

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

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THE PEOPLE OF THE STATE OF NEW YORK,
by Letitia James, Attorney General of the
State of New York,

Plaintiff,

COMPLAINT

-against-

Index No.
IAS Part

VALVE CORPORATION,

Defendant.

-----X

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TABLE OF CONTENTS

NATURE OF THE ACTION	1
PARTIES AND JURISDICTION	3
FACTUAL ALLEGATIONS	4
I. New York Closely Regulates Gambling.....	4
II. Valve Is a Highly Successful Video Game Developer and Distributor.....	5
A. Valve develops the Steam platform and emerges as the leading distributor of PC desktop games.....	5
B. Valve develops its flagship video game franchises	7
III. Valve Monetizes Its Most Popular Games by Selling Chances to Win Virtual Items Through Loot Boxes.....	8
A. Valve introduces loot boxes	8
B. Valve’s loot boxes operate similarly across its flagship games	10
i. Counter-Strike loot boxes require users to purchase “keys” from Valve that function similarly to virtual coins or tokens used in online casinos.....	10
ii. Loot boxes in Team Fortress 2 and Dota 2 employ the same operational principles as Counter-Strike weapons cases	17
IV. Valve’s Virtual Items Have Value.....	20
A. Valve designed and built its games and platform to enable users to sell the virtual items they have won	20
i. Valve enables users to sell virtual items through the Steam Community Market.....	20
ii. Valve designed Steam to enable buying and selling virtual items on third-party marketplaces	22
iii. Valve has consistently fostered third-party marketplaces that allow the purchase and sale of virtual items.....	25
B. High market values and easy liquidation have made Valve virtual items attractive targets for thieves.....	28
V. Users Open Valve’s Loot Boxes to Gamble.....	30

VI. Valve’s Loot Boxes Pose the Same Dangers as Casino Gambling, Especially for Children36

 A. Valve’s loot boxes use the same mechanics and psychological lures as traditional casino games36

 B. Valve’s loot boxes can lead to addiction and result in real harm38

 C. The risks associated with Valve’s loot boxes are particularly heightened for children and adolescents39

 D. Teenagers and children comprise a significant segment of Valve’s users42

CAUSES OF ACTION43

PRAYER FOR RELIEF47

NATURE OF THE ACTION

1. Plaintiff, the People of the State of New York, by Attorney General Letitia James (“OAG”), brings this action pursuant to Executive Law § 63(12) to remedy unlawful conduct by Valve Corporation (“Valve” or “Defendant”).
2. Valve has developed and published several long-running video game franchises that have achieved widespread influence in the gaming world. These franchises—Counter-Strike, Team Fortress, and Dota—have been incredibly popular, attracting hundreds of millions of players over the course of two and a half decades.
3. The franchises also have proven to be remarkably lucrative for Valve, even though the games have been free to play for years. Valve has managed this feat by pioneering an alternative model for monetizing its games: gambling.
4. In Valve’s games, gambling takes the form of a virtual container known as a loot box. Loot boxes are not part of regular game activity but are ancillary attractions that users can engage in when they are not playing the game.
5. For most loot boxes, Valve charges users for a key that “opens” the loot box and awards the user one of several dozen virtual items. The virtual items have no impact on gameplay. Instead, they are used to decorate users’ weapons and characters as a display of status and affluence to other game players. Despite having no in-game functionality, these virtual items can be extremely valuable, with the rarest items worth thousands of dollars.
6. This last point—the monetary value of the virtual items—has been a critical factor in Valve’s success. And it is the result of deliberate decisions Valve made—in the design of its loot boxes, the virtual items they contain, and the platform on which they are bought and sold—to not only drive demand for virtual items, but also to ensure those items have value.

7. *First*, unlike many other video game developers, Valve enables users to *sell* the virtual items they have won, either through its own virtual marketplace, the Steam Community Market, or through third-party marketplaces. Virtual items that are bought and sold through these marketplaces have monetary value. Indeed, the market for virtual items for the Counter-Strike franchise alone has been estimated to be in the billions of dollars, an unparalleled sum in the video game industry.

8. *Second*, Valve has made some items far harder to win than others, awarding them only infrequently when a loot box is opened. Valve makes it readily apparent to users which are which, grouping items together into various tiers based on the likelihood they will be awarded. For example, in Valve's Counter-Strike games, the rarest and most prized items are designated "Exceedingly Rare Special Items" and marked with a gold badge. The demand, and price, for a particular item directly relates to its rarity.

9. Nearly every user who buys a key and opens a loot box receives a virtual item that is commonplace and worth only pennies—far less than what they spent to open the loot box. Anyone who actually wanted such an item could obtain it far more cheaply—again, for pennies—by simply purchasing it through a marketplace. Most people, therefore, purchase a key and open a loot box for the same reason people play the lottery or a slot machine—the potential of winning a large prize.

10. This loot box model that Valve has developed—charging an individual for a chance to win something of value based on luck alone—is quintessential gambling, prohibited under New York's Constitution and Penal Law.

11. In Valve's most popular game, opening a loot box even resembles a virtual slot machine: a wheel cycles through potential items before stopping on one. And like a slot machine, the

spinning wheel conveys the illusion of a “near miss” when it appears to stop close to, but not on, a valuable item.

12. Loot boxes, like other forms of gambling, can lead to addiction and result in real harm. But Valve’s loot boxes are particularly pernicious because they are popular among children and adolescents, who are lured into opening loot boxes by the prospect of winning expensive virtual items that convey status in the gaming world. Research has shown that children who are introduced to gambling are at a significantly higher risk of developing gambling addictions later in life.

13. Valve has made tens of millions of dollars selling keys to thousands of New York residents, who have used them to open Valve loot boxes in the hopes of winning valuable virtual items. And Valve has made millions of dollars more in commissions from New Yorkers who sold virtual items obtained from loot boxes.

14. As described further below, Valve’s actions violate Article I, Section 9 of the New York Constitution, and Sections 220.05 and 220.10 of New York’s Penal Law.

PARTIES AND JURISDICTION

15. Plaintiff is the People of the State of New York, by Letitia James, Attorney General of the State of New York.

16. Defendant Valve Corporation is a Washington corporation headquartered at 10400 NE 4th St., Suite 1400, Bellevue, Washington 98004. The company has developed and published numerous video games, including Counter-Strike: Global Offensive, Counter-Strike 2, Dota 2, and Team Fortress 2. The company also operates Steam, an online gaming platform.

17. Defendant has transacted business in New York and contracted to supply goods and services in New York. It has offered and provided consumers in New York with online accounts

through the Steam platform, offered and sold video games and gaming equipment to consumers in New York, offered and sold virtual items to consumers in New York, and enabled consumers in New York to wager on and win virtual items through loot boxes.

18. This Court has jurisdiction pursuant to Executive Law § 63(12), which empowers the Attorney General to seek injunctive relief, restitution, damages, disgorgement, and other equitable relief when any person or business has engaged in repeated fraudulent or illegal acts or otherwise demonstrated persistent fraud or illegality in the carrying on, conducting, or transaction of business.

19. The parties entered into a series of tolling agreements that tolled the applicable statutes of limitations beginning April 5, 2023 and ending February 6, 2026.

FACTUAL ALLEGATIONS

I. New York Closely Regulates Gambling

20. Gambling is illegal in New York with certain limited exceptions.

21. Most forms of gambling are expressly prohibited by the New York State Constitution, which states that “no lottery or the sale of lottery tickets, pool-selling, book-making, or any other kind of gambling ... shall [] be authorized or allowed within this state.” N.Y. Const. art I, § 9. This “provision largely dat[es] back to 1894.” *White v. Cuomo*, 38 N.Y.3d 209, 217 (2022). The “broad [constitutional] prohibition” against gambling is subject to certain “limited” exceptions, *Dalton v. Pataki*, 5 N.Y.3d 243, 254 (2005), none of which are relevant here.

22. New York’s Penal Law similarly has long recognized crimes for promoting gambling activity. Penal Law §§ 225.05, 225.10. A business that knowingly advances or profits from unlawful gambling activity violates these laws. *Id.*

23. Gambling is broadly defined under New York law. A person “engages in gambling when he stakes or risks something of value upon the outcome of a contest of chance or a future contingent event not under his control or influence, upon an agreement or understanding that he will receive something of value in the event of a certain outcome.” Penal Law § 225.00(2).

II. Valve Is a Highly Successful Video Game Developer and Distributor

A. **Valve develops the Steam platform and emerges as the leading distributor of PC desktop games**

24. Valve was founded in 1996 as a developer and publisher of video games. The company achieved early success with the release of several PC desktop games, which were sold through brick-and-mortar stores.

25. In 2003, Valve launched the Steam platform, which enabled consumers, including New York residents, to directly purchase and download Valve games. Valve later expanded the Steam platform to allow for the distribution and sale of PC desktop games published by other companies. Valve collects a 30% commission on the sale of most third-party games sold through Steam.

26. Steam has grown to become the dominant platform for gamers to purchase, maintain, and play PC desktop games. As of 2024, industry analysts estimated that Steam commanded a 74% market share for the distribution of PC desktop games. As of January 2026, Steam was estimated to have 132 million monthly active users and 69 million daily users. In the United States, more than 146,000 games are available on the Steam platform, with Valve adding thousands more each month.

27. In 2015, Valve introduced its first hardware offering with a gaming console called the Steam Machine. That product was discontinued in 2018 but one year later, in 2019, Valve began selling a VR headset, called the Valve Index. In 2022, Valve added a handheld gaming console,

called the Steam Deck, to the hardware products available for purchase on Steam. Valve is slated to release additional hardware offerings in 2026.

28. Users in the United States, including New Yorkers, can purchase the games and hardware available through Steam with a credit card, PayPal, or funds stored in a digital wallet, called the Steam Wallet.

