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**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION**

KATHLEEN WILKINSON, NANCY
URBANCZYK, and LAURA PERKINSON,
individually and on behalf of all others
similarly situated,

Plaintiffs,

v.

FACEBOOK, INC., a Delaware corporation,

Defendant.

Case No. _____

CLASS ACTION COMPLAINT

JURY DEMAND

Plaintiffs Kathleen Wilkinson, Nancy Urbanczyk, and Laura Perkinson, individually and on behalf of a proposed class, bring this Class Action Complaint against Facebook, Inc., seeking restitution, damages, an injunction, and other appropriate relief from Facebook’s ongoing participation in an illegal internet gambling enterprise. Plaintiffs allege as follows upon personal knowledge as to themselves and their own acts and experiences, and as to all other matters, upon information and belief.

INTRODUCTION

1. Over the last decade, the world’s leading slot machine makers—companies like International Game Technology, Scientific Games Corporation, and Aristocrat Leisure—have teamed up with American technology companies to develop a new product line: social casinos.

2. Social casinos are apps, playable from smartphones, tablets, and internet

1 browsers, that make the “authentic Vegas-style¹” experience of slot machine gambling available
 2 to consumers anywhere and anytime. *See* Figure 1 (Screenshot of DoubleDown Casino
 3 Gameplay). By moving their casino games directly onto the phones and computers of players,
 4 and by leveraging an innocuous-sounding “free-to-play” model,² social casino companies, along
 5 with Facebook, Google, and Apple (the “Platforms”), have found a way to smuggle slot
 6 machines into the homes of consumers nationwide, twenty-four hours a day and three-hundred-
 7 sixty-five days a year.

8 3. Just like Las Vegas slot machines, social casinos allow users to purchase virtual
 9 “chips” in exchange for real money, and then to gamble those chips at slot machine games in
 10 hopes of winning still more chips to keep gambling. In DoubleDown Casino, for example,
 11 players purchase “chip packages” costing up to \$499.99. *See* Figure 2 (Screenshot of “Popular”
 12 Chip Packages in DoubleDown Casino). But unlike Las Vegas slots, social casinos do not allow
 13 players to cash out their chips. Instead, purchased chips and won chips alike can be used only for
 14 more slot machine “spinning.”

15 **Figure 1**



15 **Figure 2**



26 ¹ Form F-1/A DoubleDown Interactive Co., Ltd.,
 27 <https://sec.report/Document/0001193125-20-183157/>.

28 ² This term is a misnomer. It refers to a business model by which the initial download of
 29 the game is free, but companies reap huge profits by selling “in-game” items (known generally

1
2 4. Nevertheless, like Las Vegas slots, social casinos are extraordinarily profitable
3 and highly addictive. Social casinos are so lucrative because they mix the addictive aspects of
4 traditional slot machines with the power of the Platforms, including Defendant Facebook, to
5 leverage big data and social network pressures to identify, target, and exploit consumers prone to
6 addictive behaviors.³

7 5. Simply put, the social casino apps do not, and cannot, operate and profit at such a
8 high level from these illegal games on their own. Their business of targeting, retaining, and
9 collecting losses from addicted gamblers is inextricably entwined with the Platforms. Not only
10 do the Platforms retain full control over allowing social casinos into their stores, and their
11 distribution and promotion therein, but they also share directly in a substantial portion of the
12 gamblers' losses, which are collected and controlled by the Platforms themselves.

13 6. Because the Platforms are the centers for distribution and payment, social casinos
14 gain a critical partner to retain high-spending users and collect player data, a trustworthy
15 marketplace to conduct payment transactions, and the technological means to update their apps
16 with targeted new content designed to keep addicted players spending money.

17 7. For example, in 2019, PBS NewsHour reported:

18
19 [w]e obtained leaked company documents that show how [a social casino's] VIP system
20 tracks players by their Facebook IDs, closely monitors their game play, and then prods
21 people to keep them spending. They refer to their VIPs as whales, a term taken from the
22 casino industry to describe big spenders.

