

PERSONAL FINANCE

The Givling trivia app claims to help people with student debt. Players say it's expensive and risky.

PUBLISHED FRI, JUN 21 2019 8:18 AM EDT UPDATED MON, JUN 24 2019 5:29 PM EDT

Annie Nova @ANNIEREPORTER

REBUTTAL

Preface: We certainly appreciate CNBC's effort to cover Givling. However, we feel compelled to address their 6/21/19 piece because we believe it contains a number of mischaracterizations that mislead the reader.

We have highlighted issues below, but here are some examples:

- (1) There are several approaches to the game. The author focuses on the piece that is monetarily competitive. But she ignores the very pieces that require *no money and involve no risk* -- like our *free* trivia pots and *free* random drawings.
- (2) The author tries to justify her premise using a *16-month old inquiry* -- it was not even considered a "case" -- and the inquiry was satisfied and closed in one day.
- (3) The two experts used to also justify the premise -- **Robert FitzPatrick** and **Stacie Bosley** -- both **declined** our requests to discuss, which seems sketchy to us. (Copy of email communications below.) Their opinions are in stark contrast to the many experts at state departments that have evaluated and find Givling in good standing.

Legend: Yellow highlights are in-line commentary.

Blue highlights are what we believe are specific examples of questionable negative bias.

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The Givling trivia app claims to help people with student debt. Players say it's expensive and risky.

[The author mostly ignores that there are ample free opportunities to win money, which we think makes this headline misleading. Example #1 of negative bias.]

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- KEY POINTS**
- * [A business] billed as a community that bands together to crowdfund the payoff of people's student debt, the Givling app has attracted a large and loyal following of borrowers hoping for financial relief. [Givling is a for-profit game business that has chosen to help people with student debt. We don't have to do this, but we do. We do this through a unique, *crowdfunding game* platform we created. We think people can have fun and be engaged while doing good. Overall we believe the author was hunting for something more sinister than this.]
 - * Yet in interviews with current and former Givling players and legal experts, a darker picture emerges beyond the game's prize wheel animations and declarations of good intentions. [Example #2 of negative bias. "A darker picture emerges" sounds like tabloid language, and we question its use given the *actual* data (i.e., zero state legal action) and what we feel are inappropriate associations.]
 - * One woman spent \$42,000 to win [and won \$50,000]. Another man borrowed \$20,000 from his 401(k) [and won \$50,000]. [Omitting the results in this article summary is Example #3 of negative bias.]



ABRA BELKE WAS IN LAW SCHOOL when she came across the [Givling](#) app, which calls itself “the world’s most incredible trivia game.” It promised winners payments toward their student debt [and has, in fact, paid out millions of dollars toward debt relief... so it's not just a promise... Givling has delivered and continues to do so. **Omitting this is Example #4 of negative bias.** Further, it mischaracterizes game play. We promise debt relief to those that get to the top of our queue, but trivia players are not promised anything -- only the chance to win our trivia contest and contest prize money.]

[Belke](#) was interested. Her student loan balance was more than \$100,000 and she had previously [won \\$62,000](#) on the syndicated game show, “Who Wants To Be A Millionaire.”

“I’m a trivia buff,” Belke, 37, said.

However, she quickly realized it isn’t knowledge on a variety of topics that makes a player competitive on Givling. It’s money. [The author is again confusing the actual game play. “Knowledge on a variety of topics” absolutely makes a player competitive in the trivia contest, and many trivia players take advantage of our daily free plays to win trivia prize money.]

When you play trivia, you also get “Queue Points.” These go towards figuring out your place in the “Queue.” The Queue is something special because it's the way Givling keeps track of who gets the next \$50,000 in debt relief.

There are other ways to get Queue Points, too. Like other for-profit games (and as noted below), some of those involve in-game purchases.