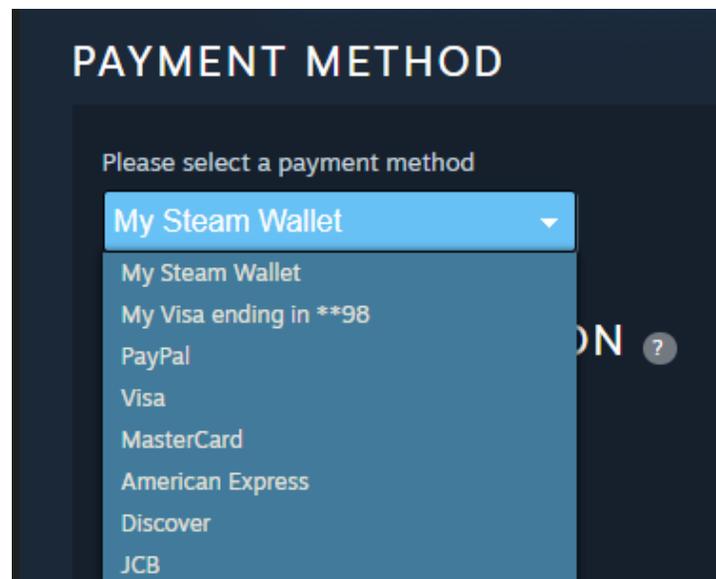


Figure A

29. Users can fund their Steam Wallet in several ways, including with a credit card or with a digital or physical Steam gift card. Steam gift cards can be purchased at retail stores like Best Buy with any payment method accepted by the vendor, including cash. Every dollar a user deposits in their Steam Wallet results in a dollar increase to the user's Steam Wallet balance, and can be used to purchase a dollar in goods on the Steam platform.

30. Steam Wallet funds can also be used to purchase virtual items from other Steam users on the Steam Community Market, to buy loot boxes or loot box keys from Valve, or to make in-game purchases.

B. Valve develops its flagship video game franchises

31. As Valve emerged as a dominant player in the field of PC desktop games, it continued to develop successful video game franchises. To date, Valve's three most popular video game franchises are Counter-Strike, Team Fortress, and Dota.

32. The Counter-Strike franchise consists of a series of realistic multiplayer first-person shooter games that divide players into two teams, terrorists and counter-terrorists. Valve launched its first standalone game in the series in 2000. The franchise experienced explosive growth in popularity with a version Valve introduced in 2012 called Counter-Strike: Global Offensive ("CS:GO"). CS:GO was succeeded by Counter-Strike 2 ("CS 2") in 2023.

33. Team Fortress 2 is a multiplayer first-person shooter game with a cartoon aesthetic, developed and published by Valve in 2007.

34. Dota 2 is a multiplayer fantasy-themed battle game that Valve introduced in 2013.

35. Hundreds of millions of people have played these games since their release. As of mid-2025, CS 2 was estimated to have 24 million monthly active players, with around 1.8 million people playing the game concurrently during peak periods. And although Team Fortress 2 and Dota 2 have been available for years, they have been periodically revamped and updated with new features and remain popular today, with hundreds of thousands of active users during peak times.

36. All three Valve franchises are popular events in esports competitions,¹ many of which are sponsored by Valve. As an esports event, Counter-Strike has grown to the point where it has spawned academy teams, similar to those in premier soccer leagues, where up-and-coming players compete and develop their skills.

¹ Esports, short for electronic sports, refers to the organized competitive playing of video games, where individuals or teams often engage in structured tournaments and leagues.

37. The franchises also have given rise to thousands of content creators who stream themselves playing the games and post game-related content on online platforms such as YouTube and Twitch.

III. Valve Monetizes Its Most Popular Games by Selling Chances to Win Virtual Items Through Loot Boxes

A. **Valve introduces loot boxes**

38. For many years, Valve’s primary source of revenue was the sale of video games. Seeking a new way to monetize its most popular games, Valve introduced cosmetic virtual items into its flagship games. Depending on the game, the virtual items can be pieces of apparel, like a hat for a player’s character, or artistic overlays for a player’s weapons. These virtual items have no impact on gameplay and are instead intended to be status symbols or luxury items.

39. When Valve first released Team Fortress 2 on Steam in 2011, it made some of these virtual items available for direct purchase on its Steam platform. Within two years of that release, however, Valve developed a more lucrative method for distributing the virtual items—selling users a chance to win them through a virtual container known as a loot box. Valve soon adopted this model for Dota 2 and Counter-Strike as well.

40. Under this model, Valve distributes loot boxes to users for free through “drops.” By engaging in a certain amount of activity in a particular game over the course of a week, a user can earn a “drop” or “care package” that often includes a loot box. A user can keep the loot box in their inventory, sell it on the Steam Community Market, or “open” it.

41. To open most of these loot boxes, users must purchase a key from Valve. Users can then use that key to “unlock” a loot box and win a randomly selected virtual item. Key purchases and loot box openings can only take place outside of gameplay.²

² A user can buy keys and open cases when no active game is running or they can use an “overlay” feature that allows the game to run in the background while the user purchases a key or opens a case. In either situation, the case-opening activity is unrelated to the game activity.

42. The chance of a user winning a particular virtual item is based on odds set by Valve. To create demand, Valve awards certain types of items in only a very small percentage of loot box openings. Rare items are worth far more on the Steam Community Market and third-party marketplaces, in some cases thousands of dollars, than the more commonly awarded items.

43. This system, which is highly profitable for Valve, generates revenue streams in two ways. First, Valve charges for the keys that are required to open the loot boxes—currently, \$2.49 plus applicable sales tax (\$0.22 in New York) for most keys.³ Second, Valve collects a 15% commission when virtual items from its games are sold on the Steam Community Market.

44. Valve has sold billions of dollars' worth of Counter-Strike keys alone, including tens of millions of dollars in sales to New York residents. In addition, Valve has generated tens of millions of dollars in fees from the sale of virtual items through the Steam Community Market, including millions of dollars from sales by residents of New York.

45. Valve's revenue from loot boxes depends on users placing monetary value on the virtual items they can win by opening a loot box and the existence of a robust market where the virtual items can be bought and sold. If some of these items are sufficiently valuable, users will be willing to spend the money for a chance at winning them by opening a loot box.

46. To create virtual items that generate value and drive the Steam economy, Valve works closely with the community of players of the respective games, holding artist workshops where creators can earn money for designs of virtual items that are adopted by Valve. As Valve continues to refine its monetization strategy, it monitors the health of the economy it has created by keeping

³ Some loot boxes in Dota 2 and Team Fortress 2 do not require keys, but the user still must pay Valve \$2.49, plus tax, in order to open the loot box.

close tabs on the markets for its virtual items, both on the Steam Community Market and on third-party marketplaces.

47. In 2014, a technical artist at Valve noted that a thriving market for Valve’s virtual items requires a free market where users are “going to purchase things that they feel are being sold for a fair price and with enough listings, the downward price pressure of the free market is going to ensure that fair price gets found”—as occurs with the markets for stocks and other digital assets. The employee further explained that the listings for these items were in “real currency amounts.”

B. Valve’s loot boxes operate similarly across its flagship games

48. Valve enables individuals to purchase keys and open loot boxes using a Steam account. Individuals create an account by completing an online form, available on the Steam website and through a Steam software application. The form requires that the individual enter their email address, a Steam account name, and a password. Hundreds of thousands of New York residents have created and used Steam accounts.

i. Counter-Strike loot boxes require users to purchase “keys” from Valve that function similarly to virtual coins or tokens used in online casinos

49. The Counter-Strike franchise has proved to be the most fertile environment for Valve’s loot box strategy. Valve has offered several types of loot boxes in the Counter-Strike games, the most popular of which is the weapons case. When opened, weapons cases award virtual items called “skins,” which are cosmetic overlays that can be applied to a user’s weapons.

50. While users are provided with a default set of guns and knives at the outset of Counter-Strike, they can apply skins to their weapons as symbols of status and affluence. The following images show a Counter-Strike AK-47 rifle as it is provided to all players at the outset of the game (*i.e.*, without a skin) and the same AK-47 with a cosmetic skin applied.



Figure B

51. Notably, skins provide no advantage or other impact on gameplay. The two AK-47s pictured above function identically when playing Counter-Strike.

52. Over the years, Valve has periodically introduced new weapons cases and skins to spark user interest and demand.

53. To open a weapons case and win a skin, a user must purchase a key from Valve. This is reflected graphically by a padlock, which appears on every case. An example of a Counter-Strike weapons case (with the padlock circled) and key are shown in Figure C, below.

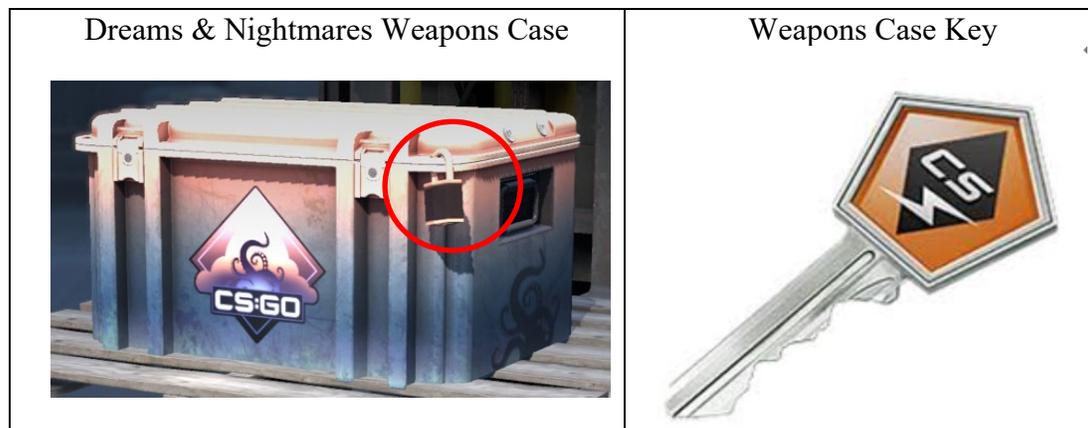


Figure C

54. Once a user has obtained a case, either through an in-game drop or by purchasing it on the Steam Community Market, they can examine it to see the list of skins they might win if they elect to purchase a key and open the case. This list of items is referred to as the drop list.



