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IN THE CIRCUIT COURT FOR THE THIRTEENTH JUDICIAL CIRCUIT FOR HILLSBOROUGH COUNTY, FLORIDA

OFFICE OF THE ATTORNEY GENERAL,
STATE OF FLORIDA,
DEPARTMENT OF LEGAL AFFAIRS,

Plaintiff,

Case. No.:
Division:

v.

SWEEPSTEAKS LTD. d/b/a STAKE.US,
EASYGO GROUP HOLDINGS PTY LTD.,
MEDIUM RARE N.V.,
KICK STREAMING PTY LTD.,
BIJAN TEHRANI, ED CRAVEN, PRAXIS TECH LTD., and BREEZE LABS PAYMENTS INC.,

Defendants.
_____/

COMPLAINT FOR EQUITABLE AND STATUTORY RELIEF
JURY TRIAL DEMANDED

1. Defendants operate illegal online casinos in the State of Florida. They call them "sweepstakes" casinos as if that's some sort of talismanic cure-all. But if it looks, swims, and quacks like a duck, it's a duck. Defendants' "sweepstakes" casinos violate Florida laws, harm Florida citizens, and deprive the State of licensing, taxation, and other revenues from gambling entities that the State properly regulates.

2. Defendants market their platforms as legitimate entertainment rather than online gambling operations. They deploy deceptive advertisements, 24/7 accessibility, acceptance of credit cards and other convenient payment methods, and

influencers and promotional partners to attract vulnerable consumers to their illegal gambling rackets—including minors and seniors.

3. This carefully constructed facade conceals the true nature of Defendants' business, misleads consumers and regulators, and enables Defendants to profit while evading Florida's gambling laws, licensing requirements, taxation, and other regulatory oversight imposed on lawful gambling operators in the State.

4. The Attorney General therefore brings this action to shut down Stake's illegal gambling operations in the State of Florida, disgorge the ill-gotten gains Stake has obtained at the expense of Floridians, and otherwise hold Defendants accountable.

PARTIES

5. Plaintiff, Office of the Attorney General, State of Florida, Department of Legal Affairs, brings this action, by and through its Attorney General, James Uthmeier. The Attorney General is an enforcing authority of the Florida Deceptive and Unfair Trade Practices Act ("FDUTPA"), Chapter 501, Part II, Florida Statutes, and is authorized to bring this action seeking equitable, injunctive, and other statutory relief, including equitable monetary relief, and civil penalties under FDUTPA for violations of FDUTPA and gambling statutes aimed at protecting Floridians. The Attorney General may also bring an action for violations of sections 849.08, 849.09, 849.11, 849.14 to 849.16, and 849.26 to 849.34, Florida Statutes regarding illegal gambling in violation of Florida law as a violation of FDUPTA.

6. Before this action, the Attorney General reviewed this matter and determined that this enforcement action serves the public interest.

7. Defendant Sweepsteaks Ltd. d/b/a Stake.us is a Cyprus limited company (Registration No. HE436222) with its principal place of business located at 28 Oktovriou, 313 Omrania BLD, Limassol, CY-3105, Cyprus. According to Stake.us's Terms of Service, Stake.us is owned and operated by Sweepsteaks Ltd. Sweepsteaks also maintains a U.S. office at 13101 Preston Road, Suite 110-5027, Dallas, Texas 75240. Sweepsteaks purposefully avails itself of and conducts substantial business within Florida through its website, Stake.us, and its extensive advertising, promotional campaigns, sponsorships, as well as targeted marketing directed at consumers throughout the United States, including Florida.

8. Defendant Easygo Group Holdings Pty Ltd. is an Australian proprietary limited company primarily registered and headquartered in Melbourne, Australia, with its principal corporate entity located at Level 2, 287-293 Collins Street, Melbourne, Victoria 3000, Australia. Easygo is the primary corporate entity behind the Stake brand and owns, operates, manages, controls, and directs the Stake platform and its affiliated businesses, including Defendant Sweepsteaks Ltd. d/b/a Stake.us.

9. Defendant Medium Rare N.V. is a Curaçao limited liability company with its statutory seat in Curaçao and its principal place of business at Seru Loraweg 17 B, Curaçao. Medium Rare was incorporated on November 13, 2017. According to its corporate registration, Medium Rare's stated corporate purpose is to provide

offshore games of chance and wagering through the internet, including services described as an "Internet Casino," "Internet Wagering," and "Internet Sportsbook." Stake publicly represents that the Stake platform is operated by Medium Rare N.V., is authorized and regulated by the Government of Curaçao, and operates under License No. 8048/JAZ issued to Antillephone N.V. Medium Rare operates the Stake platform as part of the same global enterprise through which Defendants market, promote, and provide online gambling services to consumers throughout the world, including consumers in Florida.

10. Defendant Kick Streaming Pty Ltd. is an Australian proprietary company with its principal place of business at Level 2/287 Collins Street, Melbourne, Victoria 3000, Australia. Kick operates an online livestreaming platform that serves as a principal marketing vehicle for the Stake brand through gambling livestreams, influencer partnerships, sponsorships, and other promotional content.

11. Kick operates as part of the integrated Stake enterprise under the common ownership and control of Defendants Ed Craven and Bijan Tehrani. After Twitch prohibited Stake-related gambling content, Craven and Tehrani launched Kick as a competing livestreaming platform through which Stake could continue promoting its online gambling business. Consistent with their common ownership and integrated operations, these entities share management, employees, and operational resources and function as alter egos of one another.

12. Defendant Bijan Tehrani is an individual who was born in the United States and maintains a residence in New York, New York.

13. Defendant Ed Craven is an individual who resides in Melbourne, Victoria, Australia.

14. Defendants Tehrani and Craven co-founded, wholly own, and control Easygo and its affiliated entities, including Sweepsteaks. Through their ownership and managerial authority, Tehrani and Craven direct the operations, marketing strategy, business affairs, and expansion of the global Stake enterprise, including Stake, Stake.us, and the conduct alleged here.

15. Through their managerial and decision-making authority, Tehrani and Craven personally participate in and exercise control over the operation, marketing, promotion, and expansion of the Stake brand and its affiliated platforms. Their involvement includes directing and overseeing the marketing and promotional strategies used to attract consumers to Stake, including the use of influencers, sponsorships, livestreaming, and other promotional activities alleged herein.

16. Defendants Sweepsteaks Ltd. d/b/a Stake.us, Easygo Group Holdings Pty Ltd., Medium Rare N.V., Kick Streaming Pty Ltd., Bijan Tehrani, and Ed Craven are referred to collectively as the Stake Defendants.

17. Defendant Praxis Tech Ltd. is a Cypriot proprietary company with its principal place of business at 39 Kolonakiou Avenue, Frema Plaza, 2nd Floor, Office 201, Ayios Athanasios, 4103, Limassol, Cyprus. Praxis purports to be the leading payment orchestration platform for the iGaming industry.[1]

[1] Praxis Team, *Praxis Tech Partners with Stake to Enhance Global Payment Performance*, PRAXIS TECH (Nov. 5, 2025), https://blog.praxis.tech/praxis-stake-partnership.

18. Defendant Breeze Labs Payments Inc. is a Delaware corporation with a principal place of business at 621 SW Morrison St., Ste 800, Portland, OR 97205. Breeze is a digital financial services and Merchant of Record platform that helps online businesses and apps accept customer payments.

19. Defendants Praxis Tech Ltd. and Breeze Labs Payments Inc. are referred to collectively as the Payment Processor Defendants.

20. Each Defendant played or plays a role in furthering Defendants' joint enterprise with the common goal of facilitating and promoting illegal gambling by Florida citizens at the Stake Defendants' sweepstakes casinos.

JURISDICTION AND VENUE

21. This is an action for injunctive relief, disgorgement, consumer restitution, civil penalties, attorney's fees and costs, and other statutory and equitable relief against Defendants, in excess of $50,000.00.

22. The granting of injunctive and other equitable and statutory relief is within the jurisdiction of the Circuit Court and the amount in controversy satisfies the jurisdictional threshold of the Circuit Court.

23. The statutory violations alleged here occurred in or affect more than one judicial circuit in the State of Florida, including, but not limited to, the Thirteenth Judicial Circuit in Hillsborough County.

24. This Court also has specific personal jurisdiction over Defendants under § 48.193, Fla. Stat. They contract to provide services and goods in this State, have caused tortious injury in this State, and have transacted business here. At all times

relevant to this Action, Stake targeted their sweepstakes casinos to individuals it knew were located in Florida, directly targeted advertising to individuals it knew resided in Florida, allowed individuals who had verified their identities using Florida-issued photo IDs and proof of residence in Florida to gamble on the sweepstakes casino websites using Stake Cash purchased from the sweepstakes casinos, and injured these individuals in Florida.

25. The causes of action described here arise in whole or in part from (i) Defendants' active marketing of the sweepstakes casino platforms to residents of Florida without informing them of their illegality or the dangers associated with the platform, and (ii) Defendants' sale and use of its Stake Cash currency, by which it openly flouts Florida's gambling laws and obtains ill-gotten gains from Floridians.

26. All these activities are aimed at Florida, and these activities create a substantial connection with Florida sufficient to make the exercise of personal jurisdiction over Defendants reasonable for the courts of the State.

27. This Complaint does not confer diversity jurisdiction upon the federal courts pursuant to 28 U.S.C. § 1332, as the Attorney General is not a citizen of any state and this action is not subject to the jurisdiction of the Class Action Fairness Act of 2005.

28. Likewise, federal question jurisdiction under 28 U.S.C. § 1331 is not invoked by the Complaint, as it sets forth here exclusively viable state-law claims against the Defendants. Nowhere here does Plaintiff plead—expressly or implicitly—any cause of action or request any remedy that arises under federal law. The issues

presented in the allegations of this Complaint do not implicate any substantial federal issues and do not turn on the necessary interpretation of federal law. No federal issue is important to the federal system as a whole under the criteria the Supreme Court articulated in *Gunn v. Minton*, 568 U.S. 251, 260–61 (2013) (e.g., federal tax collection seizures, federal government bonds). The causes of action asserted, and the remedies sought here, are founded upon the positive statutory, common, and decisional laws of the State of Florida. Further, the assertion of federal jurisdiction over the claims made here would improperly disturb the congressionally approved balance of federal and state responsibilities. Thus, any exercise of federal jurisdiction is without basis in law or fact.

29. In this Complaint, if Plaintiff may refer—either expressly or impliedly—to federal statutes and regulations, Plaintiff does so to state the duty owed under Florida law, not to allege an independent federal cause of action, and not to allege any substantial federal question under *Gunn*. Thus, any attempted removal of this Complaint based on a federal cause of action or substantial federal question lacks merit.

30. Venue is appropriate in Hillsborough County Circuit Court under section 47.051, Fla. Statutes, which applies to foreign corporations doing business in this state and allows venue in the county where the cause of action accrued, or where the property in litigation is located. Here, Florida citizens gambled and lost money in this county, which Plaintiff now seeks to recover.

RELEVANT STATUTORY BACKGROUND

31. Except under very limited circumstances—none of which apply to the facts and circumstances at issue here—all forms of gambling are illegal in the State of Florida.

