

Welcome to the C.N.A. E-Bulletin Vol. 3, No. 23 – April 10, 2007

An electronic publication of the Canadian Numismatic Association
Copyright © 2007, the Canadian Numismatic Association

SPECIAL “LOTTERY NEWS, SCAMS AND TIPS” ISSUE

INTRODUCTION

We have accumulated some articles involving lottery news and tips. This special Tuesday bulletin deals exclusively with this subject, but not with the Nigerians or the European lotteries (those will have to wait for another issue).

So what makes me such an expert on lottery and scams? Because I am Canadian? What difference does that make, you ask? Because we're Numero Uno!

When I Googled “Lottery Scams” recently, I got 1,210,000 hits. When I Goggled “Canadian Lottery Scams,” I got 1,270,000 hits. Boy, do those Nigerians still have a ways to go against us Canadians, eh!

CANADIAN LOTTERY SCAM ARTISTS TO PAY \$19 MILLION

I think the following article shows the difference between Canadian and Nigerian scam artists. While the Nigerians are considered virtually untouchable by U.S. law enforcement agencies, Canadians are not immune to prosecution.

According to Consumeraffairs.com, in a case going back to 2004, a federal judge ordered Canadian telemarketers running an illegal foreign lottery scam that targeted senior citizens in the United States to pay \$19 million in consumer redress and has ordered a permanent halt to the scam.

Chicago U.S. District Court Judge Amy St. Eve wrote that the defendants made false or misleading statements to induce consumers to purchase shares or interests in lottery tickets, including that it is legal for them to sell foreign lottery tickets and for consumers to purchase them. She ordered defendants George Yemec, Anita Rapp and World Media Brokers, Express Marketing Services, and three other corporations they own and control to pay \$19 million.

The Federal Trade Commission (FTC) filed a complaint in U.S. District Court in Chicago charging that a group of related companies operated by six Canadians was running telemarketing boiler rooms targeting seniors in an illegal foreign lottery scheme. The FTC alleged that the telemarketers told the consumers that by investing with them, the consumers had a very good chance of winning the Canadian lottery.

According to the FTC, the telemarketers told many consumers that it is legal for U.S. consumers to buy Canadian lottery tickets. They told some consumers that they had already won a large prize and that consumers should send them money to redeem their winnings. The agency charged them with violating the FTC Act and the Telemarketing Sales Rule.

U.S. District Court Judge Amy St. Eve issued a temporary restraining order. Eleven of the 14 defendants agreed to abide by the provisions of the temporary restraining order, pending trial. In December, the court granted a preliminary injunction halting the operation.

At the request of the Federal Trade Commission, the court temporarily barred the defendants from selling tickets, chances, or any foreign lottery chances to residents of the United States; barred deceptive claims about the chances of winning the Canadian lottery; prohibited misrepresentations or omissions about material facts; and ordered an asset freeze to preserve funds for consumer redress, pending trial.

In another case targeting cross border lottery scams by telemarketers, the FTC charged defendants in British Columbia who offered “British Bonds” and lottery winnings to mostly elderly consumers in the United States and the United Kingdom with violating federal law.

And in another case with a Canadian connection, the FTC charged three individuals with using four corporations to engage in illegal telemarketing to U.S. consumers. The agency alleged that the defendants' telemarketers persuaded consumers that they would win the German, Spanish, or other foreign lotteries if they paid the defendants to play on their behalf. Consumers also were told they had won large sums of money but needed to pay a fee to collect their winnings. Defendants also ran a “recovery room” scheme, advising consumers that for a fee, the defendants would recover money the consumers had previously lost in the defendants' earlier scams. Two defendants were arrested in the United States, pleaded guilty to criminal wire fraud charges, and were sentenced to serve time in U.S. prisons. A settlement judgment filed in the District Court in Seattle provides for payment of \$371,000 from assets frozen by Canadian authorities from Wilson Okike, Uchenna and Obiagele Okike, Royal Flush System Network, Inc., ECAPS Credit Solutions Network Inc., Globalot Services, Inc., and Flash Productions, Inc. When combined with funds forfeited in criminal proceedings, more than \$500,000 was made available for consumer redress.

YOU COULD HAVE BEEN A MILLIONAIRE

The New York Times published an article by Jennifer Medina the day before Valentine's Day about unclaimed prizes:

They are the would-have-beens, could-have-beens, should-have-beens. They would be rich, recipients of the kind of multimillion-dollar jackpots that people dream about. Instead, after failing to submit their winning lottery tickets on time, they are left to, well, keep on dreaming.

