



FAIR GAMING ADVOCATES

**ONLINE SWEEPSTAKES CASINOS:
UNREGULATED GAMBLING AND
HOW TO COMBAT IT**

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EXECUTIVE SUMMARY

The United States has a complex history with the gambling industry – marked by periods of prohibition, strict regulations, evolving public attitudes, and heated debates over its legality and societal impacts.

However, in recent years, shifting public opinions have led to more permissive laws and increased access to casinos, poker rooms, sportsbooks, and other legally permitted establishments. Yet, despite these *legal* options, many *illegal* gambling operations continue to *thrive*, posing significant threats to individuals and society as a whole.

Unlike their legal and regulated counterparts, illegal gambling businesses operate without oversight, leaving consumers vulnerable to exploitation. These illegal operations bypass the regulatory safeguards designed to ensure fairness, transparency, and accountability. Specifically:

- Game odds and payouts are neither audited nor regulated to ensure fair play.
- Winning players have no legal recourse to collect prizes if the illegal casino refuses to pay.
- Owners and operators are not subject to background checks that are required for licenses issued by the government.
- No taxes are paid on gambling revenues, diverting funds from important public programs.
- Support programs addressing problem gambling receive no funds from illegal operations.

A particularly harmful form of illegal gambling is conducted online through so-called “sweepstakes casinos”, or “social casinos” purporting to offer “sweepstakes cash prizes” rather than real money gambling.

This paper explores the rise of these online sweepstakes casinos, analyzes the harm they cause to consumers and public welfare, and examines their business model. In it, we also propose strategies for combatting these illegal operations and highlight the effort of Fair Gaming Advocates to curtail their growth and seek justice for victims.

HISTORY OF BRICK-AND-MORTAR “SWEEPSTAKES CAFÉS”

WHAT WERE “SWEEPSTAKES CAFÉS”?

To understand the rise of online “sweepstakes casinos” it is necessary to review the history of brick-and-mortar “sweepstakes cafés”, which laid the foundation for this illegal gambling business model.

Sweepstakes cafés typically operated in standalone storefronts, often in strip malls, but occasionally could be found in bars, gas stations, convenience stores, and even laundromats. These establishments advertised offering “internet sweepstakes”, and in some cases, boldly branded themselves as “casinos”. However, they claimed their primary business was the sale of internet access time or long-distance phone cards – a deceptive pretense central to their illegal gambling operation.

Customers entered these cafés intending to gamble, but the business required them to participate in a charade of exploiting a supposed legal “loophole”. To place bets, customers would ostensibly purchase internet time or phone cards, and the café employee would meticulously explain how many “sweepstakes entries” came with their purchases. Although the cafés claimed these sweepstakes entries were given “for free”, this was clearly a pretext for illegal gambling, as customers were actually purchasing the entries and using them to gamble. The sweepstakes entries were the true product being sold.

To reveal their results, customers used computer terminals with slot machine style interfaces, identical to those found in legitimate casinos. The image below shows an example of this interface.



Source: Jacksonville.com, “How far will \$20 go at a gaming center? A reporter finds out
Found at: <https://www.jacksonville.com/story/news/2013/03/19/how-far-will-20-go-gaming-center-reporter-finds-out/15834667007/>

The algorithmically produced results of the wagers were entirely random and based on chance, with no skill involved. Any interactive or pseudo-interactive features, such as manually choosing when the wheels on a slot machine would stop spinning, were merely a façade designed to give customers the false impression that they had some influence over the outcome.

Wagering sweepstakes entries on these games was functionally the same as wagering real money, as gamblers could earn additional sweepstakes entries if their bets were winners. These entries could then be exchanged for cash with the same employee who had sold them the internet time or phone cards.

Furthermore, law enforcement investigations revealed that customers used little to no internet time or phone cards they had purchased *and yet continued purchasing more, even while maintaining very high balances*. This made it abundantly clear that what the customers were actually buying were the sweepstakes entries in order to place more wagers.

Therefore, in practice, the operation closely mirrored a casino: customers exchanged money for sweepstakes entries, wagered those entries on games of chance, and, if successful, redeemed winnings for cash. *Despite the cafés' attempts to pass off these transactions as legal sweepstakes promotions, law enforcement and regulators classified them as illegal gambling enterprises.*

The claim that the cafés were exploiting a legal loophole was wholly erroneous.

WHAT WAS THEIR ALLEGED LEGAL LOOPHOLE?