32. "Florida has no history or tradition of allowing slot machines within its borders." *Gretna Racing, LLC v. Dep't of Bus. & Pro. Regul.*, 178 So. 3d 15, 17 (Fla. 1st DCA 2015), a*pproved sub nom. Gretna Racing, LLC v. Fla. Dep't of Bus. & Pro. Regul.*, 225 So. 3d 759 (Fla. 2017). "To the contrary, other than a very brief period in the State's history—a depression era lacuna from about 1935 to 1937 when the state legislature and the state supreme court were briefly in synch over their legality in highly limited circumstances—slot machines have been prohibited as unlawful lotteries from statehood until the recent passage of a constitutional amendment in 2004 authorizing referenda in Miami–Dade and Broward Counties to permit their usage." *Id*.

33. To effectuate that 2004 amendment, the Legislature in 2005 enacted Chapter 551, Florida Statutes, entitled "Slot Machines," which narrowly authorizes slot machines in Miami–Dade and Broward Counties and governs their regulation. Regarding authority, section 551.101 of the Florida Statutes, entitled "Slot machine gaming authorized," provides as follows:

> Any licensed pari-mutuel facility located in Miami-Dade County or Broward County existing at the time of adoption of s. 23, Art. X of the State Constitution that has conducted live racing or games during calendar years 2002 and 2003 may possess slot machines and conduct slot machine gaming at the location where the pari-mutuel permitholder

> is authorized to conduct pari-mutuel wagering activities pursuant to such permitholder's valid pari-mutuel permit provided that a majority of voters in a countywide referendum have approved slot machines at such facility in the respective county. Notwithstanding any other provision of law, it is not a crime for a person to participate in slot machine gaming at a pari-mutuel facility licensed to possess slot machines and conduct slot machine gaming or to participate in slot machine gaming described in this chapter.

§ 551.101, Fla. Stat.

34. In 2009, the Legislature again amended Chapter 551 to further limit and define the universe of authorized operators by specifically defining an "Eligible Facility" as follows:

> "Eligible facility" means any licensed pari-mutuel facility located in Miami-Dade County or Broward County existing at the time of adoption of s. 23, Art. X of the State Constitution that has conducted live racing or games during calendar years 2002 and 2003 and has been approved by a majority of voters in a countywide referendum to have slot machines at such facility in the respective county; any licensed pari-mutuel facility located within a county as defined in s. 125.011, provided such facility has conducted live racing for 2 consecutive calendar years immediately preceding its application for a slot machine license, pays the required license fee, and meets the other requirements of this chapter; or any licensed pari-mutuel facility in any other county in which a majority of voters have approved slot machines at such facilities in a countywide referendum held pursuant to a statutory or constitutional authorization after the effective date of this section in the respective county, provided such facility has conducted a full schedule of live racing for 2 consecutive calendar years immediately preceding its application for a slot machine license, pays the required licensed fee, and meets the other requirements of this chapter.

§ 551.102 (4), Fla. Stat.

35. As the Florida First District Court of Appeal held in *Gretna Racing, LLC v. Dep't of Bus. & Pro. Regul.*, 178 So. 3d 15 (Fla. 1st DCA 2015), voter referenda and additional authority would be required for any other approval of slot machines in Florida.

36. Florida's treatment of slot machine gambling reflects the State's long-standing principle, further discussed below, that unless expressly authorized, games of chance are unlawful. Both the Legislature and Florida courts have preserved a strict prohibition on unregulated gambling while permitting limited forms only through explicit statutory or constitutional endorsement.

37. Florida has also established a comprehensive criminal framework prohibiting possession, operation, use, and exhibition of gambling devices, including electronic or mechanical machines adapted for games of chance. *See* § 849.15(1), Fla. Stat.; § 551.101, Fla. Stat.; *see also* Art. X, § 23, Fla. Const.; § 849, Fla. Stat.

38. Under Florida law, a "'slot machine or device' means any machine or device or system or network of devices that is adapted for use in such a way that, upon activation, which may be achieved by, but is not limited to, the insertion of any piece of money, coin, account number, code, or other object or information, such device or system is directly or indirectly caused to operate or may be operated and if the user, whether by application of skill or by reason of any element of chance or any other outcome unpredictable by the user, may" "[r]eceive or become entitled to receive any piece of money, credit, allowance, or thing of value, or any check, slug, token, or memorandum, whether of value or otherwise, which may be exchanged for any

money, credit, allowance, or thing of value or which may be given in trade." § 849.16(1)(a), Fla. Stat.

39. Other sections of the Florida penal code prohibit various activities associated with or attendant to gambling. For example, Section 849.01 prohibits the keeping of a gambling house, Section 849.02 makes an individual acting as a "servant, clerk, agent, or employee" of a person in violation of Section 849.01 guilty of the same offense, Section 849.03 prohibits the renting of a house or room for gambling purposes, Section 849.11 prohibits plays at games of chance by lot, Section 849.14 prohibits betting on the outcome of contest of skill, and Section 849.04 makes it illegal to allow a minor or mentally incompetent individual to gamble. Section 849.05 makes the discovery of gambling devices prima facie evidence that the location where they were found is kept for the purposes of gambling. Section 849.07 prohibits the use of billiards tables for gambling purposes.

40. Notwithstanding Florida's detailed laws and regulations concerning gambling, Defendants are not permitted to operate or facilitate gambling websites in Florida under Florida laws and regulations. *See, e.g.*, §§ 849.08, 849.231, Fla. Stat.

41. Florida also criminalizes gambling devices broadly. Section 849.231(1) prohibits the manufacture, sale, purchase, or possession of gambling devices, and Section 849.233 imposes penalties for violations of that prohibition. Section 849.26 provides that all gambling debts or contracts are void and unenforceable. The penalties for violating Chapter 849 are significant. Most pertinently here, in addition

to fines and imprisonment, they include forfeiture of the entire amount "won" to the State. *See* § 849.29, Fla. Stat.

42. Florida's gambling statutes also provide that "[t]here is a rebuttable presumption that a device, system, or network is a prohibited slot machine or device if it is used to display images of games of chance and is part of a scheme involving any payment or donation of money or its equivalent and awarding anything of value." § 849.16(3), Fla. Stat.

43. The Florida Gambling Loss Recovery Statute, § 849.12, Fla. Stat., provides an independent statutory mechanism for the State to recover money or property lost through illegal gambling. It provides, in relevant part:

> All sums of money and every other valuable thing drawn and won as a prize, or as a share of a prize, or as a share, percentage or profit of the principal promoter or operator, in any lottery, and all money, currency or property of any kind to be disposed of, or offered to be disposed of, by chance or device in any scheme or under any pretext by any person, and all sums of money or other thing of value received by any person by reason of her or his being the owner or holder of any ticket or share of a ticket in a lottery, or pretended lottery, or of a share or right in any such schemes of chance or device and all sums of money and other thing of value used in the setting up, conducting or operation of a lottery, and all money or other thing of value at stake, or used or displayed in or in connection with any illegal gambling or any illegal gambling device contrary to the laws of this state, shall be forfeited, and may be recovered by civil proceedings, filed, or by action for money had and received, to be brought by the Department of Legal Affairs or any state attorney, or other prosecuting officer, in the circuit courts in the name and on behalf of the state; the same to be applied when collected as all other penal forfeitures are disposed of.

44. Section 849.29, meanwhile, defines "Persons against whom suits may be brought to recover on gambling contracts":

> The following persons shall be jointly and severally liable for the items which are authorized by this act to be sued for and recovered, and any suit brought under the authorization of this act may be brought against all or any of such persons, to wit: The winner of the money or property lost in the gambling transaction; every person who, having direct or indirect charge, control or management, either exclusively or with others, of the place where the gambling transaction occurs, procures, suffers or permits such place to be used for gambling purposes; whoever promotes, sets up or conducts the gambling transaction in which the loss occurs or has an interest in it as backer, vendor, owner or otherwise; and, as to anything of value other than money, the transferees and assignees, with notice, of the persons hereinabove specified in this section; and the personal representatives of the persons specified in this section.

Under this statute, Defendants are each persons who are in charge of—and have control of—illegal online gambling websites and promote, set up, conduct, or facilitate illegal gambling transactions.

45. FDUTPA broadly prohibits unfair methods of competition, as well as unconscionable, deceptive, or unfair acts or practices, in the conduct of any trade or commerce.

46. At all times material here, the Stake Defendants have engaged in "trade or commerce" as defined in Section 501.203(8). The Stake Defendants have each indecently advertised, solicited, provided, offered, and/or distributed, the sweepstakes casinos.

47. FDUTPA authorizes public enforcement by the Florida Attorney General, who may sue to obtain a declaratory judgment that an act or practice violates FDUTPA, an action to enjoin any person who has violated, is violating, or is otherwise likely to violate, FDUTPA, and an action on behalf of one or more consumers or governmental entities for the actual damages caused by an act or practice in violation of FDUTPA. § 501.207(1), Fla. Stat.

FACTUAL ALLEGATIONS

I. Free-to-Play and the New Era of Online Gambling

48. The proliferation of internet-connected mobile devices has led to the growth of so-called "free-to-play" videogames. With free-to-play games, developers encourage consumers to download and play games for free while selling many low-cost items within the game itself. Developers aim to recoup their costs and make a profit by selling thousands of "in-game" items that start at just a dollar or two. These purchases are commonly known as "micro-transactions" and are paid while playing a game instead of charging an up-front fee to download the game itself.

49. The purported free-to-play model is particularly attractive to developers of games of chance (e.g., slot machine mobile video games) because it allows them to generate substantial profits. In the last decade, free-to-play games of chance have generated over tens of billions in worldwide revenue and that figure continues to grow.[2]

[2] Hyoun S. Kim, Michael J. A. Wohl, et al., *Do Social Casino Gamers Migrate to Online Gambling? An Assessment of Migration Rate and Potential Predictors*, Journal of gambling studies / co-sponsored by the National Council on Problem

50. With free-to-play games of chance, developers have begun exploiting the same psychological triggers related to addiction like brick-and-mortar casinos. Experts have studied the effect free-to-play games have on consumers. In one study, the authors compiled several sources analyzing free-to-play games of chance (referred to as "casino" games below) and stated:

> [Researchers] found that [free-to-play] casino gamers share many similar sociodemographic characteristics (e.g., employment, education, income) with online gamblers. Given these similarities, it is perhaps not surprising that a strong predictor of online gambling is engagement in [free-to-play] casino games. Putting a dark line under these findings, over half (58.3%) of disordered gamblers who were seeking treatment stated that social casino games were their first experiences with gambling.
>
> ...
>
> According to [another study], the purchase of virtual credits or virtual items makes the activity of [free-to-play] casino gaming more similar to gambling. Thus, micro-transactions may be a crucial predictor in the migration to online gambling, as these players have now crossed a line by paying to engage in these activities. Although, [sic] only 1–5% of [free-to-play] casino gamers make micro-transactions, those who purchase virtual credits spend an average of $78. Despite the limited numbers of social casino gamers purchasing virtual credits, revenues from micro-transactions account for 60% of all [free-to-play] casino gaming revenue. Thus, a significant amount of revenue is based on players' desire to purchase virtual credits above and beyond what is provided to the player in seed credits.[3]

Gambling and Institute for the Study of Gambling and Commercial Gaming (Nov. 14, 2014).