Another poor, unknown soul is likely to be added to the list on Wednesday, when a \$3.5 million lottery ticket will be condemned to irrelevance, a worthless collection of six numbers: 15, 17, 19, 26, 37 and 38.

Wait, recognize those? Think you have the Connecticut Classic Lotto ticket from Valentine's Day last year? There's still time. But hurry, when the clock strikes midnight, it will be too late.

The could-have-been club boasts a surprisingly large roster, with dozens of hefty jackpots left unclaimed around the country in recent years. There was \$14 million in Illinois in 2005. In 2002, \$4.6 million went wanting in Massachusetts. That same year, nobody stepped up to take \$51.7 million in Indiana — apparently the largest forgone prize on record.

Connecticut has not had a winning ticket expire without a winner for nearly a decade. But in certain circles, any unclaimed prize is referred to as the Clarence Jackson Jr. jackpot. Mr. Jackson, three days late in turning in the winning \$5.8 million ticket in 1996, never got a penny. But he has spent much of the intervening years lobbying the state legislature to change the law and let him access his should-have-been fortune.

“The rules are the rules; there’s really nothing we can do,” said Diane Patterson, a spokeswoman for the Connecticut Lottery Corporation, whose headquarters are located just south of Hartford. “Obviously, the easiest thing to do is just to check the ticket.” Of the current \$3.5 million, she added, “We are still hoping that this winner is just waiting to be dramatic.”

Connecticut, like New York and New Jersey, gives players a year to claim lottery prizes; some states let tickets expire after three or six months. Connecticut also allows people to file lost ticket claims and investigate whether the prized ticket might, for instance, have actually been eaten by a dog. So far, with an onslaught of local publicity, state officials here have received 110 such claims to last year’s Valentine’s Day jackpot of \$3.5 million; none have given any leads to the real winner.

Lottery officials all like to boast that they do everything they can to find the wayward winners. They place posters in convenience stores. And they rely on the local media to spread the word. Usually, the tactic works. Of the 1,100 jackpots Connecticut has doled out since the lottery began here in 1972, 11 have gone unclaimed. In 1996, it was news reports of the unclaimed prize that prompted Mr. Jackson, then 23, to look through his stack of old tickets.

Mr. Jackson, who lives in Hamden, told local newspapers back then that he had been distracted by caring for his sick father. By the time Mr. Jackson realized he had the winning numbers, it was 11:45 p.m. on a Sunday night and he figured lottery headquarters would be closed. The next day was Columbus Day, a holiday, so he thought it was impossible to contact a state official. All the headaches could have been avoided had Mr. Jackson simply gone to a store that sells lottery tickets and had his winning numbers stamped — just as the Valentine winner can do on Wednesday.

By Tuesday, upon hearing of the news of the ticket’s expiration, Mr. Jackson was too depressed to do anything. He drove to lottery headquarters near Hartford on Wednesday, but was told it was too late. Mr. Jackson’s quest is still alive in the legislature: the latest iteration of the bill that could grant him his millions was filed last month. There is some precedent for lawmakers bending the rules to benefit a single recipient. In 1988, Maryland approved legislation that allowed a woman to receive the \$700,000 she claimed the day after the deadline. It seems unlikely, though, that there is enough support to prod the legislature to somehow pass Mr. Jackson’s exception this year.

The vast majority of unclaimed prizes nationwide are in the thousands of dollars, not millions. In Connecticut, some \$18 million a year is typically returned to the state’s general fund, unclaimed. In Mr. Jackson’s case, lottery executives will have the prerogative to decide how to use the \$2.1 million — the total of the jackpot if it were paid out in one lump sum.

Among lottery players at a 7-Eleven convenience store in Hartford on Tuesday, there were no signs of sympathy for the winner who could-still-be. “No way, no way, no way,” scoffed Luis Sanchez, who was buying a couple of quick picks for Tuesday night’s lottery. “If he hasn’t gotten it yet, he doesn’t deserve it. Really how hard is it to say — gee, I’m a millionaire. I better get the money.”

LOTTERY AGENCY SCRATCHES TICKETS

Although we hate to include the Ontario Lottery and Gaming Corporation in a bulletin dealing with Lottery Scams, I think that we would not be doing our duty if we did not inform our recipients of all the news about lotteries:

The Ontario Lottery and Gaming Corporation has hired outside auditors and is “working with the printer,” as it investigates a complaint that winning cards on two editions of a Super Bingo game could be identified without scratching them, a spokesperson has confirmed, according to the Toronto Star.