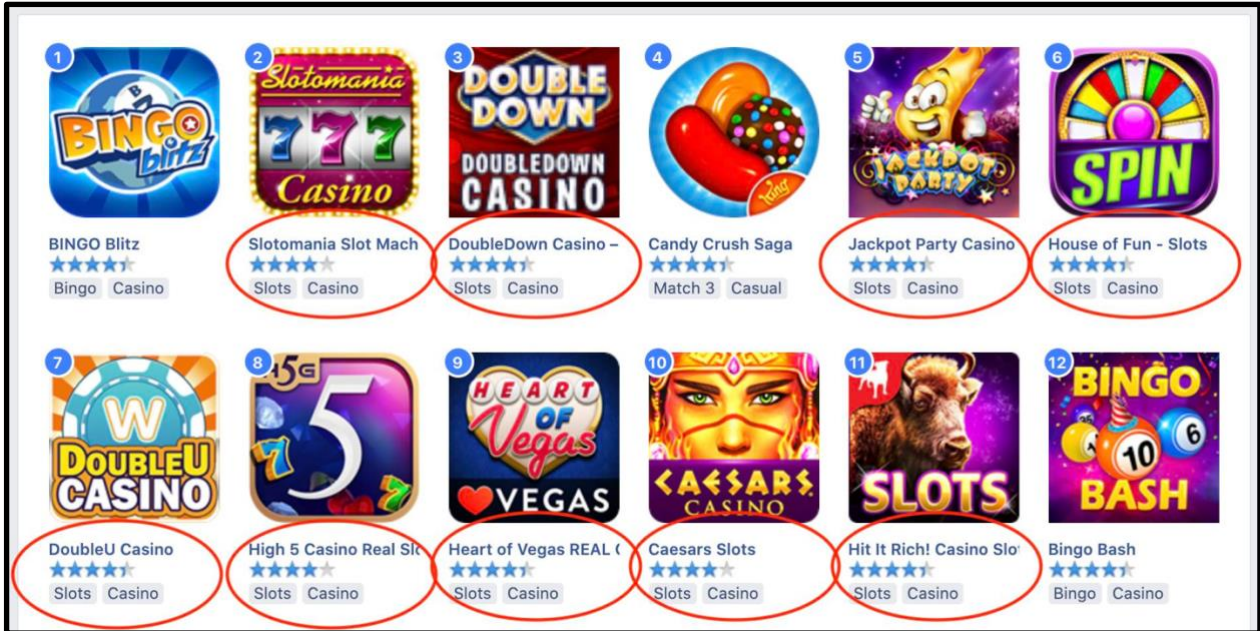
23 Social casinos now use behavioral analysis software to quickly identify people who are
24 likely to become big spenders. Behaviors like increasing your bet, or playing frequently,
25 are signals to the companies, and they target these players with heavy marketing, and
26 label them, proto-whales...

27 Facebook's website shows how it tracks people online, and can predict who is likely to
28 spend big by analyzing user data. Facebook helps social casinos find those potential
29 whales. It charges a premium to nudge players to spend more, to target people whose
30 online behavior might be a sign of addiction.⁴

³ See, e.g., *How social casinos leverage Facebook user data to target vulnerable gamblers*, PBS NEWS HOUR, [youtube.com/watch?v=FFtkFLNJZfM](https://www.youtube.com/watch?v=FFtkFLNJZfM).

8. Last year alone, consumers purchased and gambled away an estimated \$6 billion in social casino virtual chips.⁵ Indeed, of the top twelve grossing apps available on Defendant Facebook, *nine* are social casinos. See Figure 3 (Screenshot of “Top Grossing” Facebook Apps).

Figure 3



9. By utilizing Facebook for distribution and payment processing, the social casinos entered into a mutually beneficial business partnership. In exchange for distributing the casino games, providing them valuable data and insight about their players, and collecting money from consumers, Facebook (and the other Platforms) take a 30 percent commission off of every wager, earning them billions in revenue. By comparison, the “house” at a traditional casino only takes 1 to 15 percent, while also taking on significant risk of loss in its operation. Facebook’s 30 percent rake, on the other hand, is guaranteed for its ability to act as a casino “host” and bankroll.