[3] *Id.*

51. The same authors looked at the link between playing free-to-play games of chance and gambling in casinos. They stated that "prior research indicated that winning large sums of virtual credits on social casino gaming sites was a key reason for [consumers'] migration to online gambling," yet the largest predictor that a consumer will transition to online gambling was "micro- transaction engagement."[4] In fact, "the odds of migration to online gambling were approximately eight times greater among people who made micro-transactions on [free-to-play] casino games compared to [free-to-play] casino gamers who did not make micro-transactions."[5]

52. The proliferation of online gambling websites coincides with an increase in gambling addiction among minors under the age of 18.[6] Whereas brick-and-mortar casinos can exclude minors, the easy access to online gambling on websites like the Defendants' makes it easy for underage minors to participate in gambling. Websites like Defendants' sweepstakes casinos are contributing to a sharp rise in online gambling addiction among minors. *Id*.

53. The casino gaming industry is one of the most regulated businesses in the United States—including in Florida. A gambling license requires, among other things: (1) compliance with Florida's regulatory standards; (2) background checks on company officers and directors; (3) adherence to responsible gaming programs; (4) anti-money laundering measures; and (5) many other requirements concerning data

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[4] *Id.*

[5] *Id.*

[6] Veselka et al., *Factors Associated With Social Casino Gaming Among Adolescents Across Game Types*, 18 BMC Public Health 1167 (2018).

privacy, security, and responding to customer complaints. Defendants intentionally evade these requirements by concealing the illegal gambling nature of their websites and market them as free-to-play sites rather than registering them as online gambling websites with the State.

II. Defendants Devised and Operate an Illegal Online Gambling Scheme through the Stake Platform in Violation of Florida Gambling Laws

54. The Stake Defendants own, operate, market, and control a global network of online gambling websites operating under the Stake brand, including Stake.com, Stake.us, Stake.games, Stake.ac, Stake.bet, and numerous mirror websites. Mirror websites are duplicate versions of the Stake Defendants' gambling platform designed to allow users to continue accessing Stake when a particular domain is blocked, restricted, or otherwise unavailable in a given jurisdiction. Through these mirror websites, the Stake Defendants ensure uninterrupted access to their gambling platform while frustrating regulatory enforcement efforts.

55. The games offered on the Stake Defendants' websites are materially indistinguishable from those offered at traditional casinos. Like a brick-and-mortar casino, users deposit money or other things of value, obtain wagering credits, place bets on games of chance, and redeem their winnings for items of monetary value.

56. To conceal the true nature of their gambling enterprise, the Stake Defendants market Stake.us as a legitimate "social casino" or "social gaming" rather than an online gambling platform. The Stake.us homepage prominently advertises the platform as "America's Favorite Social Casino and Poker" while displaying traditional casino imagery, including playing cards, poker chips, and dice. Users are

encouraged to register immediately using a Google, Facebook, or Kick account. Despite this branding, Stake.us offers casino games played with Stake Cash, which functions as the platform's real-money wagering currency.

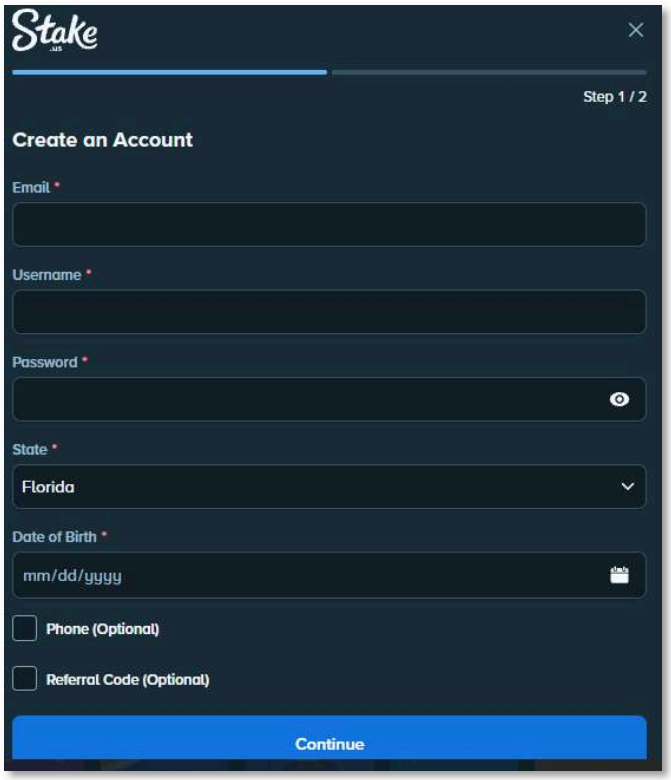
A. Getting Started and Registering for an Account

Figure 1 – Stake.us Homepage Advertising "America's Favorite Social Casino and Poker"



57. Creating an account on Stake.us is straightforward. To begin, a user clicks the "Register" button on the homepage and is directed to a registration page requiring only basic identifying information, including an email address, username, password, state of residence, and date of birth. Users may also register using existing Google, Facebook, or Kick accounts. After completing the registration process and verifying their account, users are granted immediate access to the Stake Defendants' gambling platform.

Figure 2 – Stake.us Account Registration Page



58. Once registered, users are introduced to Stake.us's dual-currency system consisting of Gold Coins and Stake Cash. Both currencies may be used to play the casino games offered on the platform. But only Stake Cash may be redeemed for cryptocurrency or digital gift cards having real-world monetary value.

59. Gold Coins can be used to play the casino games with no potential to win money. When using Gold Coins only, a player can only win or lose Gold Coins.

60. Stake Cash, in contrast, resembles poker chips in a brick-and-mortar casino. Once a customer has wagered Stake Cash three times in any of the casino games, it can be cashed out for real money or cash equivalents on a 1:1 or near 1:1 basis.

61. Although Defendants provide ways for players to receive nominal amounts of Stake Cash for free, the primary way that players purchase Stake Cash is as a purportedly free bonus for purchases of Gold Coins. Typically, the Stake Cash received for a Gold Coin purchase tracks the dollars spent 1:1. So if a player spends $20 on Gold Coins, they might receive 200,000 Gold Coins and 20.1 in Stake Cash.

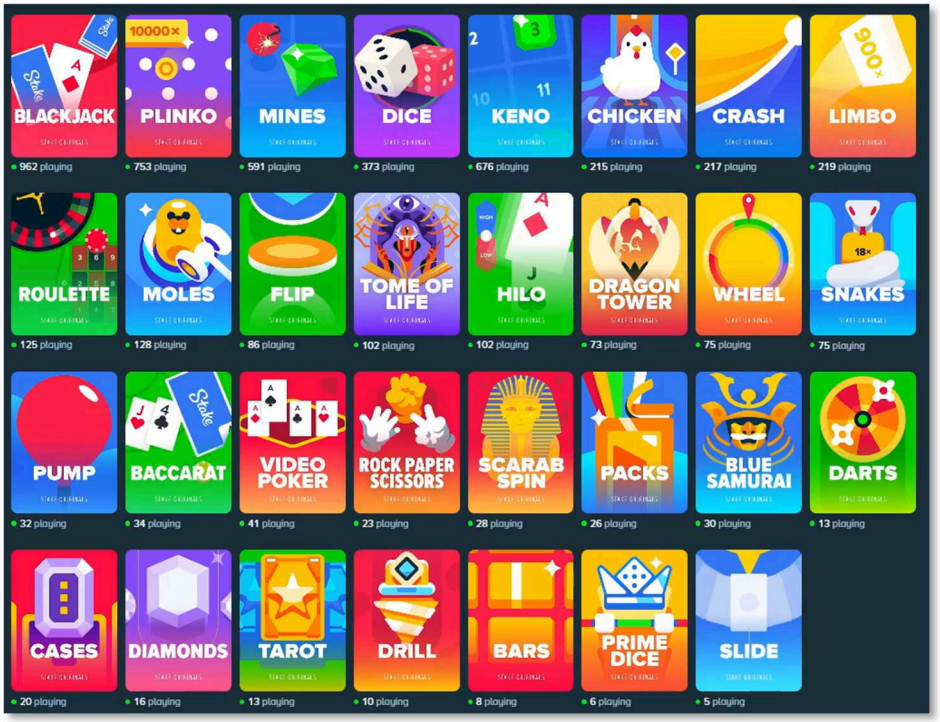
62. Defendants use Gold Goins as a gateway drug to real money gambling with Stake Cash, lulling consumers into a false sense that gambling is normal and not risky. Thus, when consumers purchase additional bundles of Gold Coins and Stake Cash to continue what they may have started as a "social" game, they ignore the Gold Coins that will not generate "real" prizes in favor of the purportedly "free" Stake Cash that generates actual cash prizes.

63. Consumers who visit the Stake Defendants' platform pay money in exchange for Stake Cash just like gamblers pay money in exchange for poker chips at a brick-and-mortar casino. That the Stake Defendants choose to deceptively label the Stake Cash as a "bonus" for purchasing a bundle of Gold Coins does not change this fact.

64. The Stake Defendants' platform offers dozens of proprietary casino-style games marketed as "Stake Originals," including blackjack, roulette, baccarat, dice, limbo, crash, plinko, keno, mines, video poker, wheel, dragon tower, and numerous other games of chance. These games are intentionally designed to replicate the appearance, mechanics, sounds, and overall experience of gambling in a traditional

casino while being available to users at any time through the Stake Defendants' online platform.

Figure 3 – Stake.us "Stake Originals" Casino Games



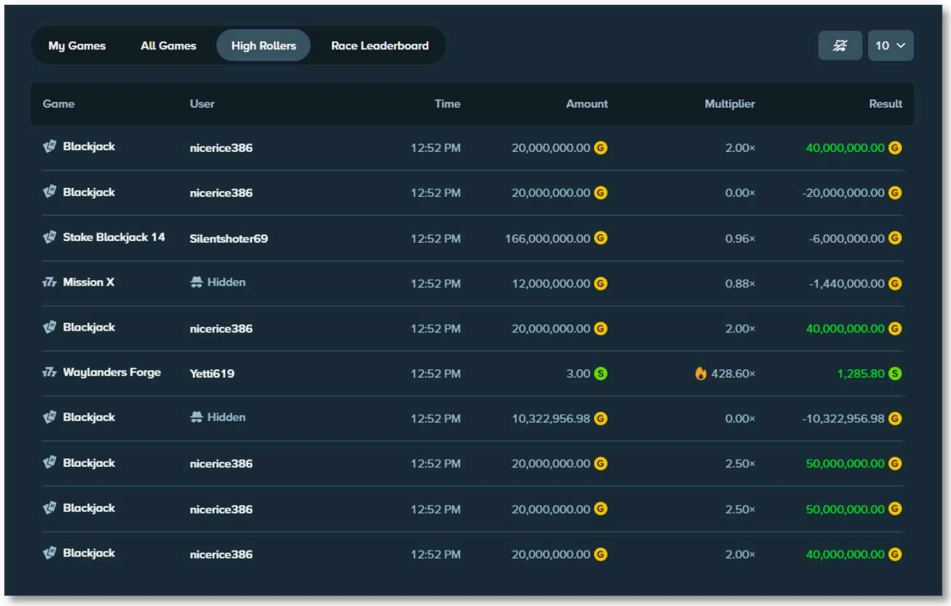
65. To recap, the transaction where Defendants sell casino chips that can be cashed out for real money works as follows. A player visits one of the Stake Defendants' websites. The player pays real money for a bundled set of Stake Cash with real money value and Gold Coins with no real money value. The cost of the bundle is based on the amount of Stake Cash received in the transaction, priced at a roughly 1:1 ratio of U.S. Dollars to Stake Cash. The player then wagers the Stake Cash in casino games on the Stake Defendants' websites. After wagering at least three times the amount of the Stake Cash purchased in casino games, any remaining amounts in a player's virtual wallet can be cashed out for real money.