In the meantime, the corporation has recalled more than one million of the scratch-and-win games and will destroy them, according to OLGC spokesperson Don Pister, who noted 19.5 million game cards had been printed. They were distributed as retailer orders were submitted. All remaining cards in storage will also be destroyed. He said the OLGC acted quickly contacting lottery sellers at 10,000 locations province-wide and ordered them to remove Super Bingo games 1074 and 1076. Each has a grand prize of \$50,000.

The corporation has come under scrutiny since a media report last fall found retailers were winning a disproportionate number of jackpots. He expects the popular Bingo games will be back in stores once the investigation is completed. In the meantime, they’re been replaced by Hawaiian Bingo. The recall comes on the heels of a CBC probe this week alleging more vendor rip-offs. One questionable win involved a family member of a retailer who collected \$12.5 million.

The OLGC first came under fire last fall when CBC’s “The Fifth Estate” reported retailers were winning more prizes than chance allows. Featured was Coboconk senior Bob Edmonds, who was defrauded out of a \$250,000 prize by a lottery ticket vendor. The OLGC insisted the case was isolated. A later investigation found store clerks claimed one in 10 scratch-and-win prizes totaling \$10.7 million in the last six years. The matter is under investigation by the Ontario Ombudsman.

WORDS TO THE LOTTERY ADDICTS

Following are a few words to the wise from MSN Money:

Photocopy your ticket. Keep the original in a safe place, apart from the copy. Write your name on the ticket somewhere, with the words “ticket owner.” People have been awarded prizes by being able to prove that they indeed owned the ticket.

Legalize it. If you pool your tickets with others, keep a written agreement signed by all participants describing any special arrangements in a safe place. Everyone should have a copy. Rob Sanford, a certified financial planner, has a suggestion for groups of people who play together in the U.S.: form a legal partnership and get a Federal Employer Identification Number by filling out IRS form SS-4. Why? If you hit it big, the winners can each pay their taxes to the partnership. Complications (and extra gift taxes) can result when one group member claims the prize and then doles out the money. (Not applicable in Canada where lottery winnings themselves are not taxed, only interest or other profit earned with the money.)

Check the numbers. An estimated 12% of lottery prizes go unclaimed, according to the Multi-State Lottery Association. Check your ticket.

Take candy from a baby. Beware when Grandma gives Junior a scratch ticket at Christmas. Minors aren’t supposed to buy lottery tickets or even play the lottery. The worst-case scenario: A million-dollar ticket could be rendered invalid if the minor shows up to claim the prize. That’s what would happen in Massachusetts, says Massachusetts State Lottery’s Amy Morris. A lesser evil is that a big prize could be locked up for years. In British Columbia, if a minor is given a

ticket and then shows up to claim the jackpot, the money would be retained by a public trustee until the child reaches age 19, says Alison Lester, a spokesperson for B.C. Lottery. How to avoid these problems: Play it for him, and claim any prize for Junior, too.

WHY POOR PEOPLE WIN THE LOTTERY

It's not karma that rewards hotel maids and ditch-diggers with huge jackpots. In a survey by the Consumer Federation of America and financial services firm Primerica, 40% of Americans with incomes between \$25,000 and \$35,000 -- and nearly one-half of respondents with an income of \$15,000 to \$25,000 -- thought winning the lottery would give them their retirement nest egg. Overall, 27% of respondents said that their best chance to gain \$500,000 in their lifetime is via a sweepstakes or lottery win, the survey said.

To save a \$500,000 nest egg, you'd have to tuck away over \$100 a month starting at age 21. What's more likely: that you can find an extra \$100 a month -- or that the 1-in-several-million odds of even the smallest seven-figure jackpot suddenly tilt in your favor?

There are two golden rules, say those who have studied lottery players: Play only if you can afford it, and play only for fun. "If you're playing because you think you're going to get rich, then don't play," says Don Feeney, research director for the Minnesota State Lottery.

If you can safely afford to drop a sawbuck or two on the lottery, how should you do it? Experts underscore that you can't noticeably improve your odds at winning a lottery. Anyone who promises that is a charlatan. Still, there are some helpful tips to consider before you buy:

Know the odds - The odds in the big lotteries don't change when the number of ticket-buyers surges. Your odds of winning huge in the Powerball are 1 in 120,526,770 no matter how many people play. Likewise, the Mega Millions odds remain 1 in 135,145,920. The lesson: If you're going to throw away \$5 on lottery tickets, you might want to wait until the jackpot climbs to \$200 million. One downside: A bigger jackpot means more people playing and a higher probability of having to share the prize.

