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New Charges of Cheating Tarnish Pepsi Fund-Raising Contest for Nonprofits

By **STEPHANIE STROM**

Pepsi Refresh, the online fund-raising contest with a \$20 million giveaway for charitable causes and nonprofit groups, is again receiving complaints that its results are being manipulated.

A few nonprofit groups say that recent winners have used a mysterious service to propel themselves into the winning ranks, and complain that the practice breaks Pepsi's ban on proxy voting and on votes from international locations.

"I feel like we were cheated out of a win," said Ann Goody, a founder of the Three Ring Ranch, an exotic-animal sanctuary in Kona, Hawaii, that participated in the contest for many months. "We worked our hearts out with e-mails, phone calls, Facebook, kids handing out candy canes at Wal-Mart and then we find out our win was stolen from us by people breaking the rules."

Pepsi has been running the contest each month since last February. Organizations and causes compete for votes to win grants of \$5,000, \$10,000, \$25,000, \$50,000 or \$250,000. "I'd say only three months of this contest, the first three, were pretty legitimate," said Randall G. Herzon, founder of [Kritter Kountry](#), a new nonprofit animal shelter and rescue center in Eureka, Calif., that vied several months for the \$250,000 prize.

Mr. Herzon said he first started noticing problems in May. "I've been complaining to Pepsi about a number of things since then, and so have others," he said. "I think they got tired of hearing from us. They kept skirting the issues and saying everything was O.K. under the rules."

In a statement, Pepsi said it was committed to maintaining the integrity of the contest, and that it deployed a variety of proprietary methods to identify fraudulent votes and remove them from the system. Pepsi also said it "adamantly disputes Mr. Herzon's claims," adding that the organizations it had hired to help respond to inquiries had thoroughly reviewed complaints.

“We take any allegation of fraud very seriously, and once we have completed a thorough investigation, we will take appropriate action,” the company said. The most recent flap appears to revolve around competing animal shelter contestants. Carol Schultz, the operator of [Guardian Angel Feline Rescue](#), won a \$50,000 grant in October, but now finds herself at the center of the latest distress. Ms. Goody, Mr. Herzon and others say they believe a third-party service was used to generate proxy votes from abroad. Ms. Schultz, however, says she did nothing wrong.

The only information known about the outside service in question is that it is represented by an unknown individual called “Mr. Magic” by the contestants, who cited only an e-mail address, tubebilling@gmail.com. Someone using that address offered to help raise vote totals to get some of the groups into the winning ranks in exchange for payments or a share of their winnings.

“Someone sent us an e-mail from an address like that a couple of months ago, asking us if we wanted this service,” said Jeff Hynes, the founder of Cash for Critters, a nonprofit group in Euclid, Ohio, that won \$25,000 in the contest last month. “I think we just deleted it because we didn’t want anything to do with that. We tried to do this the way it’s supposed to be done.”

Ms. Goody and other contestants are asking Pepsi to disqualify any winner found to have used the third-party service.

In October, Three Ring Ranch came close to winning one of the 10 \$50,000 grants, hovering around fifth place until it fell to the 11th position, just out of the money, in the final days. One of the organizations that unseated Three Ring Ranch was Guardian Angel Feline Rescue, which had been languishing at 17 until it surged into seventh place to win.

In the next month’s contest, Ms. Goody’s organization was ranked around 100. She said Ms. Schultz called her and offered to help put her in touch with someone, known as Mr. Magic in India, at the Gmail address. “I played along because I wanted to know how she did it,” Ms. Goody said. “I decided I’d be a spy.”

Ms. Schultz declined to say whether she had used Mr. Magic’s services or whether she had paid for such services. “I’m not going to incriminate myself with anything as far as this goes,” she said.

But e-mails provided by Ms. Goody that appear to be from Ms. Shultz describe efforts to pay for the service. “I have just spent 3 days for hours at a time at my bank & other banks trying to get a cash advance on this stupid debit card” — using her winnings from Pepsi — “so that I could wire Mr. Magic his fee,” one e-mail on Dec. 11 states.

The e-mail says that the fee was wired to an account held by [NetDigitalinc.com](http://www.netdigitalinc.com) L.L.C., in Baton Rouge, La., according to a man who identified himself as Christopher Moran and as the owner of the business. In a telephone interview, a man who said he was Mr. Moran said he had been doing business with Mr. Magic over the last two years, but would not identify him further. “He’s the one who solicited them,” Christopher Moran said of the contestants and Mr. Magic. “I only know them when they call me. I don’t know their arrangements with him.”

Someone responded to queries sent to the Gmail address, but the writer did not disclose his or her identity or provide the name of the business. The e-mail reply said the business was based in India, but would not supply its Web site address. “We would not like to disclose our tube Web site because this would be negative PR as we are using it to win charity contests,” the e-mail stated.

Told of the latest contretemps involving the Pepsi contest, Allison Fine, an expert on nonprofit use of social media and co-author of the book, “The Networked Nonprofit,” said the onus was on Pepsi to investigate.

“I don’t think I’ve heard about any of these contests where gaming wasn’t an issue,” she said. “It is incumbent on the sponsors to respond quickly to concerns because otherwise, there is a real question about the legitimacy of these things.”

But she laughed at the circumstances. “This is worthy of a Coen brothers’ movie.”