B. The Stake Defendants Publicize Gambling Activity to Encourage Continuous Wagering

66. The Stake Defendants do not merely provide an online gambling platform. They intentionally transform gambling into a public, social, and competitive activity designed to encourage users to continue wagering.

67. Stake prominently displays a continuously updating feed of gambling activity through tabs labeled "All Games," "High Rollers," and "Race Leaderboard." These feeds publicly display wagers placed by users in real time, identifying the game being played, the user, the time of the wager, the amount wagered, the payout multiplier, and the resulting winnings or losses.

Figure 4 – Stake Live Feed Displaying Real-Time Gambling Activity



68. By continuously displaying real-time gambling activity and substantial payouts, the Stake Defendants create the impression that users are constantly placing wagers and winning significant sums of money. These features normalize

gambling, create social proof, and encourage users to continue wagering in pursuit of similar results.

69. The Stake Defendants further encourage excessive gambling by highlighting the platform's largest wagers through the "High Rollers" tab and rewarding active users through the "Race Leaderboard." These features promote competition among users, incentivize increasingly larger wagers, and encourage prolonged participation on the platform.

C. Kick Livestreams Function as Continuous Advertisements for Stake

70. The Stake Defendants also use Kick, their wholly owned livestreaming platform, as a principal marketing vehicle for the Stake brand. Kick prominently features livestreams of users gambling on Stake's casino games and sports betting platform. During these livestreams, content creators routinely display their account balances, wagers, wins, losses, and payouts while gambling on Stake. Many celebrate substantial wins, encourage audience participation, discuss betting strategies, and promote the excitement and perceived profitability of gambling on the Stake platform.

71. The Stake Defendants sponsor many of these streamers and integrate Stake branding, promotional offers, referral links, and other incentives directly into the broadcasts. These livestreams function as continuous advertisements designed to recruit new users and encourage existing users to continue gambling.

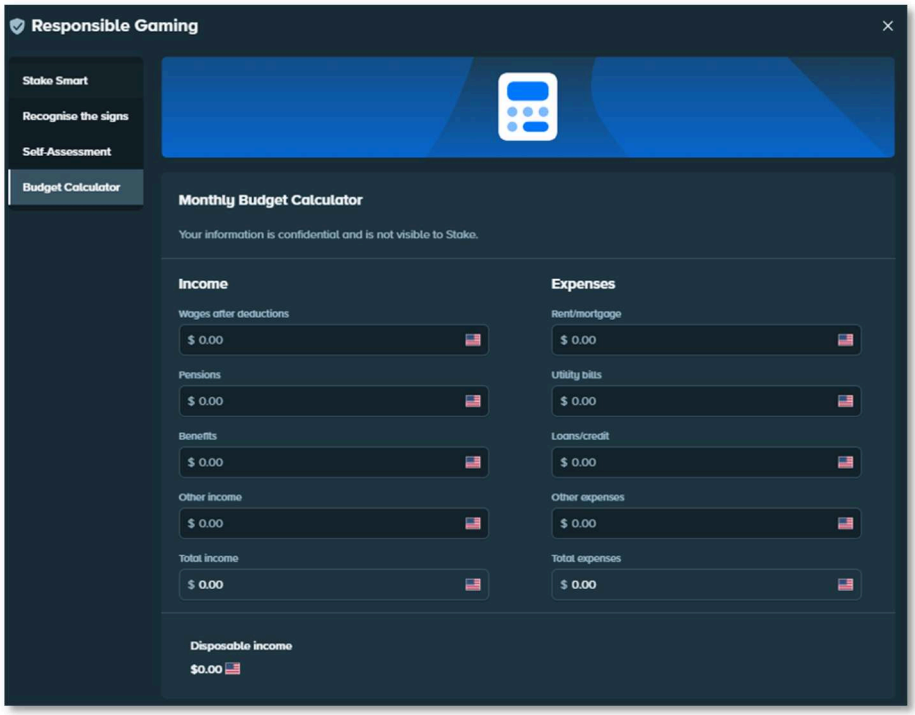
72. Through the combined use of real-time gambling feeds, public leaderboards, celebrity endorsements, influencer marketing, and Kick livestreams,

the Stake Defendants have created a highly interactive gambling ecosystem designed to normalize gambling, foster competition among users, and maximize user engagement and wagering activity on Defendants' unlawful online gambling enterprise.

73. As a concession to the true nature and purpose of its platform, buried on its platform, Stake maintains a purported responsible gambling program known as "Stake Smart." Through its "Stake Smart," the Stake Defendants maintain language expressly acknowledge that gambling on their platform can lead to financial, emotional, and behavioral harm. Stake Smart includes a dedicated "Recognize the Signs" section identifying common indicators of problem gambling, including spending more than one can afford to lose, chasing losses, gambling with money intended for essential expenses, borrowing money to gamble, and allowing gambling to negatively impact relationships, work, or mental health. It also provides a "Self-Assessment" tool that enables users to evaluate whether their gambling habits may have become problematic.

74. Stake Smart also features a monthly budget calculator requiring users to calculate their total monthly income and account for routine financial obligations—including rent or mortgage payments, utility bills, loan and credit card payments, groceries, transportation, and other living expenses—to determine the amount of disposable income remaining before gambling.

Figure 5 – Stake's Monthly Budget Calculator



75. These tools are specifically designed to purportedly discourage users from gambling with money they cannot afford to lose and reflect Stake's own recognition that gambling occurs on its platform and that such gambling presents a substantial risk of financial hardship, compulsive gambling, and addiction. Stake's decision to provide users with addiction screening tools, responsible gambling resources, self-exclusion measures, and budgeting assistance is inconsistent with its characterization of the platform as merely providing harmless "social" gaming. Rather, Stake's own superficial responsible gambling program recognizes that its platform serves as a real-money gambling operation capable of causing the very same harms associated with traditional casinos.

D. Praxis and Breeze Provide the Financial Infrastructure Necessary to Facilitate and Process Gambling Transactions on the Stake Platform

76. Stake contracts with Praxis and Breeze to provide financial infrastructure necessary for gamblers to fund their Stake accounts, purchase Stake Cash, place wagers, and receive payments. Acting together, Praxis and Breeze both set up and conduct the gambling transactions that occur on Stake's platforms. In particular, Praxis and Breeze enable Stake to connect to gamblers' financial accounts, authorize and process electronic payment transactions, transfer funds between gamblers and Stake, and facilitate gambling-related transactions.

77. The services provided by Praxis and Breeze are integral to Stake's operation and each of them independently plays a role in setting up and conducting the gambling transactions on Stake's platforms. Praxis is a payment orchestration platform that connects online businesses (like Stake) to various payment service providers through a single API (Application Programming Interface). Rather than using a single payment provider, Stake's use of Praxis's payment orchestration services enables Stake access to an entire network of banks and processors simultaneously, delivering seamless transaction processing, routing, and localization.

78. Praxis boasts that its "platform is perfectly tailored to the needs of the Sports Betting and Online Casino industry, and is proven to boost your player's

transactions approval rates."[7] Praxis states its customers can "[e]nhance your geo-relevant local payment offerings and embed payment experiences within your live games with us."[8] Praxis further enables businesses to "[g]ive your players the ability to make payments without leaving their game environment by initiating payments using their saved payment details or offering them gamified transaction experiences."[9] Praxis officially partnered with Stake in November 2025.

79. Breeze is an AI-powered "all-in-one payments, fraud, chargebacks, and compliance platform."[10] Breeze serves as the payment processor that processes credit card and other electronic payment transactions between gamblers and Stake, allowing gamblers to purchase Stake Cash and Stake to receive those funds. Breeze enables Stake to accept popular payment methods such as Card, Apple Pay, Google Pay, as well as cryptocurrency and tokens.[11] Breeze also provides a Merchant of Record service. This means that Breeze takes care of risk management, chargebacks, disputes, and customer support for the payment process itself.[12] Breeze is also responsible for facilitating user payouts and withdrawals.[13]

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[7] *Payments Game Changer for Your iGaming Suite*, PRAXIS, https://praxis.tech/industries/igaming (last visited Aug. 14, 2026).

[8] *Id.*

[9] *Id.*

[10] *AI-Powered Merchant of Record*, BREEZE, https://www.breeze.com (last visited Aug. 14, 2026).

[11] *Introduction*, BREEZE GUIDES, https://docs.breeze.com/docs/introduction (last visited Aug. 14, 2026).

[12] *Id.*

[13] *Id.*

80. Without the integrated services provided by Praxis and Breeze, Stake gamblers could not seamlessly fund their accounts, purchase Stake Cash, participate in gambling on the Stake platform, or receive payouts.

E. Praxis and Breeze Are Sophisticated Participants in the Gambling Enterprise

81. As the self-proclaimed "leading payment orchestration platform for the iGaming industry," Praxis possesses specialized knowledge of the legal requirements governing online gambling transactions, including Florida's gaming laws. Praxis is therefore familiar with the body of federal and state laws governing regulated gaming in the United States.

82. As a sophisticated global payment processor and Merchant of Record, Breeze understands the legal distinctions between licensed gaming operations and unlawful gambling enterprises, as well as the regulatory consequences that follow when gaming operators become the subject of enforcement actions by state regulators and attorneys general.

83. As sophisticated financial technology and payment companies whose businesses depend on regulatory compliance and risk management, Praxis and Breeze are equipped to evaluate the nature of the businesses they support and the transactions they facilitate.

84. Praxis and Breeze knew, or were willfully blind to the fact, that Stake's sweepstakes casinos had been the subject of enforcement actions, cease and desist letters, and other regulatory actions by state gaming regulators and attorneys general, resulting in Stake's withdrawal from multiple jurisdictions. Despite these

obvious indicators that Stake's operations were the subject of significant regulatory scrutiny, Praxis and Breeze continued to provide the financial infrastructure and payment services that enabled gamblers, including Florida consumers, to fund their gambling activities, purchase Stake Cash, and receive gambling payouts.

F. Defendants' Sweepstakes Casinos Violate the Gambling Laws of Florida

85. The Stake Defendants' sweepstakes casinos are not authorized gaming under Florida law. *See, e.g.,* § 551.101, Fla. Stat. (narrowly authorizing slot machine gaming only at licensed pari-mutuel facilities in Miami-Dade and Broward Counties). And because the Stake Defendants' websites are "adapted for use in such a way that, upon activation," which may be achieved by "the insertion of any piece of money, coin, account number, code, or other object or information," the user "may ... [r]eceive or become entitled to receive any piece of money, credit, allowance, or thing of value ... which may be exchanged for any money, credit, allowance, or thing of value[,]" the sweepstakes casinos violate Florida's gambling laws. *See* § 849.15(1) Fla. Stat.; § 849.16(1)(a) Fla. Stat.; § 551.101, Fla. Stat.; *see also* Art. X, § 23, Fla. Const.; § 849, Fla. Stat. *See* § 849.09, Fla. Stat.

III. Sweepstakes Casinos Harm the State and its Citizens in Exchange for Enormous Profits

86. Stake's growth has been extraordinary. According to company accounts reviewed by the Financial Times, Stake's gross gaming revenue increased from approximately $105 million in 2020 to nearly $2.6 billion in 2022, reflecting explosive growth in just two years. That growth coincided with the Stake Defendants'

aggressive expansion through celebrity endorsements, sports sponsorships, influencer marketing, and the launch of their livestreaming platform, Kick.