But even here we are cognizant and respectful of those that may not want to spend money. We have two paths to the top of the Queue, a Green “Givling coin paying” path... and an Orange “non-coin paying” path... and -- what's important -- we make sure *every other loan repayment comes from the non-coin paying Orange path.*

Also significant: The author fails to mention that our sizable weekly and daily random drawings require *no* money, either.]



Caption/Credit: The Givling app



The app's most-coveted [\\$50,000 payout](#) is awarded every seven to 10 days to players who reach first place in the game's queue, which currently has more than 450,000 people, according to the company. To climb in that ranking, players need to accumulate queue points. That can be done by [\[playing trivia,\]](#) watching ads on the app, buying [Givling merchandise](#) or coins and using its paid [sponsors](#), which include [Uber](#) Eats and eyewear maker Warby Parker.

Belke did it all. She rose up in the queue and hovered in the top few spots. Then other players would suddenly pass her. She wanted to quit but felt trapped. [\["Trapped" is one way to describe a compelling game. This language is Example #5 of negative bias.\]](#)

Over three years, she would spend \$42,000 on the game [\[and won \\$50,000 and saved interest payments\].](#)

BILLED AS A COMMUNITY that bands together to crowdfund the payoff of people's student debt, the Givling app has attracted a large and loyal following of borrowers hoping for financial relief.

Yet in interviews with current and former Givling players and legal experts, a darker picture emerges [\[see previous comment about negative bias\]](#) beyond the game's prize wheel animations and declarations of good intentions.

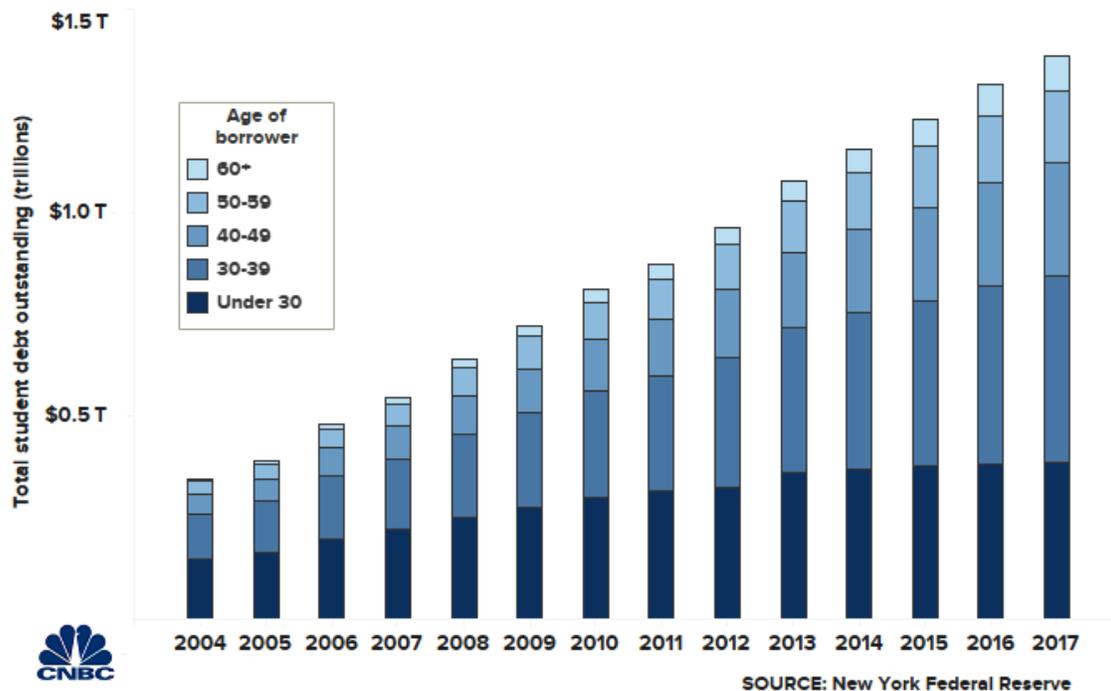
People describe pouring hundreds, even thousands, of dollars into the game, though the chances of winning appear small and skewed toward those who've put in the most money. At least one state regulator in Minnesota found the game violated gambling law there, CNBC has learned. [\[Negative bias #6. The Minnesota state regulator contacted Givling with a simple inquiry almost 16 months ago. Yet, the way this is written, it misleads the reader into thinking this is some kind of current legal action, because if the author said here that this happened 16 months ago -- and was cleared up in a single day -- her statement would seem silly and not relevant today.\]](#) And legal and consumer experts point to several other red flags.