Figure D

55. As shown in Figure D, each item in the drop list is color coded to represent one of five rarity tiers. To comply with Chinese law, Valve has released the odds of receiving Counter-Strike case items from the different rarity tiers: Mil-Spec (Blue): approximately 79.92%; Restricted (Purple): approximately 15.98%; Classified (Pink): approximately 3.2%; Covert (Red): approximately 0.64%; and Exceedingly Rare Special Item (Gold): approximately 0.26%.

56. As shown in Figure D, the identity of the “Exceedingly Rare Special Item,” color coded gold, is not disclosed. As described below, however, users can turn to other sources to identify the possible high-value items that may be won by opening a particular weapons case.

57. In addition to a rarity tier, Valve randomly assigns each skin a “float value,” which represents the condition of the skin or how much wear is visible on it. Float values within a certain

range correspond to a “wear level.” The five wear levels, from least wear to most, are: factory new, minimal wear, field-tested, well-worn, and battle-scarred. Wear level can have a significant impact on the market price of a skin, with the least amount of wear generally commanding the highest price for a particular skin.

58. To purchase a key that will enable a user to open a weapons case, a user navigates to their inventory of virtual items where the case, along with any other virtual items acquired by that user, will appear.

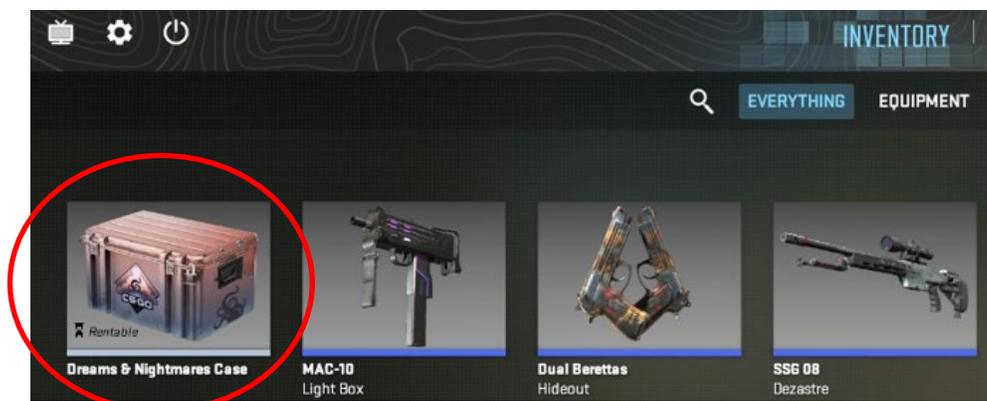


Figure E

59. If the user hovers their cursor over a case in their inventory, a pop-up menu appears that includes an option to “Unlock Container.”

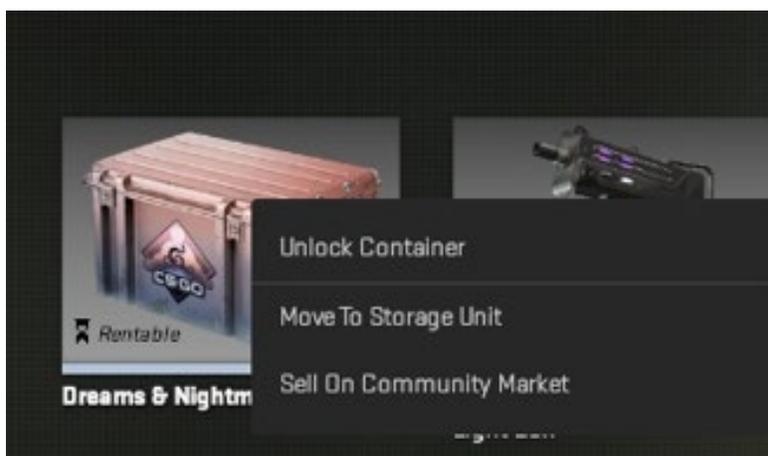


Figure F

60. If the user selects “Unlock Container,” they are presented with a screen displaying thumbnails of the various skins that could be obtained from the selected case. A message at the bottom of the page informs the user that a key is required to open the case. Adjacent to the message is a green button with the price of the key (\$2.49 in the image below) that allows the user to purchase the key for the displayed price. For a user planning to engage in repeated case openings, there is a menu option that allows users to purchase multiple keys in a single transaction.

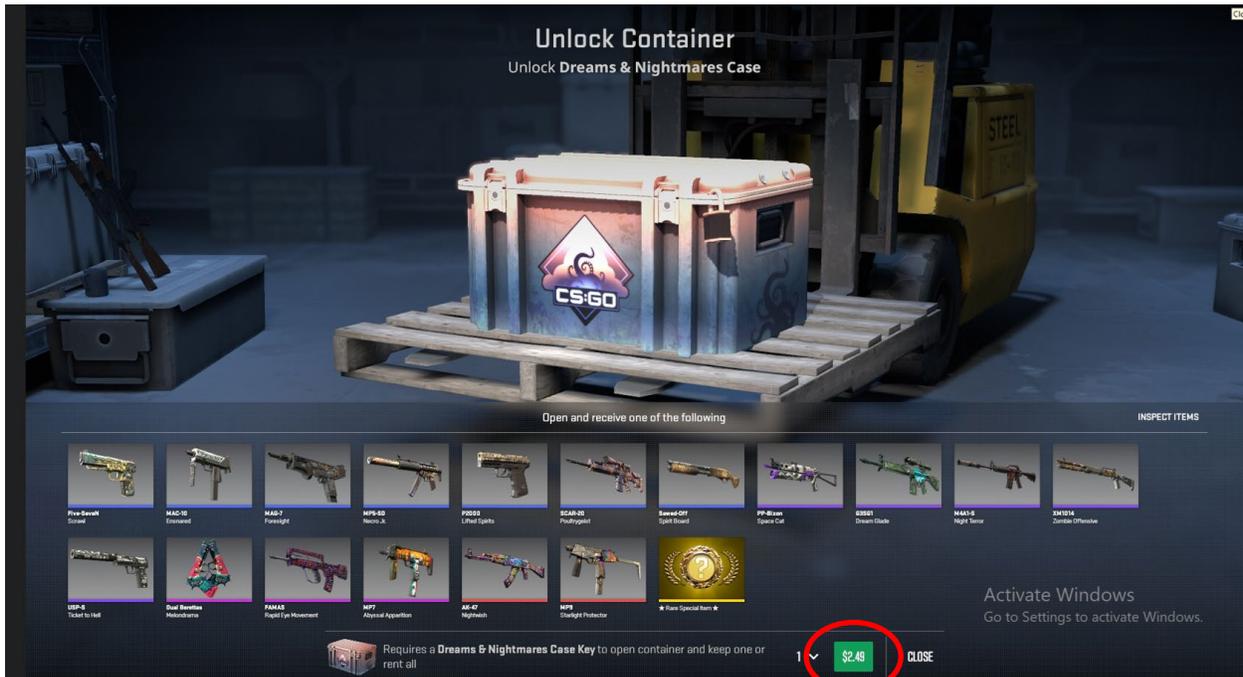


Figure G

61. If the user elects to purchase a key by clicking the green button, they will be presented with a payment page where they can complete the transaction by paying with Steam Wallet funds. For New York residents, the total price of the key with tax is \$2.71.

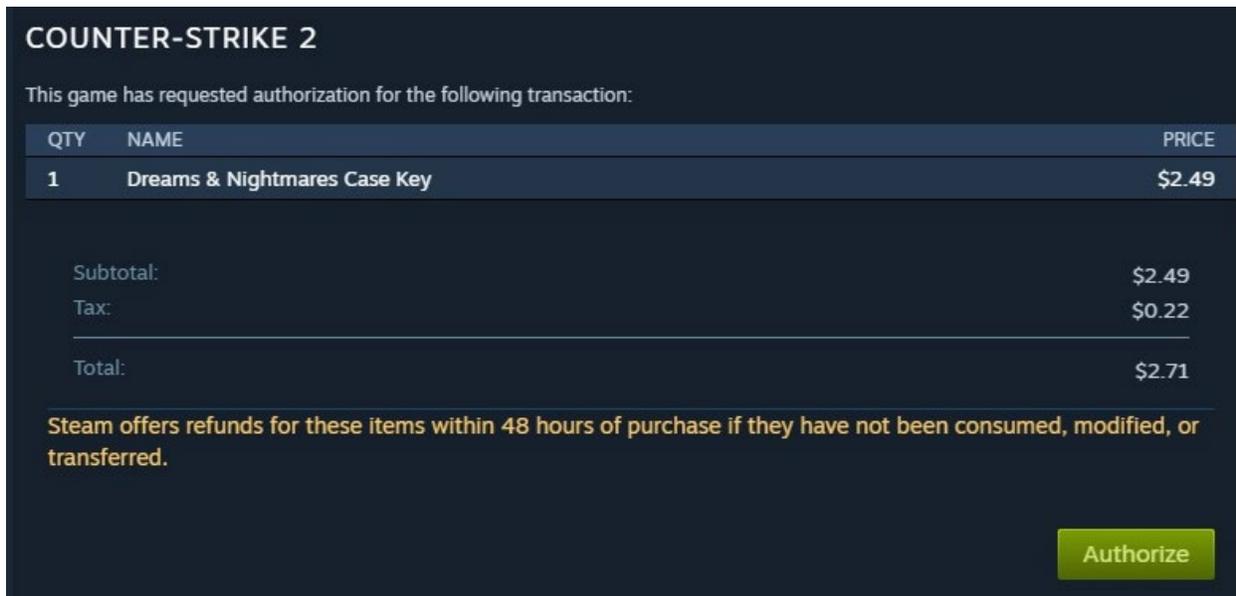


Figure H

62. If the user clicks the “Authorize” button to complete the purchase, the key will be added to the user’s inventory.

63. If the user then repeats the process of inspecting the case from their inventory page and selects the “Unlock Container” option, as described above, they will again be shown the case details, but this time with a button at the bottom of the screen labeled “Open to Keep.”⁴ Clicking the button opens the case using the purchased key.