87. According to a business profile of co-founder Defendant Craven published on Forbes, Stake generated approximately $4.7 billion in gross gaming revenue in 2024.

88. Defendants' gambling enterprise has likewise generated extraordinary personal wealth for the Stake Defendants' founders. In late 2023, Defendant Tehrani purchased the former Upper East Side, 12,500-square-foot Manhattan mansion of renowned banker David Rockefeller for approximately $47 million. The transaction was one of the most expensive townhouse sales of 2023 and would have been ranked as the fourth most expensive townhouse sale in New York City for all of 2022.

89. The extraordinary revenues generated by Stake and the substantial wealth amassed by its founders demonstrate the powerful financial incentives driving Defendants' continued operation, promotion, and expansion of their unlawful online gambling enterprise despite gambling laws like Florida's prohibiting such conduct.

90. Defendants have conducted substantial gambling operations within the State and generated significant revenues from Florida consumers.

91. The enormous financial opportunity presented by the sweepstakes casino model has long been recognized within the gaming industry. For example, a 2016 prospectus prepared by H2 Gambling Capital—which is described as "the leading authority regarding market intelligence on the global gambling industry"—included an independent industry report explaining that "Internet Sweepstakes

Cafes [] reported to have turned over $10bn (€9.4bn) in 2015, with over 5,000 now operating in 12 states" (*See* Exhibit 1 at 69), and described the "significant opportunity" of adopting the "sweepstakes café model." *Id.* at 95-96. The prospectus refers to "gambling" 79 times, and noted that "despite significant prohibition, [the U.S.] remains by far the largest gaming market in the world." *Id.* at 69. Defendants' motive to circumvent the gambling laws of Florida and other states is clear: enormous profits.[14]

92. Unsurprisingly, the success of gambling websites spawned a massive wave of copycat websites. The industry reportedly grew at a 4-year Compound Annual Growth Rate (CAGR) of 60-70% from 2020 to 2024, with a significant increase during 2023-2024, largely due to new investment in the space.[15] Estimates in June 2025 placed 2024 industry gross and net revenues north of $10.6 billion and $3.4 billion, respectively.[16] At that time, projections for 2025 estimated gross and net revenues ranged above $14.3 billion and $4.6 billion, respectively.[17]

93. These enormous profits come at the expense of the sweepstakes casinos users, including Florida citizens.

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[14] Indeed, a federal district court has already held on summary judgment that one of Defendants' competitors operated as an illegal gambling operation, and a jury later awarded close to $25 million in damages to a class of Washington state residents. *See Larsen v. PTT, LLC*, 737 F. Supp. 3d 1076 (W.D. Wash. 2024).

[15] *KPMG LLP, A Focus on Sweepstakes: Emerging Topics in Gaming* (June 2025), https://kpmg.com/kpmg-us/content/dam/kpmg/pdf/2025/sweepstakes-gaming-emerging-industry-primer.pdf.

[16] *Id.*

[17] *Id.*

94. It is undeniable that Floridians and their families are harmed by the impact of illegal gambling, as well as government funds that have been expended to address the societal and fiscal harms caused by facilitators and providers of illegal gambling, such as Defendants.

95. Children are a particularly vulnerable class of citizens harmed by Defendants' conduct. According to the American Psychological Association, "people in their early 20s are the fastest-growing group of gamblers," and one national survey found that two-thirds of children ages 12 to 18 had "gambled or played gambling-like games in the previous year."[18] Starting young carries a particularly high burden of psychological distress and a greater risk of developing long-term gambling problems. Although most adults and adolescents in the United States have placed some type of bet without developing a disorder, a significant subset of individuals who begin gambling later develop gambling disorder.

96. The American Psychological Association further explains that gambling disorder is defined in the *Diagnostic and Statistical Manual of Mental Disorders (Fifth Edition)* ("*DSM-5*") as a persistent, recurrent pattern of gambling behavior associated with substantial distress or impairment. Until 2013, gambling problems, formerly known as pathological gambling, were classified as an impulse-control disorder. In the DSM-5, however, gambling disorder was reclassified as an addictive disorder, making it the first and, to date, only recognized behavioral addiction in the

[18] Emily Sohn, *How gambling affects the brain and who is most vulnerable to addiction*, American Psychological Association: Monitor on Psychology (July 1, 2023), https://www.apa.org/monitor/2023/07/how-gambling-affects-the-brain.

DSM's clinical section, with growing indications that video gaming disorder may eventually follow. Like substance-use disorders, gambling addiction is characterized by escalating tolerance, requiring increasing levels of gambling over time to achieve satisfaction. Individuals with gambling disorder also often experience withdrawal symptoms, including irritability and psychological distress, when they try to quit.

97. The *Harvard Gazette* reported that marketing gambling as "sweepstakes" allows the industry to evade age restrictions and attract younger audiences. Historically, well-recognized risk factors for gambling addiction included lower levels of education and lower socioeconomic status. Victor Ortiz, Director of the Massachusetts Office of Problem Gambling Services, explained that this paradigm is now shifting. Increasingly, individuals with higher levels of education and higher economic status are also at risk. As Ortiz noted, his office is now receiving calls from people in significant distress who do not fit the traditional profile of problem gamblers.[19]

98. Making matters worse, Defendants' sweepstakes casinos allow players to purchase Stake Cash using not only debit cards, but credit cards. Thus, unlike brick-and-mortar casinos, where players can only gamble whatever money they have, gambling-addicted players can lose potentially unlimited money gambling in

[19] Clea Simon, *Gambling problems are mushrooming. Panel says we need to act now.*, The Harvard Gazette (Jan. 28, 2025), https://news.harvard.edu/gazette/story/2025/01/online-gambling-is-on-the-rise-panel-says-we-need-to-act-now/.

sweepstakes casinos, even where a traditional casino would turn them away. That, of course, is by design.

IV. The Harms Caused by Sweepstakes Casinos Are Exacerbated by the Stake Defendants' Aggressive, Misleading, and Deceptive Marketing and Business Practices

99. The Stake Defendants' success has not been driven by chance. Rather, the Stake Defendants have invested heavily in a sophisticated, multi-million-dollar marketing strategy centered on celebrities, influencers, professional athletes, and major sporting events to promote Stake to millions of consumers worldwide. By leveraging the credibility, popularity, and cultural influence of these public figures, Defendants seek to portray Stake as a legitimate, mainstream, and entertaining platform while obscuring the reality that it operates as an unlawful online gambling enterprise.

100. Unlike traditional advertising, celebrity endorsements cultivate trust, familiarity, and aspirational appeal. Consumers are encouraged to emulate the conduct of public figures they admire, particularly when those figures publicly display enormous wagers, celebrate purported winnings, and depict gambling as an exciting, glamorous, and socially accepted activity. These campaigns are deliberately designed to normalize gambling, diminish consumers' perception of its risks, and encourage participation on Stake.

101. The Stake Defendants' promotional strategy extends well beyond isolated celebrity endorsements. Stake has entered into long-term promotional relationships with internationally recognized entertainers and athletes and has

invested millions of dollars in global advertising campaigns tied to some of the world's largest sporting events. Through social media posts, livestreams, prerecorded videos, and other digital content, the Stake Defendants market Stake as an entertaining lifestyle brand while emphasizing extraordinary potential payouts and concealing the overwhelming likelihood of loss. In doing so, the Stake Defendants cultivate an illusion that gambling on Stake is both commonplace and financially rewarding, while failing to disclose the true risks and probabilities associated with their platform.

102. One of Stake's most prominent celebrity ambassadors is Aubrey Graham, professionally known as Drake. Drake is an internationally recognized singer, rapper, actor, and cultural icon whose influence spans hundreds of millions of followers across social media platforms. Drake has maintained a longstanding promotional relationship with Stake and has become one of the public faces of Defendants' marketing campaign.

103. The Stake Defendants and their marketing partners regularly use Drake's social media accounts to promote Stake. For example, on October 27, 2025, Drake posted an Instagram Reel depicting himself actively engaged on the Stake platform with the caption, "Rage Baiting since 2023 @stake. Through posts such as these, Drake presents Stake to millions of followers as a mainstream and entertaining activity while directing consumers to the Stake Defendants' gambling platform.

Figure 6 – "Rage Baiting since 2023 @stake"

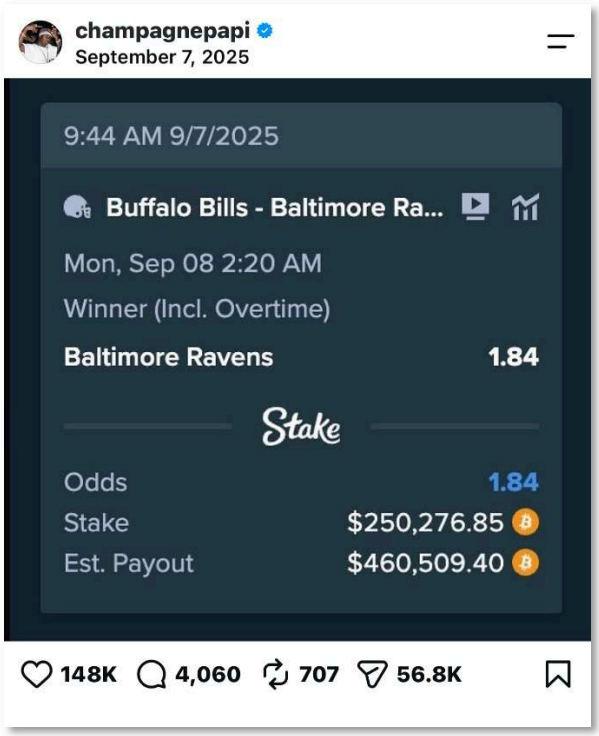


104. Drake has also repeatedly displayed purported wagers involving extraordinary sums of money. In an Instagram post dated September 2, 2025, Drake displayed a wager of approximately $300,000 with an estimated payout exceeding $507,000. In another Instagram post dated September 7, 2025, Drake displayed a wager of $250,276.85 with an estimated payout of $460,509.40. These promotions prominently showcase the prospect of massive payouts while failing to disclose the statistical improbability of winning or the substantial risks associated with gambling.

Figure 7 – Drake's US Open Men Singles 2025 Wager



Figure 8 – Drake's Buffalo Bills – Baltimore Ravens Wager



105. Drake is just one example of a broader marketing strategy. Defendants compensate influencers, content creators, and professional athletes to promote Stake through livestreams, social media posts, giveaways, and other interactive promotional content. These endorsements lend credibility to Defendants' illegal gambling enterprise, normalize online gambling, and encourage consumers in Florida and throughout the United States to participate in Defendants' unlawful gambling operations. The use of these relationships to promote the Stake Defendants' operation or facilitation of online casinos further lures Floridians, including seniors and children, to open an account on the Stake Defendants' platform.

106. Stake's newest campaign: "It's All At Stake!" ahead of the FIFA World Cup, Stake launched the multi-million-dollar campaign featuring internationally renowned football legends Sergio Agüero, Iker Casillas, Patrice Evra, and Eden Hazard. The campaign premiered across major digital platforms, including YouTube, Instagram, and X, one week before the start of the tournament, maximizing exposure during one of the world's largest and most-watched sporting events.

Figure 9 – Stake's FIFA World Cup Commercial, "It's All At Stake!"