Be random - "The only thing you can do, really, to give yourself a slight edge - and I'm saying really slight here - is that you don't want to play numbers that are frequently played by other people," says Don Catlin, a retired mathematics professor, author of "[The Lottery Book: The Truth Behind the Numbers](#)" and monthly math columnist for the online magazine [Casino City](#). "I would guess that are numbers like 7 and 11. The reason for that is it will slightly increase the chance that you won't have to share the jackpot." Choosing birthdates also limits your options because days and months only go up to 31 and 12, respectively -- which increases your odds of having the same numbers as other players, says Feeney of the Minnesota State Lottery. The solution: Let the "Quick Pick" computer randomly generate your numbers.

Go ahead, scratch in public - "In just about every case, the scratch tickets are a better bet than the lottery," Catlin says. Why? The lottery usually returns about half of the money to the players. By contrast, most scratch games return close to 60% or more.

Beware the stale game - People often don't realize that scratch games aren't finished when someone wins the biggest prize; the tickets are left out until they're all sold. That means you might be buying a ticket to a game in which there's no chance for a juicy payday, says Chris Gudgeon, co-author of "[Luck of the Draw: True-Life Tales of Lottery Winners and Losers](#)."

Watch for promotions - Rarely, a lottery will offer promotions that are worth chasing. The goal is to find a buy-one-get-one-free offer in a game that returns more than 50% to the player. That doubles your return, to more than 100% -- which means you'll make more, on average, than you invest. The New York State Lottery had such a promotion with its Quick Draw game, and some mathematics graduate students made out handsomely, says Catlin.

INTERNET GAMBLING SCAM SITES

For a list of known lottery scam operatives, go to the Fraudwatch International Website at <http://www.fraudwatchinternational.com/known-scam-operatives>

Sites that you should visit if you have any questions about lottery scams is Fraud-Aid at <http://www.fraudaid.com/ScamSpam/Lottery/index.htm> or Hoax-Slayer at <http://www.hoax-slayer.com/email-lottery-scams.html>

The U.S. Federal Trade Commission gives us Canadians credit. www.ftc.gov/bcp/online/pubs/alerts/intlart gives some details about international lottery scams. They start the article with: "Scam operators – often based in Canada – are using the telephone and direct mail to entice U.S. consumers..."

Data Wales states: "Australian lottery, but based in Canada?" The Website www.bbc.co.uk/insideout/south/series7/lottery_scam has a number of letters from people who have been scammed or have a relative that has, where Canada is mentioned a few times.

A posting from Jefferson County, Colorado at www.co.jefferson.co.us/news/news_item_T3_R160 also refers to a Canadian lottery scam.

According to phoenix.about.com/cs/seniors/a/canadianlottery, us Canadians even have a lottery scam named after us.

And you thought we Canadians don't show initiative when it comes to money making ideas!

CONCLUSION

The final advice:

- Don't respond to the e-mails.
- Don't, under any circumstances, send them any money (you'll never see any of it again)!
- Don't give them your full identity.
- Don't give them any information about your bank account or credit card!
- Don't telephone them (you may get the surprise of your life with the next phone bill)!

Of course if you had listened to the first advice, you wouldn't need to worry about the rest!

CONCLUSION

If you insist on sending money to someone, please send it to me. I absolutely guarantee that I will send you 50% back within six months, which is 50% more than the Nigerians, the world's second leading scam artists (after Canada), will send you.

John Regitko
Your C.N.A. E-Bulletin Editor
Canadian Numismatic Association

The Canadian Numismatic Association is a not for profit organization devoted to serving those who enjoy coin collecting/numismatics by promoting fellowship, communication, education and providing advocacy and leadership for the hobby.

If you have a comment to make, or would like to submit an item for publication, email:
cnanews@look.ca

To subscribe to the E-Bulletin email:
cnanews@look.ca

Back-issues of the C.N.A. E-Bulletin are available from the C.N.A. Website at
<http://www.canadian-numismatic.org/ebulletin.php>

If you have questions about our privacy policy, email:
privacyissues@canadiannumismatic.org

To learn about the benefits of membership or to join the C.N.A. visit our website at:
www.canadian-numismatic.org

For a complimentary copy of The CN Journal, email your name and mailing address to:
cnainfo@look.ca

Any submissions, comments or information sent to us will be shared with subscribers unless indicated otherwise. We reserve the right to edit submissions for publication.