The sweepstakes cafés argued that their operations were legal by claiming they were not gambling but promotional sweepstakes, similar to those run by many legitimate companies, such as the “Monopoly” promotion offered by McDonald’s.

That promotion offers customers Monopoly themed tokens with each food purchase, which can potentially win prizes. Key to this type of promotion is that the purchase of a product (e.g., food) must be the primary transaction, with the sweepstakes entry offered as a secondary incentive. Additionally, sweepstakes providers must offer a “no purchase necessary” option (or Alternative Method of Entry, AMOE) to ensure the sweepstakes is not contingent on a purchase.

Legal sweepstakes also have strict regulatory requirements, which vary by state but generally include:

1. Disclosure of the odds of winning;
2. A defined start and end date of the sweepstakes promotion;
3. Equal odds for participants, whether they obtain entries through a purchase or via AMOE;
4. Specification of prizes, their quantity, and their values;
5. Registration with the state government regulator.

The sweepstakes cafés falsely claimed that they met all necessary sweepstakes requirements and therefore should not be classified as gambling businesses.

They argued that the primary purpose of the transaction was the purchasing of phone cards or internet time, with the sweepstakes entries being provided “for free”. Additionally, they offered a nominal amount of

sweepstakes entries (typically equivalent to \$1) with no purchase necessary, available daily to customers who visited the café. Many also purported to offer an AMOE through written requests.

Despite these assertions, law enforcement, prosecutors, judges, and state legislatures overwhelmingly rejected their claims, deeming these operations to be *illegal gambling enterprises*.

WERE SWEEPSTAKES CAFÉS SHUT DOWN?

Across the United States, law enforcement pursued aggressive investigations and prosecutions of sweepstakes café operators under gambling laws, including violations of the Racketeer Influenced and Corrupt Organizations (RICO) Act. Operators argued that their activities were legal sweepstakes promotions, but courts overwhelmingly dismissed these defenses.

The following table, published by the American Gaming Association (AGA) in a white paper on internet sweepstakes cafés highlights the key differences between legitimate sweepstakes promotions and the illegal business model utilized by the cafés.

Duration	Traditional Sweepstakes	Internet Sweepstakes
	A traditional sweepstakes promotion is a limited-term event designed to attract consumer attention to a product or a business, and ordinarily expires after a few weeks or months. Because they are of limited duration, most states have exempted them from general bans on gambling.	For Internet sweepstakes cafes, the sweepstakes games run perpetually, and are the reason the business exists.
Promotion	In a true sweepstakes promotion, the company seeks to increase consumer awareness of its products and, ultimately, to increase sales of those products — such as hamburgers, soft drinks and the like.	Internet sweepstakes cafes essentially ignore their supposed products (online time and phone cards). Signage promotes the sweepstakes, not the supposed products. Customers rarely use the supposed products, often amassing gigantic totals of unused telephone minutes or Internet time. Cafe employees often do not mention the supposed products to new customers.
Reward	The prizes offered represent a trivial share of the revenue earned by the company, because the sponsor’s business is selling its other products, not offering a sweepstakes. Indeed, the odds of winning the sweepstakes are so remote that few customers purchase the basic product in order to have a chance at the sweepstakes prize.	Internet sweepstakes cafes ordinarily pay out in prize money more than 80% of their revenues; notably, slot machines at commercial venues also pay out between 85 to 95 percent.

Source: American Gaming Association (AGA), “Internet Sweepstakes Cafes: Unregulated Storefront Gambling in the Neighborhood”

Found at: https://www.americangaming.org/wp-content/uploads/2018/12/wpaper_sweepstakes2014_10202.pdf

These critical differences explain why the courts consistently ruled the cafés were illegal gambling businesses rather than legitimate sweepstakes operations. One particularly scathing rebuke of the alleged legal loophole came from the Ohio Court of Appeals (*City of Cleveland v. Thorne*, 987 N.E.2d 731 (Ohio Ct. App. 2013)).

In affirming the criminal convictions of two café operators, the court stated:

“The justice system is not some lumbering oaf, who must ignore the patently obvious gambling scheme apparent here simply because of a contrived separation between consideration and the scheme of chance. By advertising these businesses as casinos, appellants obviously intended gambling to occur on their premises. They should not be surprised that law enforcement and the jury saw these same things and found sufficient evidence of gambling.”