"This appears to be a pretty sophisticated scheme," said [Robert FitzPatrick](#), founder and president of Pyramid Scheme Alert, an international association focused on preventing fraud. [\[WE TAKE THIS COMMENT EXTREMELY SERIOUSLY. We immediately reached out to Robert FitzPatrick and he declined our invitation to discuss. \(Copy of our email exchange below.\)\]](#)

[As president of an association focused on preventing fraud, we found it incredibly concerning that he would decline our invitation to discuss his public comments with us. We will continue reaching out to him.\]](#)



Student debt boom



[Lizbeth Pratt](#), founder and CEO of Givling, says that the app is the first form of “[gamified crowdfunding](#)” and that players should not expect financial relief for themselves.

“All I did was apply crowdfunding to student loan debt,” Pratt, 60, said. “When you’re playing Givling, you’re paying off someone else’s loan. If you’re here to get your loan paid off and that’s your only reason, then you’re mad.”

However, the Givling players CNBC spoke with said they were on the app to win the \$50,000 payout.

Michelle Scott, a mother of two from Wenatchee, Washington, spends around \$100 a month to climb the queue on Givling. She owes \$62,000 in student debt and said her monthly loan payments just go to interest.

“Givling is my main hope for getting out from under,” Scott, 35, said.

There are 450,511 registered accounts on Givling, the company says. Around 50 people have received the \$50,000 payout, according to Pratt.



Stories about Givling, which have appeared in [Wired](#), [Business Insider](#) and [CNBC](#), have been mostly positive. [Thank you for this mention! :)]



Michelle Scott, her husband Alan, daughter Rilya, and son Mason

Photo: Rebekah's Photography

PRATT, A FORMER MERRILL LYNCH STOCK BROKER, created the Givling app in 2015, when student loans were becoming more of a problem for Americans. Outstanding education debt in the U.S. is projected to swell to \$2 trillion by 2022, eclipsing credit card and auto debt. The average college graduate leaves school \$30,000 in the red today, up from \$10,000 in the 1990s. And 28% of student loan borrowers are in delinquency or default.

Pratt said she never had education debt. “My parents paid my way through [Stanford](#),” she said, “I never had to worry about money.”

Her inspiration to start Givling came from discovering people can’t discharge their student debt in normal bankruptcy proceedings, Pratt said. She filed for bankruptcy in 1990 after a divorce. “It gave me a clean state,” she said.

Pratt, who splits her time between Maine and France, said she took \$1.8 million out of her retirement account to start Givling.

“I think we only brought in maybe \$35,000 the first year,” Pratt said. In 2018, she said the company’s revenue was \$1.9 million, a number she said it has already surpassed this year. Givling keeps 10% of the revenue, according to Pratt. The company, [which is](#)



[incorporated](#) in Wyoming, now has six employees and has given out more than \$3.4 million to players, Pratt said.

“We’re on sort of turbocharge bootstrap now,” she said, adding that between 400 and 700 people sign up for the app each day.

GIVLING OFFERS frequent cash drawings and trivia prizes but most players say they’re on the app to rise to first place in the queue and secure the \$50,000 payout. [Givling has over 450,000 players. There are only a handful cited in this article, which we do not believe qualifies as "most players." Example of Negative bias #7.]

"To argue that a game that offers daily monetary prizes and touts itself as a path out of debt is entirely altruistic is self-serving and naive.