⁴ Valve recently added an option to use keys to “rent” a weapons case for seven days. Under this option, all items in the case except for the exceedingly rare special items appear in the user’s inventory for seven days and can be applied to their weapons during that time.

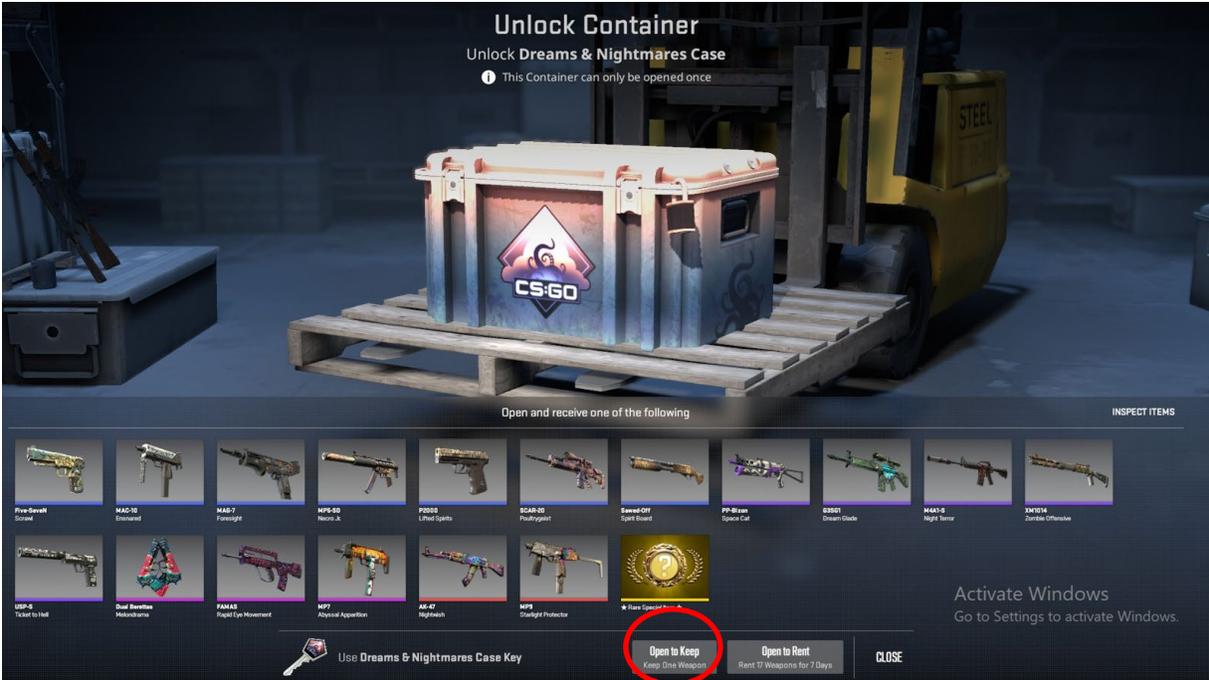


Figure I

64. Valve designed the experience of opening a case to appear similar to the spin of a slot machine. When a user clicks the button labeled “Open to Keep,” an animation is displayed showing the unlocking and opening of the case, followed by a simulated spinning wheel with images of the various skins in the case’s drop list rotating across the display. Like a slot machine, the wheel spins rapidly at first and then gradually slows. When the wheel finally stops, the skin that appears in the center of the display, denoted with a yellow vertical line, is added to the user’s Steam inventory.



Figure J

65. As shown in Figure J, the spinning wheel may come to rest immediately next to the icon for the rare and valuable item. This visual gives users the impression that they “almost” won the

valuable item, a design feature associated with slot machines known as a “near miss.” In reality, the item that the user is awarded is determined by a random number generator on Valve’s server after the user clicks the button to open the case.

66. Opening loot boxes has become a subject of interest, distinct from playing Valve’s games. As discussed below, some well-known streamers have created videos and channels dedicated solely to opening Counter-Strike weapons cases.

ii. Loot boxes in Team Fortress 2 and Dota 2 employ the same operational principles as Counter-Strike weapons cases

67. Valve has created a variety of loot boxes in Team Fortress 2 and Dota 2. While some of the features of those loot boxes differ from the Counter-Strike weapons cases, they share the same operational principles, with users paying about \$2.50 to open loot boxes to win randomly selected virtual items. In both Team Fortress 2 and Dota 2, Valve offers loot boxes that require keys to open, like the Counter-Strike weapons cases. In addition, Valve sells “keyless” loot boxes, which eliminate the step of buying a key, in both of those games.

68. As with Counter-Strike, Valve controls the odds of winning each type of virtual item from loot boxes in Team Fortress 2 and Dota 2, and some items are awarded far more frequently than others.

69. One of the earliest loot boxes in Team Fortress 2 was the Mann Co. Supply Crate. Like the Counter-Strike weapons cases, the supply crate is displayed as a container secured with a padlock, indicating to a user that they must purchase a key if they wish to open the loot box. Valve sells keys for Mann Co. Supply Crates for the same price as Counter-Strike weapons case keys, \$2.49 plus tax. Unlike the keys in Counter-Strike, users can also buy keys for Team Fortress 2 loot boxes from other users on the Steam Community Market.



Figure K

70. As seen above, the Mann Co. Supply Crates also have drop lists. A user that opens the Series #84 Crate shown above could receive one of nine “Killstreak Kits,” which can be applied to a user’s weapon to add a stylized counter that tracks the number of kills made with the weapon. The user also has a small chance of winning an “Exceedingly Rare Series #3 Unusual Hat.”

71. When a user purchases and uses a key to open a supply crate, an animation appears showing the lock opening and the chains falling away. After that, the walls of the crate collapse revealing the virtual item the player has won, as shown in Figure L.



Figure L

72. In Dota 2, the most popular type of loot box is the treasure chest. As in Counter-Strike, each treasure chest has a drop list of virtual items the user may win when the chest is opened. For example, the “Chest of Endless Days,” pictured in Figure M below, has a drop list (shown in Figure N) of ten items and three bonus items, the latter of which are designated “rare,” “very rare,” and “ultra rare,” respectively. Like a Counter-Strike weapons case, a user can purchase a key from Valve for \$2.49 plus tax to open this loot box.⁵



Figure M



Figure N

⁵ As with Team Fortress 2, loot box keys from Dota 2 can be bought and sold on the Community Market.

73. When a user opens this loot box, all the virtual items in the drop list are displayed, as shown in Figure O, and begin to spin. One by one the items disappear until one item remains, which is awarded to the user.



Figure O

74. The virtual items in the Team Fortress 2 and Dota 2 loot boxes provide aesthetic customizations for weapons and characters within the respective games. As with Counter-Strike, no gameplay is required to open a loot box.

IV. Valve's Virtual Items Have Value

A. **Valve designed and built its games and platform to enable users to sell the virtual items they have won**

75. Valve designed and built its games and the Steam platform to enable users to sell the virtual items they have won. Users can do so in two ways: through the Community Market that Valve operates on the Steam platform, and through third-party marketplaces.

i. Valve enables users to sell virtual items through the Steam Community Market

76. Valve developed a marketplace, the Steam Community Market, to enable users to buy and sell virtual items. Listing an item for sale through the Steam Community Market is straightforward: the user simply selects the item, sets a sale price, and clicks a button labeled “Ok, put it up for sale.” The interface automatically calculates the funds the user will receive after Valve collects its commission from the sale.



Figure P

77. Proceeds from the sales of virtual items are distributed as funds in the seller’s Steam Wallet. These funds have the equivalent purchasing power on the Steam platform as cash. They can be used to purchase any item that is available for sale through the Steam platform, including video game hardware, more than 146,000 games, loot box keys, and other virtual items.

78. Steam users also can readily convert virtual items to cash by purchasing Steam hardware and then reselling it off platform. Indeed, an OAG investigator did so, converting a Counter-Strike skin called a “Stiletto Knife” to \$180 by: (a) selling the skin on the Steam Community Market for Steam Wallet funds, (b) using the Steam Wallet funds received from the sale of the skin to purchase a Steam Deck, and (c) selling the Steam Deck for \$180 in cash at a store that buys and sells electronics.

79. Valve also has developed market research tools that it has integrated into the Steam platform, similar to those commonly found on stock and cryptocurrency trading platforms. Users interested in researching, buying, or selling a particular type of virtual item can chart the average sale price of the item over various time periods, as well as view a list of current offers to buy and sell items of that type.