107. Stake's own executives publicly acknowledged that the "It's All at Stake!" campaign was deliberately designed to capitalize on the FIFA World Cup's enormous worldwide audience and emotional significance. Stake's Director, Jarrod Febbraio, emphasized that "[t]he World Cup is one of the few sporting events that really gets everyone's attention no matter where you are around the globe." He added that the campaign sought to capture "the emotions, anticipation, and the excitement" surrounding the tournament by bringing together "some of the world's most iconic soccer players" to create a campaign that was "entertaining, relatable, and undeniably football." According to Febbraio, the campaign was intended to remind fans that "there is nothing more important than this." In other words, Stake was not merely advertising during the World Cup. It was intentionally leveraging the tournament's global reach, emotional intensity, and cultural significance to promote its gambling platform to consumers around the world.

108. By associating its gambling platform with one of the world's most watched sporting events and internationally recognized athletes, Stake deliberately embeds its brand within mainstream sports culture and portrays gambling as a routine, socially accepted, and entertaining component of watching professional sports. These campaigns are intended to increase consumer trust, normalize gambling behavior, and drive participation on Stake.

109. These promotional activities are conducted under materially misleading and deceptive pretenses. Influencers and celebrity endorsers who appear to gamble or demonstrate gameplay on the Stake Defendants' platforms frequently do not wager their own money, despite creating the impression that they are risking personal funds. Rather, the gameplay is often funded, subsidized, or otherwise facilitated by the operators, a material fact that is not disclosed to consumers. This omission creates a false and misleading impression regarding the risks, odds, and rewards associated with participating on the Stake Defendants' platforms.

110. The Stake Defendants further distort consumers' perception of gambling outcomes by prominently featuring celebrity wagers, exceptional purported winners, and substantial payouts while omitting material information concerning consumer losses, the likelihood of achieving comparable outcomes, and the circumstances surrounding the wagers and winnings they publicize. This selective presentation exaggerates the prospect of winning and creates the misleading impression that substantial financial rewards are realistically attainable through continued gambling on Stake.

111. And these promotions showing the real money winnings consumers have purportedly won reveals that the true purpose of their platform is real money gambling, not merely "social gaming" with Gold Coins.

112. Taken together, these promotional efforts leverage the visibility, credibility, and influence of celebrities, professional athletes, influencers, and major sporting events to lend legitimacy to Stake, attract consumers to the platform, and encourage continued participation. By portraying gambling as mainstream, entertaining, and potentially lucrative while obscuring its financial risks and likely outcomes, the Stake Defendants amplify the harms caused by their unlawful gambling operations, expand their reach, and expose Floridians to substantial and foreseeable financial and emotional harm.

* * *

113. Defendants' collective conduct reflects a deliberate scheme to set up, operate, promote, and profit from illegal online gambling while presenting Stake to Florida consumers as a legitimate and lawful form of online entertainment. Defendants provide Floridians with continuous access to casino-style games, enable the purchase and redemption of wagering currency through established payment methods, publicly promote substantial wagers and purported winnings, and use celebrities, professional athletes, influencers, livestreams, and major sporting events to attract consumers and encourage continued gambling.

114. Through these combined efforts, Defendants have expanded the reach and profitability of their unlawful gambling enterprise while exposing Florida

consumers to the financial, behavioral, and societal harms that Florida's gambling laws are designed to protect against. They must be stopped.

CAUSES OF ACTION

COUNT I: FORFEITURE AND RECOVERY OF MONIES LOST GAMBLING PURSUANT TO § 849.12, FLA. STAT. AND § 849.29, FLA. STAT. (Against All Defendants)

115. The Attorney General repeats and realleges paragraphs 1 to 114 of this Complaint as if fully set forth here.

116. The State of Florida's gambling loss recovery statute, Section 849.12, provides a statutory mechanism for the State to recover money or property lost through illegal gambling.

117. Section 849.29 in turn, defines the "[p]ersons against whom suits may be brought to recover on gambling contracts," and makes such persons jointly and severally liable. It reads:

> The following persons shall be jointly and severally liable for the items which are authorized by this act to be sued for and recovered, and any suit brought under the authorization of this act may be brought against all or any of such persons, to wit: The winner of the money or property lost in the gambling transaction; every person who, having direct or indirect charge, control or management, either exclusively or with others, of the place where the gambling transaction occurs, procures, suffers or permits such place to be used for gambling purposes; whoever promotes, sets up or conducts the gambling transaction in which the loss occurs or has an interest in it as backer, vendor, owner or otherwise; and, as to anything of value other than money, the transferees and assignees, with notice, of the persons hereinabove specified in this section; and the personal representatives of the persons specified in this section.

§ 849.29, Fla. Stat.

118. Slots and similar casino-style gambling are illegal in Florida, except under limited circumstances expressly authorized by law, none of which apply here.

119. Participation in the games offered in Defendants' sweepstakes casinos constitutes illegal gambling under Florida law because the players provide consideration (e.g., purchase Stake Cash and wager the Stake Cash) and by an element of chance (e.g., by spinning a virtual slot machine or playing a blackjack hand) create a right to some things of value (e.g., additional Stake Cash that would otherwise be purchased for cash and can be cashed out for real money or cash equivalents on a 1:1 or near 1:1 basis).

120. Defendants have engaged in gambling in violation of Florida law. *See* § 849.08, Fla. Stat.

121. The games in Defendants' sweepstakes casinos also constitute illegal lotteries under Florida law. *See* § 849.09, Fla. Stat.

122. Defendants' sweepstakes casinos and the games therein also constitute illegal gambling devices and slot machines under Florida law. *See* §§ 849.15–.16, Fla. Stat.

123. As a direct and proximate result of Defendants' operation of its illegal gambling devices and lotteries, citizens of the State lost money wagering on Defendants' games of chance.

124. Defendants are "winners," and persons jointly and severally liable, under Section 849.29 because they either (1) retain the entirety of players' losses (for

games such as slot machines, blackjack, and roulette) or (2) take a "rake" of the pot in every gambling transaction (for games such as poker). Defendants likewise promote, establish, and conduct the gambling transactions in which the losses occur, and have an interest in them as backers, vendors, owners, or otherwise.

125. Under Section 849.12, the Attorney General seeks (1) forfeiture and recovery of all sums of money and every other thing of value at stake, used, or won in connection with the illegal gambling conducted on the sweepstakes casino websites by individuals gambling in the State of Florida within the applicable limitations period; and (2) all other relief the Court deems proper.

COUNT II: UNFAIR AND DECEPTIVE ACTS AND PRACTICES IN VIOLATION OF THE FLORIDA DECEPTIVE AND UNFAIR TRADE PRACTICES ACT
(Against Defendants Sweepsteaks Ltd. d/b/a Stake.us, Easygo Group Holdings Pty Ltd., Kick Streaming Pty Ltd., Bijan Tehrani, and Ed Craven)

126. The Attorney General repeats and realleges paragraphs 1 to 114 of this Complaint as if fully set forth here.

127. The Attorney General brings Count II against Defendants Sweepsteaks Ltd. d/b/a Stake.us, Easygo Group Holdings Pty Ltd., Kick Streaming Pty Ltd., Bijan Tehrani, and Ed Craven (together, the "Stake Enterprise Defendants").

128. FDUTPA broadly prohibits "[u]nfair methods of competition, unconscionable acts or practices, and unfair or deceptive acts or practices in the conduct of any trade or commerce." § 501.204(1), Fla. Stat.

129. The provisions of FDUTPA are to be construed liberally to promote the protection of the consuming public and legitimate business enterprises from those

who engage in unfair methods of competition, or unconscionable, deceptive, or unfair acts or practices. § 501.202, Fla. Stat

130. At all times material here, the Stake Enterprise Defendants engaged in trade or commerce by advertising, soliciting, providing, offering, or distributing any good or service, or any property, whether tangible or intangible, or any other article, commodity, or thing of value, wherever situated. § 501.203(8), Fla. Stat.

131. The Stake Enterprise Defendants have engaged in business practices that skirt, evade, or ignore the laws of Florida to swindle Floridians out of their hard-earned money.

132. The Stake Enterprise Defendants are so closely linked that they constitute a single economic unit.

133. *Common Control*. Defendants Easygo Group Holdings Pty Ltd., Sweepsteaks Ltd. d/b/a Stake.us, and Kick Streaming Pty Ltd. are each owned and controlled by Defendants Tehrani and Craven. Defendants Tehrani and Craven co-founded, wholly own, and control the Stake Enterprise Defendants and their affiliated entities. Through their ownership and managerial authority, Defendants Tehrani and Craven direct the operations, marketing strategy, business affairs, and expansion of the global Stake enterprise, including Stake, Stake.us, and the conduct alleged here.

134. *Shared Infrastructure*. The Stake Enterprise Defendants operate under a centralized corporate structure, sharing unified technological infrastructure, software, and core employees.

135. *Interrelated Operations*. The Stake Enterprise Defendants operate such that their compliance and administrative functions are centralized, they share branding, share trade dress, and share office space. Consistent with their common ownership and integrated operations, the Stake Enterprise Defendants share management, employees, and operational resources and function as alter egos of one another.

136. As the Stake Enterprise Defendants have engaged in deceptive, unfair and unconscionable business practices together, and for the common goal of generating revenue through online casino gambling, the Stake Enterprise Defendants are a common enterprise and are jointly and severally liable for the acts and practices of the common enterprise.

137. The unfair, false, misleading, and deceptive acts willfully committed by Stake Enterprise Defendants breach the duties enumerated under Florida law, including, but not limited to, FDUTPA. The Stake Enterprise Defendants engaged in a common enterprise to promote illegal online casino gambling as "free," online casino gambling as safe and social, and rare instances of gambling wins to hide the enormous losses borne by consumers and illicitly obtained by Defendants.

138. The Stake Enterprise Defendants have promoted online gambling casinos as safe, have engaged influencers and celebrities to lend their star power and credibility to the legality and safety of Defendants' operations, and have unfairly hidden or downplayed the negative consequences and costs of illegal gambling.

139. At all times relevant to this Complaint, the Stake Enterprise Defendants violated FDUTPA by willfully engaging in unfair, false, misleading, and deceptive acts or practices in the State of Florida through the advertising, marketing, promotion, and operation of their sweepstakes casinos.

140. The Stake Enterprise Defendants willfully engaged in unfair, false, misleading, and deceptive acts or practices in connection with the advertising, marketing, promotion, and other representations regarding their sweepstakes casinos, including, but not limited to, statements made on their own websites, in their own marketing materials, and to online publications, including, but not limited to, the means described here. Defendants made these deceptive representations and omissions, directly or indirectly, expressly or by implication, with the intent that consumers rely on the deceptive representations and omissions.

141. The Stake Enterprise Defendants willfully failed to disclose material facts concerning the true nature of the transactions and wagers on their sweepstakes casino websites.

142. The Stake Enterprise Defendants willfully misrepresented to regulators and the public that their sweepstakes casinos are legal "Social Casinos," lulling consumers into a false sense of trust and safety, when in fact the Stake Enterprise Defendants knew that those representations were false because the sweepstakes casinos are illegal gambling enterprises.

143. All the while, the Stake Enterprise Defendants willfully and affirmatively made misrepresentations to the people of Florida. In so doing, the Stake

Enterprise Defendants concealed vital knowledge and information from consumers within the State of Florida, resulting in significant harm.

144. The Stake Defendants falsely and deceptively advertised their sites as "social" games with free sweepstakes to entice consumers to play, but then sold consumers Stake Cash that sucked them into real-money gambling, without explaining the distinction or disclosing that the sweepstakes casinos are illegal gambling enterprises under Florida law.