To eliminate any remaining doubt, many state legislatures passed specific laws explicitly prohibiting the operation of sweepstakes cafés and designating them as gambling. Some even went further, prohibiting any sweepstakes involving an entertaining display. There is no lack of specific legislation or jurisprudence prohibiting these operations or defining them to be illegal gambling.

WHAT HAPPENED NEXT?

At their peak, sweepstakes cafés were estimated to generate over \$10 billion annually by the early 2010s. The shutdown of these establishments created a lucrative opportunity for entrepreneurs willing to innovate on the business model while disregarding legal rulings and regulations.

As a result, the sweepstakes café business model was transferred to the internet – leading to the rise of online sweepstakes casinos.

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ONLINE “SWEEPSTAKES CASINOS”

WHAT ARE “SWEEPSTAKES CASINOS”?

After the shutdown of brick-and-mortar “sweepstakes cafés”, a void emerged in the illegal gambling market – one that “sweepstakes casinos” quickly filled. These online gambling platforms fused two distinct concepts: the “social casino” and the sweepstakes café business model.

Social casinos first gained popularity in the late 2000s by allowing users to play casino-style games purely for entertainment. These platforms utilized in-game currencies that had no redeemable cash value. Players could purchase these virtual currencies, wager them in games, and potentially earn more of the same currency that was wagered. But, unlike gambling with real money, the winnings could never be redeemed for actual cash or cash equivalents. Popular examples include Zynga’s poker offering and DoubleDown Casino.

However, certain companies merged the sweepstakes café model with social casinos to create platforms that mimicked traditional gambling while claiming to be social casinos offering sweepstakes prizes. These operators argue that they run promotional sweepstakes rather than gambling platforms, but in practice, their operations are nearly identical to the illegal sweepstakes cafés that law enforcement had previously cracked down on.

One of the largest examples of a sweepstakes casino is **Chumba Casino**.

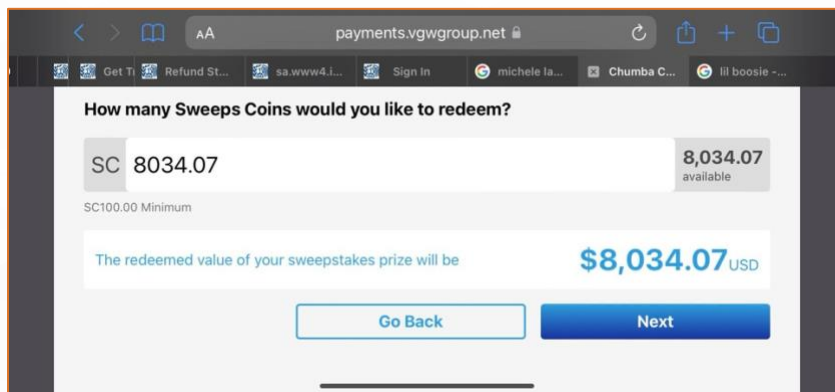
Upon entering Chumba Casino’s online lobby, users encounter a wide range of casino-style games, including numerous *slot machines*, *blackjack variations*, *scratch-off cards*, and, in the past, even *roulette*.





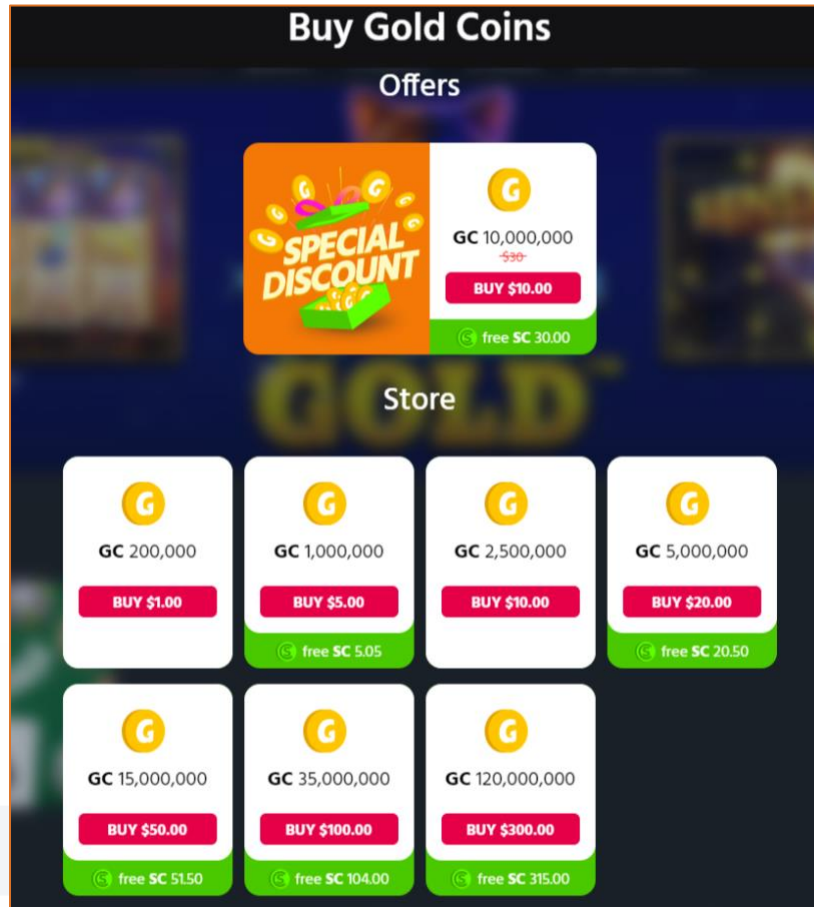
Chumba Casino uses two distinct types of in-game currencies, both called "coins":