Figure Q

80. As described below, these tools enable a user who is considering whether to spend the money to open a loot box to research the items they might win.

ii. *Valve designed Steam to enable buying and selling virtual items on third-party marketplaces*

81. Valve has long understood that third-party marketplaces are important to the economy of the virtual items it has created. By providing a means for users to sell their virtual items for cash, these marketplaces motivate users to purchase keys from Valve in the hopes of opening a loot box and winning a high-value item they can cash in. More loot box openings also means more virtual items will be sold, which drives transactions and Valve commissions on the Steam platform itself.

82. With that understanding, Valve designed the Steam platform to facilitate the purchase and sale of virtual items on third-party marketplaces. For example, Valve provides each Steam user with a Steam “Trade URL,” which enables users to buy and sell virtual items from their Steam inventory on third-party marketplaces. As explained by one website that reviews skins gambling sites and marketplaces, “the biggest reason for needing a Trade URL[] is to make use of third-party marketplaces,” and such sites ask users for this information “so that deals can be processed more easily when both buying and selling skins.”⁶

83. Valve itself encourages this, instructing users that the Trade URL can be shared “on third-party trading sites”—one of several terms Valve uses to refer to third-party marketplaces.

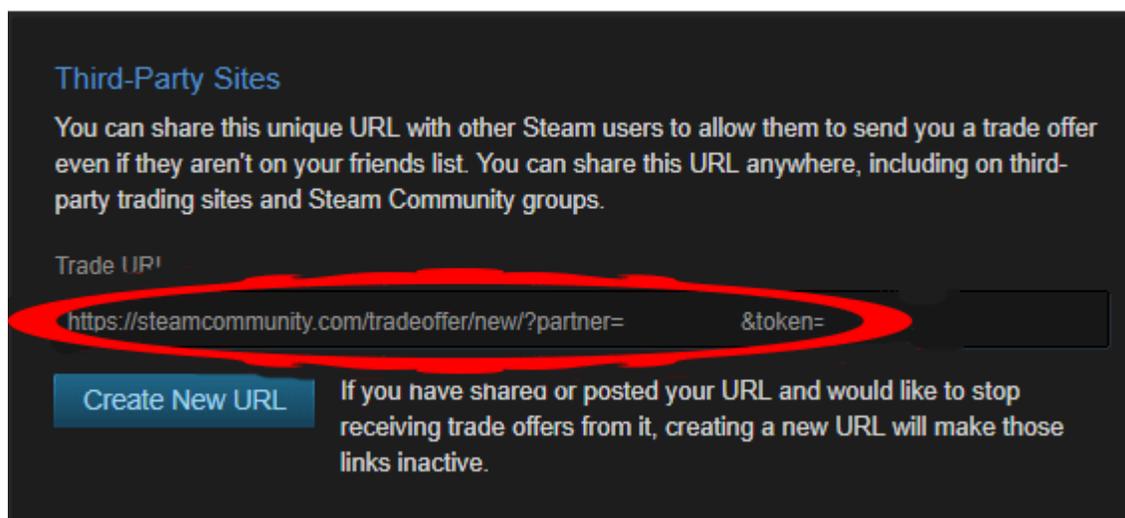


Figure R

84. As the demand for and popularity of the virtual items Valve distributes through its loot boxes have grown, various online marketplaces unaffiliated with Valve have emerged, using the Trade URL and other Steam features to enable users to buy and sell their virtual items. Such sites provide users with two advantages over the Steam Community Market. First, users can receive

⁶ SkinLords, What Is A Steam Trade Link?, <https://skinlords.com/blog/what-is-a-steam-trade-link/> (last visited February 13, 2026).

cash for their items instead of Steam Wallet funds. Second, unlike the Steam Community Market, which caps transaction amounts, third-party sites enable users to sell rare virtual items from Counter-Strike, Team Fortress 2, and Dota 2 for tens of thousands of dollars.⁷

85. While the markets for Counter-Strike skins and the virtual items from Team Fortress 2 and Dota 2 have experienced fluctuations over the years—similar to markets for other digital assets—the general trend has been strong growth, especially for Counter-Strike skins.

86. In March 2025, Bloomberg reported that the market for Counter-Strike skins had surpassed \$4.3 billion, eclipsing its previous high from April 2023.⁸ In 2023, prices for Counter-Strike skins soared on speculations about how the transition from CS:GO to CS 2 would impact the market.

87. Citing an expert, the Bloomberg article explained that “Counter-Strike 2 skins represent a distinct investment class that fluctuates according to items’ rarity, players’ engagement in the game and other non-conventional economic indicators.”

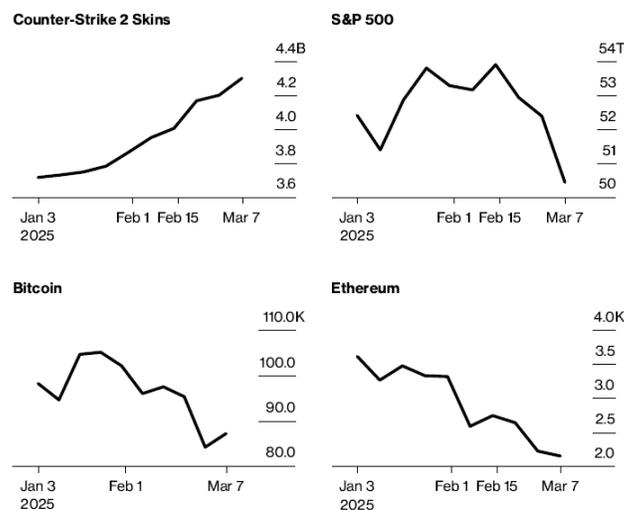


Figure S⁹

⁷ Counter-Strike skins have reportedly sold for hundreds of thousands dollars through private sales.

⁸ Cecilia D’Anastasio, Market for ‘Counter-Strike 2’ Digital Items Hits New High, Bloomberg (Mar. 7, 2025), <https://www.bloomberg.com/news/articles/2025-03-07/market-for-counter-strike-2-digital-items-hits-all-time-high>.

⁹ *Id.* (source: Pricempire.com).

88. The same article reported that in June 2024, a CS 2 skin had been sold for \$1 million, a record amount at that time.



Figure T¹⁰

89. In addition to third-party marketplaces for Valve's virtual items, many sites have emerged that offer users the opportunity to gamble using their Counter-Strike skins and other virtual items as stakes. Sites of this nature, generally known as "skins gambling sites," first started as a way for users to bet on esports games, particularly Counter-Strike. These sites later evolved to offer a host of casino games and games of chance that mimic Valve's loot box gambling.

iii. Valve has consistently fostered third-party marketplaces that allow the purchase and sale of virtual items for cash

90. In responding to inquiries regarding whether its loot boxes violate gambling laws, Valve has consistently maintained that its Steam Subscriber Agreement ("SSA") prohibits the sale of skins off platform, and that it actively acts against trading sites that allow users to sell Steam virtual items for real money.

¹⁰ Screenshot from X post reporting the sale of the Counter-Strike skin for more than \$1 million. @JakeSucky, X (June 5, 2024, at 12:12PM), <https://x.com/JakeSucky/status/1798387413313868135?lang=en>.

91. For example, Valve made the following representation in a reply to an inquiry by the Danish Gambling Authority:

[T]he [Steam trading system] has been abused by third party sites that violate our terms of service. They offer to buy and sell virtual items for real world money. What happens in these cases is that these sites create fake Steam user accounts. A user who wants to sell their item gifts their virtual item to the bot and receives real-world money outside of Steam, e.g. via Paypal.

Likewise a user who wants to buy an item for real-world money transfers money to the illegal provider by means of Paypal and receives back a “gift” of the desired item via Steam.

As noted above, this behavior is in violation of our terms of service. We have banned thousands of these bot accounts whenever we have been able to identify them, but it is ultimately a game of cat and mouse.

92. Valve’s public position, however, is belied by its internal actions. While Valve has sporadically enforced its SSA against skins gambling sites, Valve has not acted against sites that permit the sale of Valve’s virtual items.

93. Valve’s actual view of these marketplace sites was revealed in an unguarded answer given by a senior employee who was asked at a panel discussion in 2017 about Valve’s policies towards sites that don’t offer gambling but do allow users to sell their virtual items for cash. The employee admitted that Valve does not enforce its SSA against such sites, replying that “I guess we don’t really fundamentally have an opinion on other uses that people have for their inventories.”

94. Indeed, Valve has expressly exempted sites that operate as marketplaces for Steam virtual items from its enforcement efforts against skins gambling sites and repeatedly restored Steam accounts operated by marketplace sites when those accounts were inadvertently suspended by Valve. Valve’s internal communications demonstrate that employees were well aware these marketplaces enabled Valve’s virtual items to be bought and sold for fiat currency, regularly referring to them as “cash out services,” “real money out sites,” and “trading sites.”

95. For example, in 2016, Valve prepared to send a series of cease-and-desist letters to skins gambling sites. A Valve employee noticed that OPSkins, a skins marketplace that did not offer gambling at the time, was on the list of intended recipients. The employee emailed several Valve colleagues, writing, “I don’t think we need to send the letter to opskins and other real money out sites correct, they aren’t gambling[?]” The employee’s view that Valve’s enforcement efforts were not targeting cash marketplaces was quickly confirmed, and neither OPSkins, nor any other marketplace site, received a cease-and-desist letter.¹¹

96. Valve similarly exempted another third-party marketplace, CSGOSell.com, from its cease-and-desist campaign. A Valve employee who had been working on locking accounts used by gambling sites noted in an email that some Steam accounts operated by CSGOSell.com, described by the Valve employee as a “a csgo trading site, no gambling,” got “caught” in a wave of account locking.