145. On top of active misrepresentations, the Stake Enterprise Defendants have willfully and unfairly hidden or downplayed the negative consequences and costs of illegal gambling addiction risks and the financial and relationship harm its impact may have on impaired, addicted, elderly, young, or otherwise vulnerable persons.

146. The Stake Enterprise Defendants use the idea of safe "social gaming" and celebrity endorsements to bring consumers into their storefront, only to then push them out the backdoor, into the dark alley where their illegal, unlicensed real money gambling operations occur.

147. The Stake Enterprise Defendants then exploit Florida residents suffering from gambling addiction by making gambling readily accessible and easy, and allowing them to play on credit, rebuffing efforts for them to ban themselves, and offering their services to minors—all of which no legitimate and licensed casino would ever let them do.

148. The Stake Enterprise Defendants' activities were also unfair because they violated public policy, as embodied in both the Florida Constitution and in the Florida statutes that prohibit gambling.

149. Through the actions and related business practices set forth in this Complaint, the Stake Enterprise Defendants have engaged in representations, acts, practices, or omissions that were material, and that are likely to mislead consumers acting reasonably under the circumstances to the consumer's detriment

150. Through the actions and related business practices set forth in this Complaint, the Stake Enterprise Defendants have engaged in acts or practices in trade or commerce that shock the conscience.

151. Through the actions and related business practices set forth in this Complaint, the Stake Enterprise Defendants have engaged in acts or practices in trade or commerce that offend established public policy and are unethical, oppressive, unscrupulous or substantially injurious to consumers.

152. Through the actions and related business practices set forth in this Complaint, the Stake Enterprise Defendants engaged in acts or practices that are likely to cause substantial injury to consumers. This substantial injury is not reasonably avoidable by the consumers themselves and is not outweighed by countervailing benefits to consumers or competition.

153. Thus, the Stake Enterprise Defendants have engaged in unfair or deceptive acts or practices, or unconscionable acts or practices in the conduct of trade or commerce in violation of Section 501.204(1), Florida Statutes.

154. Under FDUTPA, once corporate liability is established, an individual defendant may be individually liable if he participated directly in the deceptive or unfair practices or acts, directly controlled, or he possessed the authority to control them and had some knowledge of such practices or acts.

155. During all times relevant to this action, Defendants Tehrani and Craven participated in the deceptive, unfair, and unconscionable business practices that violate FDUTPA.

156. Therefore, Defendants Tehrani and Craven are individually liable for the unfair and deceptive acts or practices of Sweepsteaks Ltd. d/b/a Stake.us and Kick Streaming Pty because each of them directly participated in, controlled, or had the authority to control and had knowledge of such acts or practices.

157. Thus, Defendants Tehrani and Craven engaged in unfair or deceptive or unconscionable acts or practices in the conduct of any trade or commerce in violation of section 501.204(1), Florida Statutes.

158. The Attorney General seeks (1) a declaration that the Stake Enterprise Defendants violated FDUPTA; (2) a permanent injunction enjoining the Stake Enterprise Defendants from operating in the State of Florida, soliciting Florida consumers, or permitting Florida consumers to engage in an any activity concerning sweepstakes casinos; and (3) equitable monetary relief equal to the disgorgement of the ill-gotten revenue that the Stake Enterprise Defendants have obtained from consumers in the State of Florida.

159. The Attorney General has demonstrated a clear legal right to a

permanent injunction.

160. Disgorgement of ill-gotten gains is necessary to prevent each of the Stake Enterprise Defendants from profiting from their illegal acts.

161. In addition to these remedies, the Attorney General seeks civil penalties of up to $10,000 per willful violation and up to $15,000 per willful violation involving impaired or disabled consumers with a mental or psychological disorder, or consumers over the age of 60. §§ 501.2075, and 501.2077, Fla. Stat.

162. Gambling addiction is officially recognized as a diagnosable behavioral and mental health disorder in Florida.

163. Under Section 501.203(3)(c), a violation of FDUTPA includes conduct that violates "[a]ny law, statute, rule, regulation, or ordinance which proscribes ... unfair, deceptive, or unconscionable acts or practices."

164. A violation of Florida's gambling laws, sections 849.08, 849.09, 849.11, 849.14, 849.15, 849.16, and 849.26 to 849.34, Florida Statutes, also violates FDUTPA. Accordingly, each willful violation of Sections 849.08, 849.09, 849.11, 849.14 to 849.16, and 849.26 to 849.34, as discussed above, also is a willful violation of FDUTPA.

165. The Attorney General seeks to recover its attorneys' fees and costs relating to this action as set forth in sections 501.2105 and 501.2075, Florida Statutes.

DEMAND FOR TRIAL BY JURY

Plaintiff demands a trial by jury on all issues so triable as a matter of right.

PRAYER FOR RELIEF

WHEREFORE, the Attorney General asks the Court to grant the following relief:

(a) Entering an Order declaring that the Defendants have violated the statutes set forth here, and that judgment be entered against Defendants in favor of Plaintiff;

(b) Entering judgment for the Attorney General against Defendants, jointly and severally, for violations of sections 849.08, 849.09, 849.11, 849.14 to 849.16, and 849.26 to 849.34, Florida Statutes pursuant to section 849.29, Florida Statutes;

(c) Entering judgment for the Attorney General against the Stake Enterprise Defendants, jointly and severally, for violations of FDUTPA;

(d) Granting Plaintiff all recoverable measures of damages allowable under the claims identified here;

(e) Awarding Plaintiff forfeiture and recovery of all sums of money and every other thing of value at stake, used, or won in connection with the illegal gambling conducted on the Stake Defendants' sweepstakes casino websites by individuals gambling in the State of Florida;

(f) Awarding Plaintiff equitable monetary relief jointly and severally against the Stake Enterprise Defendants including disgorgement of ill-gotten gains obtained by the Stake Enterprise Defendants and restitution to consumers;

(g) Awarding Plaintiff civil penalties against the Stake Enterprise Defendants of up to $10,000.00 per each willful violation and $15,000.00 per each willful violation of FDUTPA involving an impaired or disabled consumer, or a consumer over the age of 60;

(h) Awarding Plaintiff civil penalties against the Stake Enterprise Defendants of up to $10,000 per willful violation and up to $15,000 per willful violation involving consumers with a mental or psychological disorder or with a disability, or consumers over the age of 60 for each willful violation of Sections 849.08, 849.09, 849.11, 849.14 to 849.16, and 849.26 to 849.34, Florida Statutes in violation of FDUTPA;

(i) Awarding Plaintiff permanent injunctive relief against the Stake Defendants' ongoing violations of the statutes referenced here;

(j) Entering an Order finding that, in accordance with the statutes referenced here, Defendants, their affiliates, successors, transferees, assignees, and the officers, directors, partners, agents, and employees thereof, and all other persons acting or claiming to act on their behalf or in concert with them, be enjoined and restrained from, in any manner, continuing, maintaining or renewing the conduct, alleged here in violation of the above-stated Florida laws, or from entering into any other contract or conspiracy having a similar purpose or effect;

(k) Allowing Plaintiff to recover the costs and expenses of suit, pre- and post-judgment interest, and reasonable attorneys' fees as provided by law; and

(l) Ordering such other and further relief as the Court deems just, necessary, and appropriate.

Dated: August 19, 2026

Respectfully submitted,

JAMES UTHMEIER
Attorney General
State of Florida

RYAN D. NEWMAN
Chief Deputy Attorney General

JASON HILBORN
Deputy Attorney General
Civil Division

/s/ Ellen K. Lyons
Ellen K. Lyons (FBN 57819)
Special Counsel, Assistant Attorney General
OFFICE OF THE FLORIDA ATTORNEY GENERAL
3507 East Frontage Road, Suite 325
Tampa, Florida 33607
Tel: (813) 287-7950
Ellen.Lyons@myfloridalegal.com

Victoria Ann Butler (FBN 861250)
Director of Consumer Protection Division
3507 East Frontage Road, Suite 325
Tampa, Florida 33607
Tel: (813) 287-7950
Victoria.Butler@myfloridalegal.com

BARON & BUDD, P.C.
Mark Pifko*
Krystal Farias*
15910 Ventura Boulevard, Suite 1600
Los Angeles, CA 91436
Telephone: (800) 887-6989
Email: mpifko@baronbudd.com
Email: kfarias@baronbudd.com

Russell W. Budd*
3102 Oak Lawn Ave., Suite 1100
Dallas, TX 75219
Telephone: (214) 521-3605
Facsimile: (214) 279-9915
Email: rbudd@baronbudd.com

J. Burton LeBlanc, IV*
2600 Citiplace Dr., Suite 400
Baton Rouge, LA 70808
Telephone: (225) 927-5441
Email: bleblanc@baronbudd.com

Cathy Dorsey
Marco Palmieri*
Rilwan Adeduntan*
2600 Virginia Avenue NW, Suite 900
Washington, DC 20037

Telephone: (202) 333-4562
Email: cdorsey@baronbudd.com
Email: mpalmieri@baronbudd.com
Email: radeduntan@baronbudd.com

BURSOR & FISHER, P.A.
Philip L. Fraietta*
Matthew A. Girardi*
50 Main Street, Suite 475
White Plains, NY 10606
Telephone: (914) 874-0710
Facsimile: (914) 206-3656
Email: pfraietta@bursor.com
Email: mgirardi@burrsor.com

Alec M. Leslie*
Julian C. Diamond*
1330 Avenue of the Americas, 32nd Floor
New York, NY 10019
Telephone: (646) 837-7150
Facsimile: (212) 989-9163
E-Mail: aleslie@bursor.com
E-Mail: jdiamond@bursor.com

HARRISON RIVARD & DUNCAN, CHTD.
Adrien A. Rivard, III (FBN 105211)
Michael B. Duncan (FBN 130249)
101 Harrison Avenue
Panama City, FL 32401
Telephone: (850) 769-7714
Email: brivard@harrisonrivard.com
Email: mduncan@harrisonrivard.com

**Application For Admission Pro Hac Vice Forthcoming*

Attorneys for Plaintiff, Office of the Attorney General, State of Florida, Department of Legal Affairs

Exhibit 1

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virtualgamingworlds

VGW

PROSPECTUS

SYNERGY PLUS LIMITED

TO BE RENAMED VGW GAMING LIMITED

ACN 091 126 082



Corporate Advisors:

indianocean



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Prospectus

For a public offer of up to 70,000,000 Shares (post-Consolidation) at an issue price of $0.05 per New Share to raise up to $3,500,000 (**Public Offer**).

The Public Offer is scheduled to close at 5:00pm (WST) on 9 February 2016 unless extended or withdrawn. Applications must be received before that time to be valid.