- **"Gold Coins"**: These coins are used for entertainment purposes only. They have no cash value and cannot be redeemed for money.
- **"Sweeps Coins"**: These coins can be redeemed for cash at a 1:1 ratio (1 Sweeps Coin = 1 U.S. dollar) as shown below. When users wager Sweeps Coins, they are effectively gambling with real money.



Users acquire these coins through the Chumba Store. While Chumba claims it is only selling Gold Coins, the transaction prominently displays in bright green the number of Sweeps Coins the customer will receive. For

instance, a \$300 purchase yields 120 million Gold Coins, but the customer also receives 315 Sweeps Coins – effectively \$315 in a currency that permits gambling as it may be redeemed for real money. The image below shows the Chumba Store interface:



The 15 extra Sweeps Coins function similarly to how casinos "comp" players who spend more. This bonus system is evident when looking at smaller purchase packages, which offer smaller Sweeps Coin bonuses since smaller packages give a smaller bonus in percentage terms. Higher spenders receive additional incentives to spend more.

Additionally, similar to casino comps, customers must wager all of their Sweeps Coins at least once before redeeming them, ensuring that the user cannot immediately cash out the full amount.

Chumba insists that the Sweeps Coins are "free," echoing the claims made by sweepstakes cafés that sweepstakes credits were "given for free" with the purchase of the phone cards and internet time. Moreover, Chumba offers a daily free allotment of 200,000 Gold Coins and 1 Sweeps Coin, along with the option to request free Sweeps Coins through an Alternative Method of Entry (AMOE) by sending in letters. *These tactics are identical to those used by sweepstakes cafés to create an **illusion of legal compliance**.*

While Chumba and other platforms insist they are social casinos due to the presence of Gold Coins, the availability of Sweeps Coins for cash redemption transforms them into illegal gambling operations. In this model, the Gold Coins function like the phone cards or internet time sold by sweepstakes cafés, while the Sweeps Coins

are merely a rebranded version of sweepstakes credits that carry real monetary value and are the equivalent of real money.

ARE SWEEPSTAKES CASINOS ILLEGAL?

When analyzed under the same legal framework that shut down sweepstakes cafés, it becomes evident that sweepstakes casinos are illegal gambling enterprises. The business model mimics the deceptive practices of brick-and-mortar cafés, exploiting the same perceived loopholes that courts and regulators have already rejected.

The same legal standards used to dismantle sweepstakes cafés – including court rulings, state laws, and federal regulations – apply equally to their online successors. **These platforms are simply a digital continuation of an illegal business model, operating under the false pretense of legality.**



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THE MARKET LEADING PIONEER – VIRTUAL GAMING WORLDS (VGW)

THE RISE OF VIRTUAL GAMING WORLDS (VGW)

Virtual Gaming Worlds (VGW) was founded in 2010 by Laurence Escalante, a young entrepreneur with an unconventional start in the gaming industry. Before launching VGW, Escalante was the managing director of White Knight Games, a company that focused on developing Christian-themed video games. As noted in a *Sydney Morning Herald* article titled “Bringing Jesus to the joypad”, Escalante described one of White Knight’s games as:

“Designed to be a meaningful alternative. Parents can feel confident knowing their kids are playing something that exposes them to Bible scripture, Christian actions like praying and spreading the Gospel, in a fun, attractive package”.