97. Valve further demonstrated its abidance of cash marketplaces for skins in 2017 when it was contacted by a professional Counter-Strike player who was interested in starting a “gambling website.” A lawyer for Valve replied that Valve did not permit such sites and told the player that if he did start a gambling site, “don’t use CS:GO items in your business.” The player then asked if Valve had any problems with him creating a cash marketplace for Counter-Strike skins like the site, CS.Money. The Valve attorney provided a much more measured response, saying that, other than general compliance with “Steam terms and agreements,” Valve did not “have very many restrictions for what businesses players and teams can be involved in, other than the prohibition

¹¹ Two years later, Valve decided to shut down Steam accounts connected to OPSkins, not because it allowed users to convert their skins to cash, but instead because the site was “pushing the boundaries acting primarily as intermediaries for gambling sites and fraudsters” and circumventing a seven-day hold Valve had implemented on trading newly acquired virtual items.

against gambling.” The Valve attorney went on to provide some rules regarding the promotion of the proposed marketplace site.

98. In July 2023, Valve helped a major marketplace, CSFloat, which touts that on its platform, “you can withdraw any sales proceeds to your bank account, debit card, or crypto.” At that time, the platform was branded as “CSGOFloat.” Anticipating Valve’s transition from CS:GO to CS 2, the company planned on rebranding to CSFloat. It was unable to access Steam using that domain, however, because Valve had previously flagged the domain as suspicious. A representative from CSGOFloat asked Valve to “re-assess the status” of the CSFloat.com domain so the company could complete the rebrand. Valve complied with the request and CSGOFloat successfully rebranded as CSFloat.

99. Valve assisted yet another well-known marketplace site called Skinport in March 2024 after Valve erroneously suspended the site’s Steam accounts in an attempt to shut down certain gambling sites. Skinport, which describes itself as “one of the best CS:GO/CS2 marketplace[s] to buy or sell your CS:GO/CS2 Skins,” reported to Valve that over 2,500 of its Steam accounts “were accidentally restricted/locked due to a technical issue on [Valve’s] end.” A day later, Valve “unlocked” the accounts in question.

B. High market values and easy liquidation have made Valve virtual items attractive targets for thieves

100. The high value of rare skins and the ease of liquidating items through third-party marketplaces have made Valve virtual items an attractive target for thieves. Valve has received hundreds of thousands of support requests from users whose Steam accounts have been hacked, or who have been tricked into transferring virtual items to malicious actors.

101. For many users, these thefts have been extremely costly. Reports of stolen virtual items worth thousands, and in some cases tens of thousands, of dollars have been common.

102. In December 2015, Valve published an article on Steam describing the increasing problem of theft.¹² In that article, Valve noted that “enough money now moves around the system that stealing virtual Steam goods has become a real business for skilled hackers.” According to Valve, “[w]hat used to be a handful of hackers is now a highly effective, organized network, in the business of stealing and selling items,” with Valve seeing “around 77,000 accounts hijacked and pillaged each month.”

103. In most cases, these stolen items had been sold to unwitting buyers by the time the theft was discovered and reported to Valve. Valve’s original response to such incidents was to duplicate the stolen item so both the victim of the theft and the unwitting buyer could have the item.¹³ In 2016, Valve discontinued this practice, recognizing that creating duplicate items “has the negative side effect of changing an item’s scarcity - as more copies of the item are created, the value of every other similar item is reduced.”¹⁴

104. To combat the rising tide of thefts, Valve made several modifications to the Steam platform designed to provide increased security to users, including implementing two-factor authentication through its Steam mobile app and placing trade restrictions on accounts where two-factor authentication was not enabled.¹⁵

105. Despite these measures, the theft of virtual items on Steam, particularly of Counter-Strike skins, continued to be an issue. In August 2022, industry publications reported that hackers stole

¹² Steam, Security and Trading (Dec. 9, 2015), <https://store.steampowered.com/oldnews/19618>.

¹³ *Id.*

¹⁴ Steam, Security and Trading: Update (Mar. 1, 2016), <https://store.steampowered.com/oldnews/20631>.

¹⁵ Security and Trading, *supra* note 12; Security and Trading: Update, *supra* note 14.

\$6 million worth of CS:GO skins from Steam accounts associated with CS.Money, a third-party marketplace.¹⁶

106. In response, Valve introduced even more security measures. For example, in July 2025, Valve announced the rollout of “Trade Protection,” which it described as a “feature some games support that allow[s] you to reverse recent trades, designed to help if you lost items after losing control of your account.”¹⁷ Currently, the only game supporting Trade Protected items is CS 2, but Valve has stated it plans to make Trade Protection available for other games on Steam.¹⁸

V. Users Open Valve’s Loot Boxes to Gamble

107. To obtain a virtual item in Valve’s games, users generally have two options: they can purchase a key to open a loot box and win an item selected at random, or they can purchase an item of their choosing through the Steam Community Market or a third-party marketplace.

108. When it first introduced loot boxes, Valve believed it was important to ensure that users would not feel they had chosen the wrong option—*i.e.*, paid more for the key than the value of the item they won. As one senior Valve developer explained in 2014, Valve wanted to avoid a situation where a user who spent \$2.49 to open a crate and received an item available for purchase on Steam for \$0.50 would feel like they “just lost \$2 of actual value.”

109. That concept was abandoned, however, and soon after their introduction, Valve’s loot boxes became losing propositions for users. Today, nearly every user who purchases a key and opens a loot box receives an item that is common, and worth less than what the user spent on the key. In such cases, users’ money would be better spent purchasing the item directly through the

¹⁶ Alina BÎZGĂ, Bitdefender (Aug. 17, 2022), <https://www.bitdefender.com/en-us/blog/hotforsecurity/hackers-steal-6-million-worth-of-cs-go-skins-from-trading-platform>.

¹⁷ Steam Support, Trade Protected Items, <https://help.steampowered.com/en/faqs/view/365F-4BEE-2AE2-7BDD> (last visited Feb. 13, 2026).

¹⁸ *Id.*

Steam Community Market at a far lower price. Indeed, in most cases users could have purchased 10 or 20 of the same item on the Steam Community Market with the money they spent to open the loot box.

110. However, users who open a loot box have a chance—a small one—of winning a virtual item worth hundreds, and in some cases thousands, of dollars. This remote possibility of winning a valuable prize, like the dream of buying a winning lottery ticket or hitting the jackpot on a slot machine, drives the sales of keys for Valve’s loot boxes.

111. The Dreams & Nightmares weapons case in Counter-Strike, pictured above in Figures C through G, illustrates why this is the case. A user considering purchasing a key to open a Dreams & Nightmares weapons case could readily identify the Exceedingly Rare Special Items using information available on third-party websites. Figure U is a screenshot from one such website, which indicates that the “Exceedingly Rare Special Items” associated with a Dreams & Nightmares weapons case are a collection of knives.

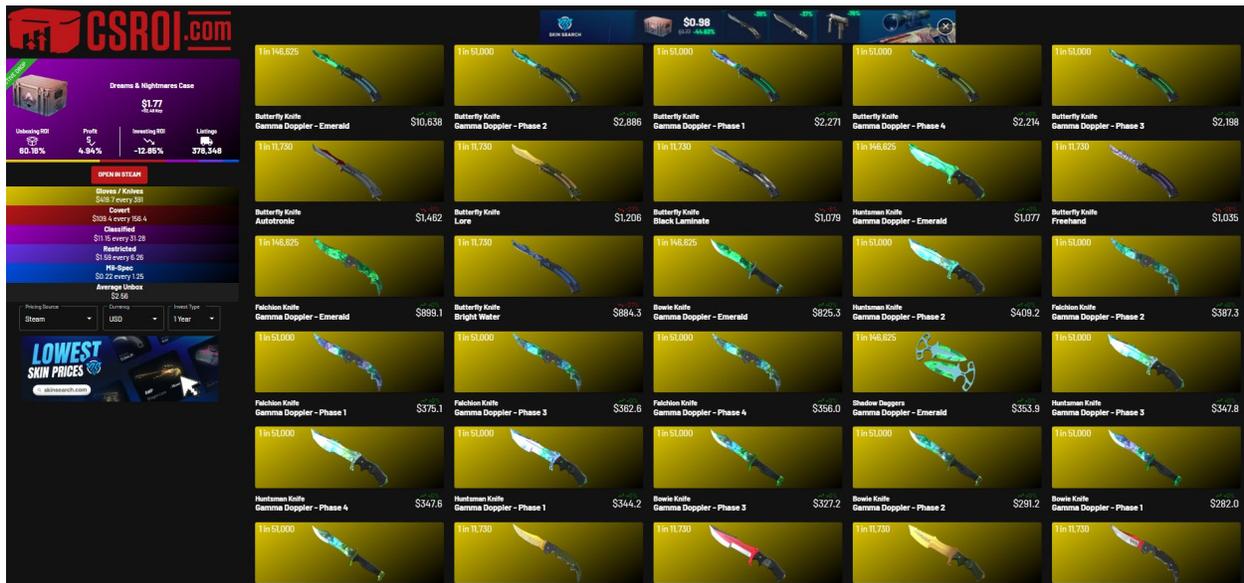


Figure U¹⁹

¹⁹ Screenshot from <https://csroi.com/item/dreams-nightmares-case> (last visited Feb. 14, 2026).