10. The result (and intent) of this dangerous partnership is that consumers become addicted to social casino apps, maxing out their credit cards with purchases amounting to tens or even hundreds of thousands of dollars. Consumers addicted to social casinos suffer a variety of non-financial damages ranging from depression to divorce to attempted suicide.

⁵ *SciPlay Net Income Skyrockets 127 Percent, as Social Gaming Embraced by Americans*

1 11. These devastating consequences are not hypothetical or hyperbole: below are
2 excerpts of sworn testimony from individuals describing their experiences with three different
3 social casinos at issue in this case:

- 4 • **DoubleDown Casino:** “I was drawn to DoubleDown because I could play
5 the same games that I played when I went to real casinos. Overall, I
6 estimate that I have spent over \$40,000 on chips in DoubleDown Casino. I
7 am addicted to DoubleDown Casino . . . I knew being on DoubleDown
8 Casino every day for hours was a problem, but I couldn’t seem to stop. I
9 believe that DoubleDown is taking advantage of people’s addictions. *They*
10 *know that gambling is addictive, and they act exactly like a physical casino*
11 *that pays out money.* I feel alone and embarrassed about spending money to
12 do something that only feeds my addiction. DoubleDown Casino consumes
13 you, and makes you feel like you always have to go play. I feel guilty
14 because I’ve spent money on DoubleDown that I’ve needed to pay bills or
15 buy food.” Exhibit 1, Declaration of Willa Moore [emphasis added].
- 16 • **DoubleDown Casino:** “I believe I have spent close to \$25,000 on
17 DoubleDown Casino. I would buy the chips with a credit card which I
18 couldn’t pay in-full, so there’s interest on top of that too . . . I was a well-
19 respected, active member of my community who owned my own business
20 for 36 years. But when I retired, and my fellow started having health
21 problems, DoubleDown Casino made me fall into the trap of escape and
22 adrenaline rush to cope with all my other responsibilities. When I won, it
23 was just great. When I lost, and started buying more and more chips, I felt
24 lower than pond scum. I was sick to my stomach, felt like a total loser,
25 *wondered about suicide* (although I would never leave my partner), could
26 not sleep, had anxiety attacks with a rushing heart, and couldn’t eat. I just
27 couldn’t understand how I could let it get so out of control. *It was as if it*
28 *had a power over me that I couldn’t break. I couldn’t stop.*” Exhibit 2,
29 Declaration of Jan Saari [emphasis added].
- **Jackpot Party Casino:** “Overall, I believe that I have spent between
\$10,000-\$20,000 playing Jackpot Party Casino. I was addicted to Jackpot
Party Casino and I hate that . . . *This kind of loss put a huge strain on my*
ability to even buy food . . . I believe Jackpot Party Casino had been taking
advantage of my addiction . . . This game hurt me and the worst part was
that when my husband was alive, he would say, ‘You’re not spending
money on there are you?’ and I lied. I hate that I have to live with that
now.” Exhibit 3, Declaration of Laura Perkinson [emphasis added].
- **Jackpot Party Casino:** “I believe that I’ve spent at least \$30,000 on
Jackpot Party Casino . . . *I am going through a divorce right now, in part*
because of how much money I spent on Jackpot Party . . . Scientific Games
will provide incentives to their top spenders so that they continue to spend.
I have received Christmas gifts two times. They have sent me a robe, oils,
phone charger, bath bombs, a blanket, and more. I know that they have sent
other players flowers and candies . . . This game has changed my way of
thinking and caring. I never thought I would get addicted to anything
except cigarettes, but this has taken too much of my life away. I don’t
know how my life would be different without this game, but I know that it
would be better and I know that I would be much better off financially . . . I
wish it didn’t exist.” Exhibit 4, Declaration of Donna Reed [emphasis
added].

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