However, White Knight Games did not achieve significant commercial success, leading Escalante to change his life path and launch a much less Christian venture – VGW.

Initially, Escalante struggled to raise funding. He turned to the popular crowdfunding site Kickstarter, only for the platform to suspend the campaign. At the LAUNCH festival, he pitched the idea to venture capital investors, but they were deterred by the regulatory risks associated with online gambling. Prominent investor and podcaster Jason Calacanis rejected the idea, calling it “degeneracy.” Despite these setbacks, Escalante secured private funding from investors in Perth and began refining the VGW business model.

By 2012, VGW had settled on its business model. As was reported by *The Australian Financial Review* in an article titled “Laurence Escalante is living large off controversial gambling billions” Ben Reichel, VGW’s former Chief Operating Officer, explained:

“Laurence came up with the idea to use sweepstakes laws in the U.S. to replicate online casinos and slot machines, as at the time we couldn’t get a license for online gambling.”

Reichel praised the concept as a “brilliant idea,” recognizing the demand for an online gambling experience. However, as previously discussed, this business model was *illegal from its inception*, replicating the same so-called loophole used by “sweepstakes cafés” to evade gambling laws. VGW quickly grew into a virtual gambling empire, profiting through illegality.

COVID-19 AND EXPLOSIVE GROWTH

Although VGW is privately held, it is required to file audited financial statements with the Australian Securities and Investments Commission (ASIC). These reports reveal the company’s explosive growth during the COVID-19 pandemic.

The global lockdowns created an ideal environment for online gambling platforms to thrive, as millions of people were confined to their homes, seeking entertainment and stress relief. Stimulus checks further fueled discretionary spending, leading many users to turn to VGW’s platforms. Former COO Ben Reichel remarked in

The Australian Financial Review that **“COVID turbocharged the business, and in 2021-2022 Laurence became extremely wealthy.”**

VGW was already very profitable before the pandemic, but its audited financials show that performance during COVID-19 lockdowns was exceptional:

- **2019 (pre-pandemic):**
 - Revenue: 351 million AUD (~247 million USD)
 - Net Income: 28 million AUD (~20 million USD)
- **2020:**
 - Revenue: 779 million AUD (~538 million USD)
 - Net Income: 72 million AUD (~50 million USD)
 - **Revenue Growth: 122% | Net Income Growth: 158%**
- **2021:**
 - Revenue: 2.2 billion AUD (~1.7 billion USD)
 - Net Income: 295 million AUD (~221 million USD)
 - **Revenue Growth: 186% | Net Income Growth: 309%**

From 2019 to 2021, VGW’s revenue surged by an astounding 533%, while net income skyrocketed by 954%. VGW reinvested a substantial portion of its profits into advertising, spending 235 million AUD (~162 million USD) in 2022 – up from 81 million AUD (~61 million USD) the previous year. This aggressive marketing strategy enabled VGW to continue expanding, reaching 6.1 billion AUD (~4 billion USD) in revenue and 491 million AUD (~321 million USD) in net income for the fiscal year ending June 30, 2024.

VGW is now recognized as one of Australia’s largest and most profitable private companies.

ADVERTISING PARTNERSHIPS – CREATING A FALSE SENSE OF SECURITY

VGW’s marketing strategy relies heavily on partnerships with celebrity endorsers. These collaborations enhance the perceived legitimacy of VGW’s platforms, making it harder for consumers to believe they are engaging with illegal gambling sites. Many assume that high-profile celebrities would not risk their reputations by promoting unlawful platforms. However, that is exactly what is happening. VGW’s spokespeople include:

- **Michael Phelps** – American swimming legend and Olympic champion



- **Karl-Anthony Towns** – NBA All-Star and Kareem Abdul-Jabbar Social Justice Champion Award winner



- **Ryan Seacrest** – Television and radio host



- **DJ Khaled** – World-renowned musician and producer



- **Paul George** – NBA All-Star and Olympic gold medalist



VGW also sponsors the Ferrari Formula One team, further reinforcing its association with prestige and success.



The company's audited financial statements show that VGW spends hundreds of millions of dollars annually on advertising to attract new customers and sustain the growth of its illegal gambling empire.