112. As of February 11, 2026, the most valuable of these knives was the Gamma Doppler Emerald Butterfly Knife. A user awarded the Gamma Doppler Emerald Butterfly Knife after opening a Dreams & Nightmares weapons case could reasonably expect to receive \$10,000 or more for the skin on a third-party marketplace, as indicated in Figure V, below.²⁰

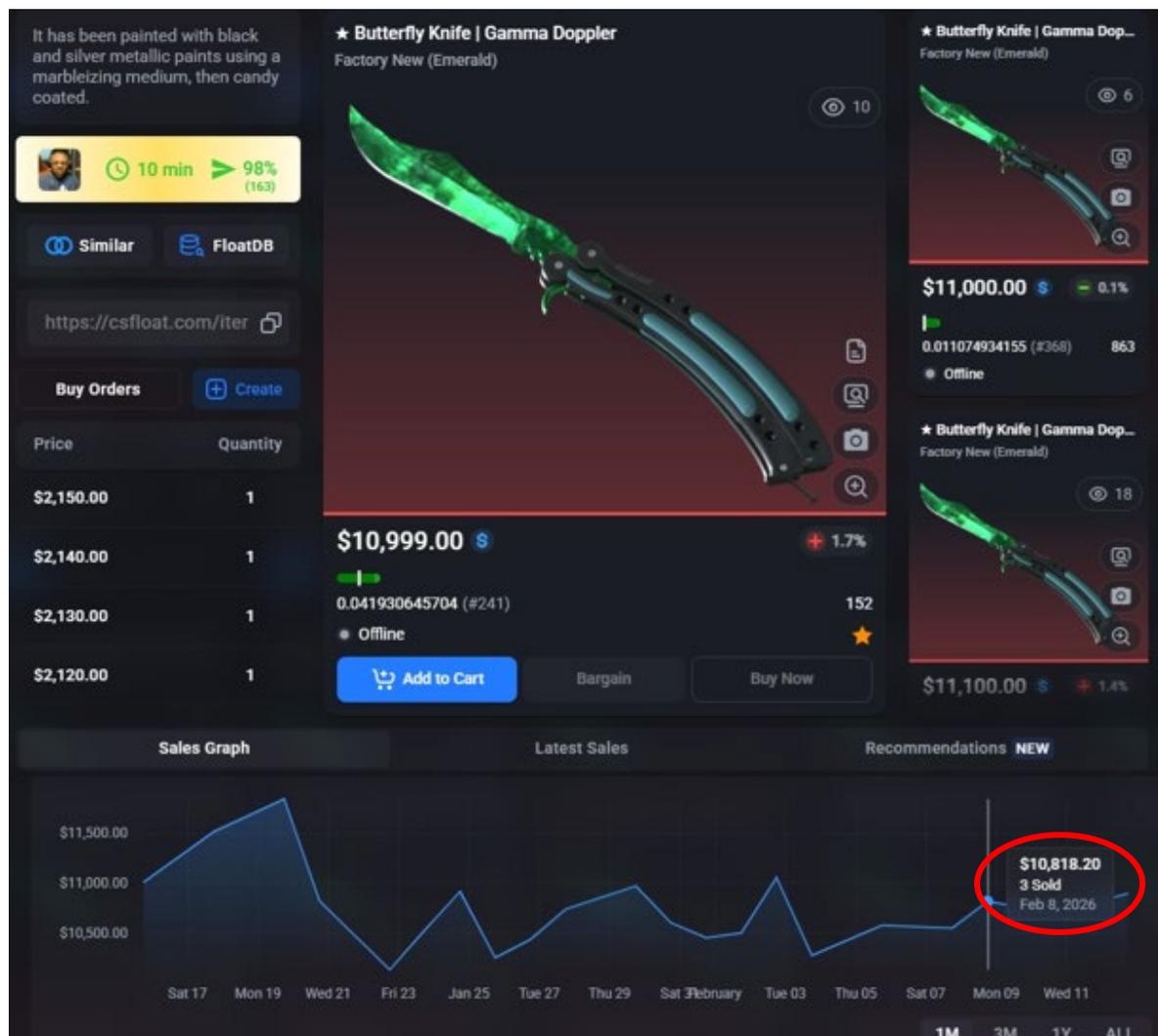


Figure V²¹

²⁰ As of February 11, 2026, there were no offers to sell this item in factory new condition on the Steam Community Market but almost 1,600 offers to buy it for more than the \$1,800 limit that Valve purportedly imposes on single-item sales through the Community Market. Listings for this skin on third-party marketplaces demonstrate why there are no sales of it on Steam—because Valve has tightly limited the release of this skin, it is worth far more than the maximum price for a sale on the Steam Community Market.

²¹ Screenshot from <https://csfloat.com/item/940635796262750975> (last visited Feb. 11, 2026).

113. The allure of such a windfall is central to the excitement of opening a loot box. The reality, however, is that the odds of winning this particular item, like the odds of winning a lottery prize or slot machine jackpot, are minute. According to a site that analyzes Counter-Strike skins and weapons cases, the odds of winning a Gamma Doppler Emerald Butterfly Knife from a Dreams & Nightmares case are one in 146,625.

114. Instead, the user is almost certain to receive an item that is common, and worth pennies, like the P2000 | Lifted Spirits. This item typically sells on the Steam Community Market for about \$0.13. A user interested in obtaining that skin would be far better off directly purchasing it from the Steam Community Market for \$0.13 than spending \$2.71 for a key to open a Dreams & Nightmares weapons case.

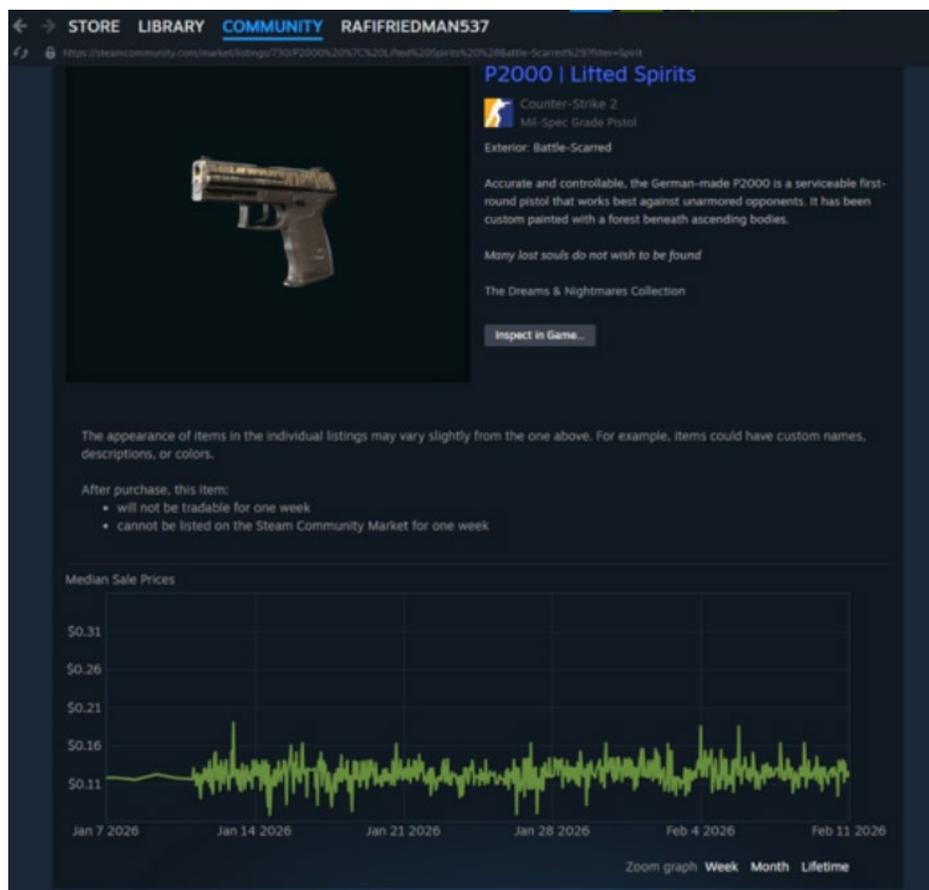


Figure W

115. Indeed, according to Valve’s reasoning when developing the loot box system, a user who received a skin with a market value of \$0.13 after paying \$2.71 to open a crate would incur a loss of \$2.58 of actual value. The loss would be even greater if the user had purchased the case from the Steam Community Market instead of having obtained it for free from Valve through an in-game drop.²²

116. That logic holds for the vast majority of the items awarded from Valve’s loot boxes, including roughly 96% of the items awarded through Counter-Strike weapons cases.

117. For example, one of the “Exceedingly Rare” items in the Mann Co. Supply Crate, shown above in Figure K, is an “Unusual Napper’s Respite” hat. As shown in Figures X and Y below, Steam listings on February 13, 2026 showed that this cosmetic item with particularly desirable “unusual effects” (“purple confetti” in Figure X below) can sell for several hundreds of dollars. As shown in Figure Y, Steam’s price tracking tool indicates an Unusual Napper’s Respite hat was sold for \$747.50 on December 25, 2025.



Figure X

²² As of February 13, 2026, a Dreams & Nightmares weapons case could be purchased on the Steam Community Market for as little as \$1.77.

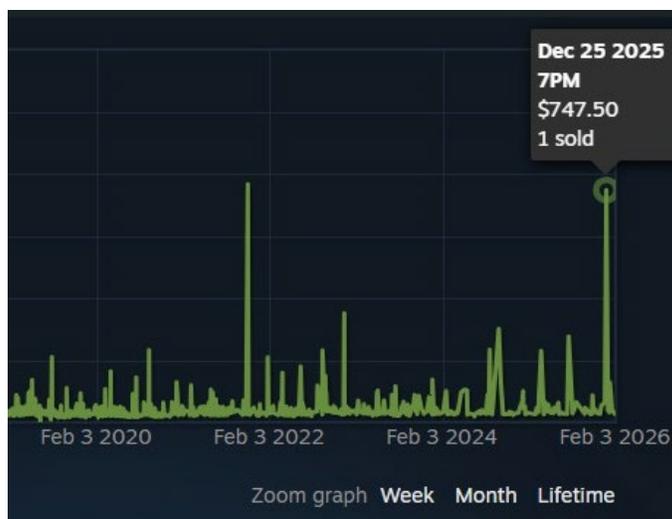


Figure Y

118. Similar to Counter-Strike weapons cases, however, the commonly awarded items from Mann Co. Supply Crates are worth far less than the price of the key required to open the loot box. For example, Steam’s price tracker indicates that one of the “Killstreak Kits” in the Series #84 Crate, the “Backburner,” seen below in Figure Z, sold for between \$0.40 and \$0.50 in the 30 days leading up to February 13, 2026.