Abra Belke
A GIVLING PLAYER

One of the main ways to move up in the queue is to make purchases from [Givling's paid sponsors](#). If players don't buy the products, they can lose out on queue points and drop down the list. As a result, players say they feel like hostage consumers on the app. ["Hostage" is one way to describe a compelling game. This language is Example #8 of negative bias.]

Belke bought many items she didn't want or need to rise in the queue. She ordered bottles of wine, even though she doesn't drink it. She booked hotel rooms around the country, most of which she never checked into. And she used her credit card to buy hundreds of Givling T-shirts and mugs.

“I needed the queue points,” she said. “It was obsessive.”



Last year, Belke was finally awarded the \$50,000. She spent around \$42,000 on the app, which means she came out \$8,000 ahead [not including saved interest payments],



although, she said: “What it took to make it work was devastating. It takes over your life.”

And Belke might be in the red: it’s unclear if winners must pay taxes on the payout. Pratt says the \$50,000 is nontaxable because it’s generated through crowdfunding and is therefore a gift. Some experts disagree.

[Cheryl Metrejean](#), an accounting professor at The University of Mississippi who has studied the tax implications of crowdfunding, said any winnings on the Givling app are likely taxable.

“I do not believe this is actually crowdfunding, regardless of what the company chooses to call it,” Metrejean said. “This is a game where players participate, and in some cases pay, to try to win money.”

A spokesman for the [IRS](#) said the agency doesn’t offer opinions on cases it hasn’t reviewed. However, any money a player won on Givling would be nontaxable only if the people who paid into the app expected nothing in return, the IRS said.

"It takes money to make money, but if it’s designed to help people that are in need then that shouldn’t be the criteria

[Kurt Ricketts](#)
A GIVLING PLAYER

Belke balked at Pratt’s assertion that people flocked to Givling to help others with their student loans.

“To argue that a game that offers daily monetary prizes and touts itself as a path out of debt is entirely altruistic is self-serving and naive,” she said.

“**NOBODY GETS THE \$50,000** without a hefty investment, ” said [Kurt Ricketts](#), a data analyst in Seattle who has been on the Givling app since January 2018. **This is not true but it's a perception that we need to do a better job addressing.**

He owed \$16,000 in student loans when he started playing. If he and his fiance won the \$50,000 payout, he thought, they’d be able to sooner realize their dreams of homeownership. The winnings can also go toward a mortgage.



Ricketts watched three ads an hour on the app — another way to accumulate points and rise in the queue. “I was setting an alarm,” he said.

He subscribed to Givling’s paid sponsors, including [Blue Apron](#) and the snack company Kind. He bought Givling-stamped shirts and mugs.

“Every dollar I spent was designed to try to keep me going up in the rank,” Ricketts said. He soared up to number 160 in the queue, but then his momentum stalled. “Once you get into that top part it’s like a war,” he said.

He’s grown discouraged and plays less now.

“It takes money to make money, but if it’s designed to help people that are in need then that shouldn’t be the criteria,” Ricketts said. He estimates he spent around \$1,200 on the app.

Once you get into that top part it’s like a war. [Yes, it’s a competitive game.]

Kurt Ricketts
A GIVLING PLAYER

Pratt said most of the ways to win money on Givling don’t require spending money. She said many people who pay to rise in the queue are doctors and lawyers who have massive debt “but also have a big income.”

Many Givling players speak positively about the game. They say the [Givling Facebook page](#) gives them a place to commiserate with other student loan borrowers. [Cynthia Thomas Reher](#), a veterinarian, recently won the \$50,000 payout after playing for four years. “I feel more optimistic about the future now,” she said. Reher declined to say how much she spent on the app.

According to Givling, the average player pays just \$6 a month. However, people can spend up to \$2,500 a week on the coins that turn into queue points, and another \$2,500 a week on Givling merchandise. There doesn’t appear to be many rules around how much players can spend with Givling’s paid sponsors.

Eric Wilkin, who won \$50,000 on Givling in 2018, said he borrowed \$20,000 from his 401(k) plan at work to play the game.