COPYCATS AND ADDITIONAL DANGERS TO THE PUBLIC

VGW's success has attracted copycat platforms, which operate using the same illegal business model. Initially holding over 90% market share, VGW has seen its dominance decline as competitors enter the market. According to an analysis of VGW's business by SBO Financial, these new platforms now control a combined 55% of the market.

These most prominent competitors include:

- Pulsz
- Stake.U.s

- Modo.U.s
- Golden Heart Games
- High 5 Casino
- McLuck Casino
- Zula Casino
- Hello Millions
- Funrize
- And more...

The unchecked proliferation of VGW and its copycats presents serious risks to consumers, legitimate casinos, and public revenue streams. If VGW and its competitors continue operating without regulatory oversight or enforcement, more illegal platforms will emerge, amplifying the harm to society.



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HOW TO COMBAT ONLINE “SWEEPSTAKES CASINOS”

ENFORCING CURRENT LAWS

The primary defense of VGW and similar “sweepstakes casinos” is their claim to be operating within a gray area of the law and allegations they are following all relevant sweepstakes laws. However, as discussed throughout this paper, laws already prohibit sweepstakes casinos because their business model is analogous to the outlawed sweepstakes cafés. **There is no need for new legislation; enforcing current laws is sufficient.**

Some states have already begun recognizing the obvious illegality of these platforms and took action to force them out. For example, VGW, the market leader, does not operate in Michigan, Montana, Washington, Idaho, and Connecticut. Notably, VGW continued to operate in Connecticut for over seven months after receiving a cease-and-desist order, which demanded that the company halt operations immediately.

While these developments are promising, more states must act to enforce existing laws and protect their residents from illegal online gambling operations.

WHAT JUDGES CAN DO

VGW and similar platforms rely heavily on arbitration agreements hidden in their terms and conditions to avoid public litigation by their victims. These agreements serve several purposes that benefit the company:

- Shielding cases from public scrutiny in the court system.
- Raising the costs of filing lawsuits.
- Restricting discovery, limiting plaintiffs' ability to gather evidence.
- Leveraging the fact that arbitrators tend to favor corporations more than judges or juries.

Effectively, arbitration agreements create a parallel court system that obstructs victims' ability to hold these casinos accountable. However, illegal gambling contracts are void under the law in many states. This makes the arbitration clauses in illegal gambling contracts unenforceable as they are void agreements.

Despite this, VGW and similar platforms cite a key U.S. Supreme Court precedent – *Buckeye Check Cashing, Inc. v. Cardegna*, 546 U.S. 440 (2006) – to argue that even when a contract that when a void contract contains an arbitration agreement, disputes over whether the contract is void must be decided by an arbitrator, not a judge.

In the *Buckeye* case, the Florida Supreme Court had previously refused to enforce an arbitration agreement in a contract with usurious interest rates, declaring the contract void. However, the U.S. Supreme Court reversed that decision, holding that the dispute over whether a contract is void must first go to arbitration if the contract contains an arbitration clause. This precedent has since been used to block lawsuits against sweepstakes casinos, further complicating efforts by private citizens to combat illegal gambling.

Judges can combat this misuse of arbitration agreements by refusing to enforce them in cases involving illegal gambling. Some courts are already leading the way. In *Macon County Greyhound Park, Inc. v. Hoffman*, 226 So. 3d 152 (Ala. 2016), the Alabama Supreme Court refused to enforce an arbitration agreement in a gambling contract, distinguishing the case from *Buckeye*.

The Alabama court noted that check cashing, as in Buckeye, was inherently legal, whereas the entire subject matter of gambling contracts is illegal. The court further emphasized:

“Surely, no court would enforce any part of such a contract by requiring an arbitrator to determine whether a contract for illegal conduct – such as the sale of cocaine or a murder-for-hire – was valid.”

Other courts should follow the example of the Alabama Supreme Court and reject arbitration agreements in illegal gambling cases. By doing so, they can remove a significant legal barrier that sweepstakes casinos use to evade accountability, thereby deterring these operations and protecting consumers.

WHAT CONSUMERS CAN DO

Concerned citizens can also play an active role in combating illegal sweepstakes casinos by reporting these operations to state gambling regulators, consumer protection agencies, and state attorneys general. Most of these agencies have dedicated hotlines or online forms for reporting illegal activities.

The more complaints filed; the more political pressure will build for regulators to act. As awareness grows, more states will begin enforcing the law and removing these illegal platforms from their jurisdictions.