This Prospectus also contains:

- an offer of up to 932,183,398 Shares and 95,662,112 Options (post-Consolidation) to the VGW Holdings Vendors in consideration for the acquisition of all of the issued capital in VGW Holdings (**VGW Holdings Offer**). Refer to Section 2.1.2 of this Prospectus for further details of the VGW Holdings Offer;
- an offer of up to 19,000,000 Shares (post-Consolidation) to the Synergy Lenders in consideration for conversion and repayment of the SNR Lenders (**SNR Lender Offer**). Refer to Section 2.1.3 of this Prospectus for further details of the SNR Lender Offer;
- an offer of up to 20,000,000 Shares and 6,000,000 Options (post-Consolidation) to Minimum Risk in consideration for conversion and repayment of the Minimum Risk Loan (**Minimum Risk Offer**). Refer to Section 2.1.4 of this Prospectus for further details of the Minimum Risk Offer;
- an offer of up to 47,350,067 Employee Loan Shares and 96,926,780 Employee Incentive Options (post-Consolidation) to the VGW Holdings employee (**Employee Offer**). Refer to Section 2.1.5 of this Prospectus for further details of the Employee Offer;
- an offer of up to 9,000,000 Options (post-Consolidation) to the Company's incoming Executive Chairman, Mr Nigel Blythe-Tinker (**Chairman Offer**). Refer to Section 2.1.6 of this Prospectus for further details of the Chairman Offer;
- an offer of up to 650,000,000 Performance Shares (post-Consolidation) to Lance East Corporation (**Lance East Offer**). Refer to Section 2.1.7 of this Prospectus for further details of the Lance East Offer; and
- an offer of up to 72,500,000 New Options (post-Consolidation) to Minimum Risk (or its nominee) as part consideration for underwriting the Public Offer (**Underwriter Offer**). Refer to Section 2.1.8 of this Prospectus for further details of the Underwriter Offer.

(collectively, the **Transaction Offers**)

The Transaction Offers are scheduled to close at 5:00pm (WST) on 9 February 2016 unless extended or withdrawn. Application must be received before that time to be valid.

Completion of each of the Offers is conditional upon Shareholders approving, at the General Meeting to be held on 29 January 2016, various resolutions, including the change in nature and scale of activities, consolidation of capital and the issue of the Shares and Options offered by this Prospectus. Please refer to Section 2.2 of this Prospectus for further details.

IMPORTANT INFORMATION

This Prospectus is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy the ASX requirements for re-listing following a change to the nature and scale of the Company's activities.

All references to Securities in this Prospectus are made on the basis that the 50:1 Consolidation, unless otherwise stated, for which Shareholder approval is being sought at the General Meeting to be held on 29 January 2016, has taken effect.

This is an important document that should be read in its entirety.

If you do not understand it you should consult your professional advisers without delay. The Securities offered by this Prospectus should be considered highly speculative.

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Premium business solutions

H2 Gambling Capital

h2gc.com

AUSTRALIAN SECURITIES EXCHANGE (ASX) LISTING

US Gaming Industry – Independent Market Report

January 2016

Prepared for: Virtual Gaming Worlds
Prepared by: H2 Gambling Capital

EXECUTIVE SUMMARY

This report has been prepared by H2 Gambling Capital (H2) – the leading authority regarding market intelligence on the global gambling industry. It provides an independent assessment of the current US gaming market to sit within the prospectus documentation relating to the intended listing of Virtual Gaming Worlds (VGW) on the Australian Stock Exchange (ASX) during early 2016. As standard, H2 reports in EUR€ (as the most widely-used currency in the sector) and primarily utilises the 'gross win' metric to value the gambling sector.

The report's findings lead us to conclude that in all 3 segments of real money gaming, social casino and internet sweepstakes, the US market remains strong, with considerable further growth still to come over the next 5 years to the end of the decade. The following numbers in particular sum up the potential:

Global vs US Gaming Market Growth 2014-2020 Overall Summary

	Global GGR			US		
	2014 (€bn)	2020 (€bn)	CAGR	2014 (€bn)	2020 (€bn)	CAGR
Land-based Gaming	332.0	357.0	1.2%	104.8	117.1	1.9%
Real Money Online Gaming	32.0	52.0	8.4%	2.5	6.7	17.9%
Social Casino Gaming	2.6	4.1	7.8%	0.8	2.0	16.0%
Sweepstakes Gaming	N/A	N/A	N/A	11.1	17.3	7.7%

Source: H2 Gambling Capital, 2015

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The following conclusions are drawn:

1 Global real money gaming growth is on a **steady upwards trajectory**.

2 **The US**, despite significant prohibition, remains **by far the largest gaming market in the world**.

3 Global gaming gross win reached **€364.0bn** in 2014 and will continue to grow at a **2.0% CAGR** from **2015 to 2020** to reach **€409.3bn** by the end of the decade.

4 The real money online gaming sector reached **€32.0bn** global gross win in 2014, growing at **8x the rate of its land-based equivalent** over the last 10 years, with no signs of this trend slowing down.

5 **750 million** people play social games worldwide, the majority (**24.5%**) aged over **46+ years**.

6 In the US, there are over **200 million players**, with 50% of social networking users and 34% of internet users playing social games.

7 '**Social casino**' is by far **the most popular form** of social gaming in the world.

8 Global social casino revenues were **€2.64bn** in 2014, and by 2019, will reach **€4.14bn GGR**, at a **CAGR of 7.8%**.

9 The US represents **the largest social casino market in the world**, with **€0.85bn** or **32%** of the global market in 2014.

10 Growth is expected to rise at a **CAGR of 16.0%**, so that by 2019, the US will have **over 50%** of the world's social casino market **(€2.07bn)**.

11 '**Sweepstakes**' are a unique concept and not classed as gaming within the sector because they are **free to enter**.

12 If analysed against the potential value of the US real money online gaming if regulated, the actual market value for the sweepstakes gaming model could be as much as **$12.2bn** today, or **$82bn** over a 5-year period.

13 **Internet Sweepstakes Cafes** have evolved and proliferated across the US over the last 10 years, but are **equally as applicable** across many of the world's Top 30 gaming nations.

14 **Internet Sweepstakes Cafes** are reported to have turned over **$10bn (€9.4bn)** in 2015, with **over 5,000** now operating in **12 states**.

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SECTION 3: US INTERNET SWEEPSTAKES GAMING

'Sweepstakes' are a unique concept and not classed as gambling within the sector because they are free to enter.

If assessed against the potential value of the US real money online gaming if regulated, the actual market value for the sweepstakes model could be as much as $12.2bn today, or $82bn over a 5-year period.

Internet Sweepstakes Cafes provide a land-based example that has evolved and proliferated across the US over the last 10 years, but are equally as applicable across many of the world's Top 30 gaming nations.

Internet Sweepstakes Cafes are reported as turning over $10bn (€9.4bn) annually in 2015, with over 5,000 now operating in 12 states.

DEFINITION

65 'Sweepstakes' are a particular form of gaming in which all stakes in the game are offered at no charge to the participants, and its associated prizes are divided up amongst its winners. They are a unique concept within the sector as they are not classed legally as gambling or lotteries. They are instead considered a free to enter promotion in which a cash prize is awarded to its participants, even though this is won on the basis of chance, not skill.[6]

66 Sweepstakes are globally used as a form of trade promotion, but they have gained particular traction in the US recently, and are now considered a real market opportunity, as well as an innovative way of combining land-based and online gaming. Under US gambling law, if the sweepstakes participant can play a game for free (i.e. with no paid-in consideration), then it does not matter if the outcome is determined more by chance than skill, prizes can still be won. No-purchase-necessary sweepstakes have been common in the US since at least 1954, when the US Supreme Court ruled that the television game show *Name That Tune* was not a lottery, given contestants at home could enter by sending in a postcard. Sweepstakes do not involve 'consideration' because the player does not pay to enter, rather their entry is supplementary to a related purchase.

67 Over the last 10 years, 'Internet Sweepstakes Cafes' have evolved and proliferated across the US. They operate as internet cafes that offer their customers entrance into a sweepstakes draw upon the purchase of a product, often internet time or telephone call minutes. The participant can find out whether they have won the pre-determined draw by a simple reveal but many choose to do so through a programme that simulates a slot machine or poker game. This may even include an online element, but neither the presentation nor their interaction affects the outcome of the draw.

68 Increasingly sweepstakes gaming has emerged out of these cafes, with consumer products allowing 'free' entrance into games in which cash prizes can be won in return.

MARKET SIZE – GLOBAL V US

69 There is far less reported data on Internet Sweepstakes Gaming (Internet Sweepstakes Gaming or ISG) than any other form of gaming.

70 Sweepstakes are an established form of trade promotion in many of the more developed international economies, and while the US market has demonstrated the highest rate of adoption of the internet sweepstakes cafe business model, it is equally applicable across the majority of the world's top 30 gaming nations (see Fig 6 earlier).

6 *http://www.sweepstakeslaw.com/internet-sweepstakes.html*

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US Potential Activity

71 There is a significant opportunity for Internet Sweepstakes Gaming in the United States market. The size of the market opportunity could be estimated based on the total size of the US online real money gaming market (particularly casino, poker and lottery) if it was fully regulated and licensed across the US, as this, in comparative terms, ultimately represents the market (estimated below in US$) within which the internet sweepstakes cafe model presently operates.

72 Only $2.82bn (or 2.4%) of all US real money gaming was online in 2014. Although this number positions the United States as the 4th largest online gaming market in the world, H2 is confident that it does not represent anywhere near the present potential for onshore regulated online gaming in the US at this time. This is because the 3 states currently legalised (Delaware, Nevada and New Jersey) have all operated under significant open market constraints – including a lack of a critical mass of other states in the market (liquidity); limited acceptance of payment credit cards, and key restrictions on advertising (the lifeline of the online operator).

73 In considering both this and the 'potential' US activity nationwide, H2 believes it is conservative to focus on the 24 states in which land-based gaming is legal and regulated, namely: Nevada, South Dakota, Colorado, New Mexico, Kansas, Oklahoma, Iowa, Missouri, Illinois, Michigan, Indiana, Ohio, West Virginia, Louisiana, Mississippi, Florida, Pennsylvania, New York, Maryland, Delaware, New Jersey, Rhode Island, Massachusetts and Maine.

74 H2's has estimated the size of the market opportunity for Internet Sweepstakes Gaming in the US based on its estimate of the size of the online real money casino and poker gaming market, increasing to $9.3bn gross win within 1 year and reaching $14.4bn within 5 years, with a total of c$60bn over the first 5 years. For lottery, it would result in an additional $2.9bn within year 1, rising to $4.6bn by year 5, with a first 5 year total of c$22bn. H2 estimates a total US online real money gaming market size of $12.2bn today, $19.0bn in 2020 and a total amount of $82bn over the full five year period.

75 As it is difficult, to predict legislative movement at a US Federal level over the next 5 years, it is reasonable to develop a more realistic 'base case' estimate of the market size, somewhere in the realm of about half of the above estimates. H2 estimates this 'base case' could be achieved if just 8-10 key states, including the addition of the four states actively considering online regulation currently (i.e. California, Illinois, New York and Pennsylvania), which would get the estimation to c50% of the potential value. However this would be predicated on all 3 of the above issues being addressed, including the ability to pool liquidity and operate across states but be locally licensed (as is the case currently with US horse race betting).

US Current Activity

76 In terms of current US market size, the American Gaming Association has estimated that there are presently 5,000 internet sweepstakes cafes operating in 12 states across the US.[7] Internet sweepstakes cafes are estimated to turnover $10bn (€9.4bn) annually in 2015[8].

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7 *ASA 'Internet sweepstakes cafes: unregulated storefront gambling in the neighborhood' - https://www.americangaming.org/research/white-papers/internet-sweepstakes-cafes and http://www.latimes.com/local/lanow/la-me-ln-sweepstakes-games-20150625-story.html*

8 *ASA 'Internet sweepstakes cafes: unregulated storefront gambling in the neighborhood' - https://www.americangaming.org/rese-arch/white-papers/internet-sweepstakes-cafes and http://www.latimes.com/local/lanow/la-me-ln-sweepstakes-games-20150625-story.html*