 1-877-FTC-HELP (382-4357). Like the FTC on [Facebook](#), follow us on [Twitter](#), read our [blogs](#) and [subscribe to press releases](#) for the latest FTC news and resources.

Press Release Reference

[FTC Challenges Schemes That Target or Affect Senior Citizens](#)

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