WHAT VICTIMS CAN DO

Victims of online sweepstakes casinos should take the following steps:

1. Report the activity to state regulators and consumer protection agencies, as outlined above.
2. Consult with Fair Gaming Advocates for guidance on legal options and next steps. Fair Gaming Advocates can help victims navigate arbitration agreements, local laws, provide guidance, and help determine whether they can file a lawsuit.
3. File a lawsuit to recover losses and/or wipe clean any credit card debt accumulated by playing on these sites.

Even if victims agreed to terms and conditions containing arbitration agreements, they can challenge those agreements and sue for damages. With proper legal counsel, victims can pursue justice and even help set legal precedents that weaken the position of these illegal platforms.

HOW FAIR GAMING ADVOCATES OPPOSES ONLINE “SWEEPSTAKES CASINOS”

OPPOSITION THROUGH EDUCATION

At Fair Gaming Advocates (FGA), we believe that the most important part of combating the operation and proliferation of illegal “sweepstakes casinos” is education. We use proactive methods like posting on social networks and message boards, and producing educational YouTube videos. Our goal is to inform consumers about the risks of these illegal platforms, encouraging them to gamble only at legal, regulated establishments.

We also focus on educating policymakers and regulators, highlighting the dangers posed by illegal sweepstakes casinos and urging them to enforce existing laws. This educational outreach includes YouTube videos, written materials like this white paper, and coordinated campaigns designed to bring this growing societal issue to their attention.

OPPOSITION THROUGH GUIDANCE

When consumers fall victim to illegal online gambling platforms, FGA is here to help them understand their legal options for recovering their losses. This may include:

- Suing the sweepstakes casinos to recover losses;
- Challenging credit card debt incurred while gambling on these sites by suing the card issuers;
- Speaking with investors, who assume the risk and costs of litigation on their behalf, to pursue the claims.

Additionally, we connect victims with attorneys who may provide further legal assistance and representation, helping them pursue justice.

OPPOSITION THROUGH LITIGATION

FGA also takes a direct legal approach by filing lawsuits against illegal online sweepstakes casinos. In certain states, the law allows third-party organizations – like FGA – to file lawsuits even though we were not involved in the gambling transactions. These lawsuits act as a financial deterrent to the casinos, punishing them for their illegal operations. This is a powerful enforcement mechanism designed to ensure that illegal gambling businesses cannot operate profitably.

By acting as an agent of the state, FGA can take legal action without being subject to the arbitration agreements that act as a hurdle for victims to be heard in court. This ensures that casinos must defend themselves in open court, exposing their operations to public scrutiny.

THREE-PRONGED OPPOSITION

FGA's three-pronged approach – education, guidance, and litigation – enables us to combat illegal sweepstakes casinos from all angles. This strategy helps us protect consumers, uphold societal welfare, and restore integrity to the gaming industry. Through these efforts, FGA aims to bring justice to victims and create a safer, more transparent gambling market.



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CONCLUSION

The unchecked rise of illegal online “sweepstakes casinos” poses a significant threat to consumers, legitimate gambling businesses, and public welfare. Despite their attempts to operate under the guise of “sweepstakes” or “social casinos”, these platforms are simply digital reincarnations of the outlawed “sweepstakes cafés”. **By using deceptive practices, companies like VGW have built massive, profitable illegal gambling enterprises at the expense of individual consumers and communities.**

Fortunately, existing laws are already sufficient to combat these illegal operations. However, the lack of consistent enforcement has allowed these platforms to thrive without consequences. States that have begun expelling sweepstakes casinos – like Michigan, Montana, and Connecticut – serve as examples of what can be achieved through decisive legal action. But more states and regulators need to follow suit.

Judges also play a critical role. By rejecting arbitration agreements in cases involving illegal gambling, courts can prevent these platforms from arbitration and force them into public litigation. This will further deter illegal operations by exposing their business practices to legal and public scrutiny.

At Fair Gaming Advocates (FGA), we are committed to combating these platforms through education, guidance, and litigation. Through education, we empower consumers to avoid illegal platforms and encourage regulators to take action. Through guidance, we help victims understand their legal rights and explore ways to recover their losses. And through litigation, we hold illegal casinos accountable in court, ensuring they cannot operate profitably or without oversight.

The fight against illegal sweepstakes casinos is far from over. But by enforcing existing laws, raising public awareness, and taking strategic legal action, we can protect consumers, restore integrity to the gaming market, and build a safer, more transparent gambling ecosystem.

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