“I like to gamble,” Wilkin, 33, said. “I’m used to taking risks.”



IN MARCH 2018 [16 months ago], A COMPLAINT triggered officials at the Minnesota Department of Public Safety to investigate Givling. [Jon Anglin](#), an agent in the alcohol and gambling enforcement division, advised Pratt that her game was considered an illegal lottery under Minnesota law.

Givling is my main hope for getting out from under.

[Michelle Scott](#)
A GIVLING PLAYER

Pratt told the department she would make changes to comply with the state rules, including removing the app's random drawings, according to a copy of Anglin's [16-month old] final report obtained by CNBC.

Anglin closed the case into Givling soon after [the day after], concluding that it appears "that the game is being changed to a skill-based trivia game." [Anglin also concluded that the re-engineered random drawings complied with Minnesota state law and were soon after reintroduced into the game.]



Givling's games might not comply with other state laws. In the app's [terms and conditions](#) it writes that its coins for getting queue points can't be bought by residents in Arkansas, Connecticut, Delaware, Louisiana, Montana, South Carolina, South Dakota and Tennessee. [Example of negative bias #9. This isn't a Givling specific issue, rather, these states are in the process of defining their own gaming laws for all gaming companies.]



Pratt said she doesn't know if players in those states can legally play her game. [Example of negative bias #10. The issue here is the state's legislative decision regarding certain purchases in online games (for example, coin purchases in Givling). But the author seems to be suggesting that the scope goes beyond this to the entire game, which is incorrect. Players from every state can participate in the Orange Queue, as well as win money playing free trivia and in the free random drawings, too... and these activities still help drive advertising revenues that still contribute to helping pay off the loans of needy participants.] "I just don't want to expend the lawyer fees to figure out if they can," she said. [Example of negative bias #11. This out-of-context quote makes it seem like Ms. Pratt is being legally irresponsible. She is operating in a conservative manner and waiting for the states to definitively publish their gaming rules. Why make that sound negative?]

Givling has been "examined" by regulators in six different states, Pratt said, including California and New Jersey, but declined to give additional details. The [Federal Trade Commission](#) said it was aware of Givling but could not comment further. [Example of negative bias #12. The details were quite clear: The FTC and regulators from different states have examined Givling over the last three years and, in all that time, there has never been an action against Givling.]

STACIE BOSLEY, A PROFESSOR AT Hamline University in Minnesota who has worked with the FTC on pyramid scheme litigation, said Givling uses many of the same tactics as those schemes do to attract players and keep them engaged.

Givling [constantly posts](#) about its winners, Bosley said, but it's not transparent about the scale of losses on the app.

"You really have a hard time assessing your chances of rising in the queue and what's the likelihood that by taking certain actions you're going to get a particular payout," she said.

By framing itself as [a force for good](#) and remedy for a broken lending system, Bosley said, Givling further obscures the risk and reward trade-off players should be considering.

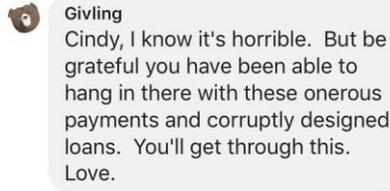
[WE TAKE MS. BOSLEY'S ALLEGATIONS VERY SERIOUSLY. We immediately reached out to her and she declined our invitation to discuss. (Copy of our email exchange below.) We will continue reaching out to her.]

On Facebook, Givling describes student loans as "corruptly designed." One Givling shirt [reads](#): "Student loans: Don't bear them alone. Play Givling."





Source: Teespring.com



Suppression of criticism in another red flag, Bosley said. Givling players say the company doesn't take pushback lightly.

In March 2019, Ricketts, the data analyst from Seattle, said he was suddenly blocked from [Givling's official Facebook group](#).

"I was a vocal data-driven person who would write in realistic terms occasionally," Ricketts said.

Pratt said Givling "allows lots of negative comments."

