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9 **UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA**

10 DONALD NELSON, an individual, and  
11 CHEREE BIBBS, an individual, individually  
12 and on behalf of all others similarly situated,

13 *Plaintiffs,*

14 v.

15 APPLE INC., a California corporation,

16 *Defendant.*

Case No. \_\_\_\_\_

**CLASS ACTION COMPLAINT**

**JURY DEMAND**

17 Plaintiffs Donald Nelson and Cheree Bibbs, individually and on behalf of a proposed  
18 class, bring this Class Action Complaint against Apple Inc. seeking restitution, damages, an  
19 injunction, and other appropriate relief from Apple’s ongoing participation in an illegal internet  
20 gambling enterprise. Plaintiffs allege as follows upon personal knowledge as to themselves and  
21 their own acts and experiences, and as to all other matters, upon information and belief.

22 **INTRODUCTION**

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

26 2. Social casinos are apps, playable from smartphones, tablets, and internet  
27 browsers, that make the “authentic Vegas-style<sup>1</sup>” experience of slot machine gambling available  
28

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

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

14 **Figure 1**



15 **Figure 2**



16 4. Nevertheless, like Las Vegas slots, social casinos are extraordinarily profitable  
 17 and highly addictive. Social casinos are so lucrative because they mix the addictive aspects of  
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<sup>2</sup> This term is a misnomer. It refers to a business model by which the initial download of the game is free, but companies reap huge profits by selling “in-game” items (known generally

1 traditional slot machines with the power the Platforms, including Defendant Apple, to leverage  
2 big data and social network pressures to identify, target, and exploit consumers prone to  
3 addictive behaviors.<sup>3</sup>

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

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

14 7. Last year alone, consumers purchased and gambled away an estimated *\$6 billion*  
15 in social casino virtual chips.<sup>4</sup>

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

23 9. The result (and intent) of this dangerous partnership is that consumers become  
24 addicted to social casino apps, maxing out their credit cards with purchases amounting to tens or  
25 even hundreds of thousands of dollars. Consumers addicted to social casinos suffer a variety of

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

28 <sup>4</sup> *SciPlay Net Income Skyrockets 127 Percent, as Social Gaming Embraced by Americans*

1 non-financial damages ranging from depression to divorce to attempted suicide.

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

- 5 • **DoubleDown Casino:** “I was drawn to DoubleDown because I could play  
6 the same games that I played when I went to real casinos. Overall, I  
7 estimate that I have spent over \$40,000 on chips in DoubleDown Casino. I  
8 am addicted to DoubleDown Casino . . . I knew being on DoubleDown  
9 Casino every day for hours was a problem, but I couldn’t seem to stop. I  
10 believe that DoubleDown is taking advantage of people’s addictions. *They*  
11 *know that gambling is addictive, and they act exactly like a physical casino*  
12 *that pays out money.* I feel alone and embarrassed about spending money to  
13 do something that only feeds my addiction. DoubleDown Casino consumes  
14 you, and makes you feel like you always have to go play. I feel guilty  
15 because I’ve spent money on DoubleDown that I’ve needed to pay bills or  
16 buy food.” Exhibit 1, Declaration of Willa Moore [emphasis added].
- 17 • **DoubleDown Casino:** “I believe I have spent close to \$25,000 on  
18 DoubleDown Casino. I would buy the chips with a credit card which I  
19 couldn’t pay in-full, so there’s interest on top of that too . . . I was a well-  
20 respected, active member of my community who owned my own business  
21 for 36 years. But when I retired, and my fellow started having health  
22 problems, DoubleDown Casino made me fall into the trap of escape and  
23 adrenaline rush to cope with all my other responsibilities. When I won, it  
24 was just great. When I lost, and started buying more and more chips, I felt  
25 lower than pond scum. I was sick to my stomach, felt like a total loser,  
26 *wondered about suicide* (although I would never leave my partner), could  
27 not sleep, had anxiety attacks with a rushing heart, and couldn’t eat. I just  
28 couldn’t understand how I could let it get so out of control. *It was as if it*  
29 *had a power over me that I couldn’t break. I couldn’t stop.*” Exhibit 2,  
30 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].

- **High 5 Casino:** "I have spent at least \$10,000 on coins in High 5 Casino . . . I believe I am addicted to High 5 Casino . . . I have tried to quit but I believe three weeks is the longest amount of time I've ever been able to stop . . . Sometimes I feel guilty about playing High 5 Casino and spending so much money. My husband does not know I have spent money on it. *My grandkids will sometimes ask for money and I can't give it to them because I have to save it for this game.*" Exhibit 5, Declaration of Aida Glover [emphasis added].

12. Unsurprisingly, social casinos are illegal under many states' gambling laws.

13. As the Ninth Circuit held in *Kater v. Churchill Downs Inc.*, 886 F.3d 784, 785 (9th Cir. 2018):

In this appeal, we consider whether the virtual game platform "Big Fish Casino" constitutes illegal gambling under Washington law. Defendant–Appellee Churchill Downs, the game's owner and operator, has made millions of dollars off of Big Fish Casino. However, despite collecting millions in revenue, Churchill Downs, like Captain Renault in *Casablanca*, purports to be shocked—shocked!—to find that Big Fish Casino could constitute illegal gambling. We are not. We therefore reverse the district court and hold that because Big Fish Casino's virtual chips are a "thing of value," Big Fish Casino constitutes illegal gambling under Washington law.

14. As an instructive example, DoubleDown Casino is illegal both in Washington and here in California (where the Platforms, including Defendant Apple, host it and collect their 30% rake). This year, consumers will purchase approximately \$300 million worth of virtual casino chips in DoubleDown Casino. That \$300 million will be divided up approximately as follows: \$170 million to DoubleDown; \$30 million to International Game Technology ("IGT") (a multinational slot machine manufacturer that licenses slot machine game IP to DoubleDown); and—as particularly relevant here—the remaining \$100 million to Apple and the other Platforms (for hosting the app, driving vulnerable consumers to it, and processing the payments for those consumers' virtual chip purchases).

15. In other words, despite knowing that DoubleDown Casino is illegal, Apple and the other Platforms continue to maintain a sizable (30%) financial interest by hosting the game, driving customers to it, and acting as the bank.

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