"But if all someone is doing is putting a negative comment on virtually every post, then we ban them for a month," she said.

Five months later, Ricketts said he has yet to be allowed back into the official Facebook group.

[Like many organizations, the company removes posts that are offensive and/or detrimental to the community and their game play.]



Stacie Bosley

Source: Stacie Bosley



Pyramid schemes also reward people for recruiting new members, as Givling does with queue points, said [FitzPatrick](#) of Pyramid Scheme Alert. “Givling appears to transfer funds from new participants to earlier ones,” he said.

[To repeat: **WE TAKE THIS COMMENT EXTREMELY SERIOUSLY. We immediately reached out to Robert FitzPatrick and he **declined** our invitation to discuss.** (Copy of our email exchange below.)

As president of an association focused on preventing fraud, we found it *incredibly concerning* that he would decline our invitation to discuss his public comments with us. We will continue reaching out to him.]

Belke, the player who put \$42,000 into Givling, said players are told that the more people they get to sign up for Givling, the more people’s loans the company will be able to pay off.

“Once you get to the top, you want as many new players as possible to keep the queue moving,” she said.

Belke got more than 100 people to sign up. “It’s one of my deepest regrets,” she said.

Pratt denied that Givling targets student loan borrowers. Many apps offer prizes and reward users for bringing in new people, she said.

“A pyramid scheme is when you guarantee somebody a return on their investment,” Pratt said. “This is gamified crowdfunding. When you put money in you’re crowdfunding somebody else’s loan. Your [CNBC] investigation is laughable.” [Ms. Pratt feels most of the quotes attributed to her were edited and/or taken out of context.]

TWO YEARS AGO, Kelly Basoco was watching the news when a report on Givling flashed across her screen.

The 55-year-old mother of five downloaded the app. She hopes to put the \$50,000 payout toward the mortgage on her house in Upland, California.

By now she’s poured \$15,000 into the game. She’s at 11 in the queue.

Asked how she would feel if she didn’t win, she took a long pause. “I tell myself I’ve helped other people, but I would be pretty down,” Basoco said. “I’ve put so much time and money into it and I really believe in their mission.”



EMAIL EXCHANGE WITH ROBERT FITZPATRICK:

From: PSA <rfitzpatrick@pyramidschemealert.org>

Date: June 24, 2019 at 13:58:07 EDT

To: Lizbeth Pratt <lizbeth@givling.com>

Subject: Re: Givling

Dear Ms Pratt,

I decline your request for a chat.

Sent from my iPhone

Robert L. FitzPatrick

704-334-2047

rfitzpatrick@pyramidschemealert.org

@PyramidAlert

On Jun 24, 2019, at 5:48 AM, Lizbeth Pratt <lizbeth@givling.com> wrote:

Hello Mr. Fitzpatrick,

I'd like to schedule a call or Skype chat with you, today or tomorrow if convenient, to discuss the conversation you had with the CNBC writer, Annie Nova.

I can make myself available any time after 14:00 eastern today, or any time tomorrow, Tuesday. Just let me know what works for you.

Thank you,

Lizbeth Pratt

founder



EMAIL EXCHANGE WITH STACIE BOSLEY:

From: "Bosley, Stacie" <sbosley@hamline.edu>

Date: June 24, 2019 at 14:25:20 EDT

To: Lizbeth Pratt <lizabeth@givling.com>

Subject: Re: Givling

Hello Ms. Pratt,

Thank you for the offer to speak with you, **but I am declining your invitation at this time.**

Best,
Stacie

On Mon, Jun 24, 2019, 7:15 AM Lizbeth Pratt <lizabeth@givling.com> wrote:

Hello Professor Bosley,

Are you free to schedule a call tomorrow Tuesday, or Wednesday, at your convenience?

I would like you to clarify what aspects of Givling look like a pyramid scheme to you.

Let me know what time and day works for you.

Thank you,

Lizabeth Pratt
founder