Figure Z

119. The loot boxes in Dota 2 present a similar proposition, with ultra-rare items worth many times the price of a key. As of the filing of this Complaint, the ultra-rare item in the Chest of Endless Days drop list, shown above in Figure N, the “Heir of Menace,” was selling on the Steam Community Market for around \$75. Conversely, common items in the treasure chest’s drop list, such as the “Drow Ranger,” could be purchased for \$0.20 or less.

VI. Valve’s Loot Boxes Pose the Same Dangers as Casino Gambling, Especially for Children

120. Studies have shown that loot boxes, particularly those that reward users with items that are convertible to real money, pose the same risks as traditional casino-style gambling. These studies further show that these risks are heightened for the most vulnerable segments of Valve’s player base: adolescents and children.

A. Valve’s loot boxes use the same mechanics and psychological lures as traditional casino games

121. The connection between loot boxes and problem gambling is unsurprising, as companies like Valve have designed their loot boxes to have many of the features casino games use to entice players to spend money in the hopes of winning something valuable.

122. Some of the psychological mechanisms that have long been used by the makers of casino games and that Valve also has incorporated into its loot boxes include variable ratio reinforcement (“VRR”), gameplay experience (such as sensory feedback), entrapment, and ready and constant availability.

Variable ratio reinforcement

123. VRR is the process of delivering rewards on a seemingly random schedule in order to encourage a particular behavior. Research has consistently shown variable rewards result in strong engagement. It is intrinsic to many forms of gambling, including slot machines, and has been

shown to increase spending on gambling. Loot boxes, like slot machines, profit from VRR schedules.

Gameplay experience

124. Gameplay experience refers to the display elements and audio cues designed to engage players' attention. The spinning display and the accompanying sound that plays when a user opens a Valve loot box are examples of gameplay experiences similar to those employed by slot machines.

125. The gambling aspects of the gameplay experience associated with Valve's loot boxes are clearly visible in popular video content featuring users opening multiple Counter-Strike weapons cases in rapid succession. Such content, like that shown below in Figure AA, generally includes no actual Counter-Strike play and, instead, shows the users opening one case after another and touting the cash value of any valuable items won.



Figure AA²³

²³ Screenshot from ChronoYinger, BEST CASE OPENINGS OF 2023 (Dec. 25, 2023), <https://www.youtube.com/watch?v=mMelhczy9Uc&t=135s>, at 25:12.

126. The spinning wheel graphic, like a slot machine, also keeps users spending money by periodically creating the illusion that the user “almost” won when the wheel comes to rest on an item that is immediately adjacent to a rare, valuable item. As mentioned above, this feature is referred to as a “near miss.”

Entrapment

127. Entrapment refers to the impulse that drives players to continue to spend money on games of chance in an attempt to recoup losses. As with casino games, the potential to recoup losses by winning a valuable item can drive individuals to repeatedly purchase keys to open loot boxes.

Ready and constant availability

128. Ready and constant availability, as the term suggests, refers to loot boxes’ accessibility. Similar to online gambling, loot boxes are available to users in their homes 24 hours a day.

B. Valve’s loot boxes can lead to addiction and result in real harm

129. The psychological lures Valve and other game developers have incorporated into loot boxes are effective: studies have firmly established a relationship between loot boxes and problem gambling. Indeed, the amount that individuals spend on loot boxes has been shown to be directly related to the severity of their problem gambling. Studies have found this relationship is strongest where, as in Valve’s games, the virtual items that users win have real monetary value.

130. This means that for some users, loot boxes can cause real harm. Loot boxes provide an outlet for those who already suffer from problem gambling to engage in compulsive and harmful behavior. Moreover, loot boxes can act as a gateway to problem gambling for individuals who have not experienced gambling addiction in the past.

131. Health officials have long recognized the serious harms that problem gamblers experience. The New York Office of Addiction Services and Supports provided a succinct description of the range of such harms in 2025:

Gambling harms, including gambling disorder, are associated with serious and long-lasting financial consequences, and social consequences. Financial consequences can include debt, asset loss, and bankruptcy; social consequences can include loss of trust, interpersonal conflict, and impaired relationships. Additionally, those who experience gambling harms, including gambling disorder, have a higher prevalence of anxiety, depression, insomnia and substance use disorders, and suicidal ideation and attempts than those who do not experience gambling harms including gambling disorder.²⁴

132. According to the American Psychiatric Association, “gambling disorder has been shown to carry the highest suicide risk out of any other substance use or addictive disorder,” with roughly one in two gamblers engaging in suicidal thoughts and one in five gamblers attempting suicide.²⁵

133. Law enforcement agencies also have recognized the link between problem gambling and suicide. A 2017 article in the FBI’s Law Enforcement Bulletin explained that out-of-control gambling can aggravate other factors that lead to suicide, and that “[s]uicidal thoughts and a relatively high incidence of [suicidal] attempts appear prevalent in problem gamblers.”²⁶

C. The risks associated with Valve’s loot boxes are particularly heightened for children and adolescents

134. It is well established that children and adolescents who are exposed to gambling activities are more likely to develop addictive behavior patterns than those who are not exposed.

135. In a warning to parents, the Massachusetts Department of Public Health noted that “[r]esearch shows that children introduced to ‘harmless betting’ by age 12 are four times more

²⁴ New York State Office of Addiction Services and Supports, Addiction Data Bulletin 5: The Gambling Risk Environment and Public Perceptions of Gambling in New York State, at 3 (Apr. 2025), <https://oasas.ny.gov/system/files/documents/2025/04/gambling-adb5.pdf>.

²⁵ American Psychiatric Association, What is Gambling Disorder? <https://www.psychiatry.org/patients-families/gambling-disorder/what-is-gambling-disorder> (last visited Feb. 13, 2026).

²⁶ Tony Salvatore, Problem Gambling and Suicidal Behavior: A Primer for Law Enforcement (June 13, 2017), <https://leb.fbi.gov/articles/featured-articles/problem-gambling-and-suicidal-behavior-a-primer-for-law-enforcement>.

likely to engage in problem gambling later.”²⁷ The advisory went on to explain that “[a] teen’s brain, with an underdeveloped logic center, isn’t wired yet to weigh risk and make healthy choices. So that ‘win’ on an online game today can lead to the negative side effects of real-life gambling tomorrow.” The New York Council on Problem Gambling issued a similar warning, stating that “[t]he earlier a child starts gambling, the more likely they are to have problems due to gambling.”²⁸

136. Research has borne out that adolescents are particularly vulnerable to the harms associated with loot boxes. Multiple studies have shown there is an even stronger relationship between loot box engagement and problem gambling in adolescents than in adults. This is consistent with general research related to the developing brains of teenagers. As explained in a 2021 British research paper, there are likely several underlying reasons:

First, neurodevelopmental immaturity is thought to be linked to reduced impulse control in adolescents. Second, this cohort may lack effective coping strategies for the challenges of adolescence, leading to greater urges for ‘escape’ – a known risk factor for problem gambling. Third, adolescents are more susceptible to influences of peer pressure, where social networks can serve to normalise behaviour such as high-risk gambling.²⁹

137. The risk of life-altering consequences is similarly heightened for individuals who develop gambling compulsions in childhood or adolescence. As noted in a 2025 paper, “[p]roblem gambling during adolescence most likely leads to depression, self-injury, and further addictive behaviors, which ultimately ruin adolescents’ lives.”³⁰

²⁷ Massachusetts Department of Public Health, Teens gambling. It’s a risk, <https://www.mass.gov/info-details/teens-gambling-its-a-risk> (last visited Feb. 13, 2026).

²⁸ New York Council on Problem Gambling, Talk2Kids, <https://nyproblemgambling.org/resources/talk2kids/> (last visited Feb. 13, 2026).

²⁹ James Close & Joanne Lloyd, Lifting the Lid on Loot-Boxes: Chance-Based Purchases in Video Games and the Convergence of Gaming and Gambling, at 27 (Apr. 2021), <https://www.gambleaware.org/our-research/publication-library/articles/lifting-the-lid-on-loot-boxes/>.

³⁰ Hyun Jung Lee & Gyungjoo Lee, Pathways to understanding problem gambling among adolescents (June 10, 2025), <https://pmc.ncbi.nlm.nih.gov/articles/PMC12150549/>.

138. A 2017 ESPN article provided a vivid illustration of the problematic behaviors that can develop when adolescents are exposed to loot boxes like Counter-Strike weapons cases.³¹

139. The story profiled a teenager named Elijah, who first downloaded CS:GO in 2012, when he was in the sixth grade. At the time, he “didn’t really like it.” When Valve introduced skins into the game the following year, however, he became more interested. Elijah started buying keys and opening weapons cases “in the hopes of getting a skin for his Tec-9 gun called the Nuclear Threat,” which was valued at \$120. He was not successful.³²

140. Elijah soon turned to third-party skins gambling sites, eventually developing a pattern of behavior his father recognized as “compulsive[] gambling.” After spending hundreds of dollars to purchase skins, Elijah bet them all away in a series of bets on coin flips in which he doubled down each time he lost. Elijah recounted the result: “I lost 10 times in a row and lost it all.” The article describes how, eventually, “Elijah was waking up in the morning to check the bets he’d made the night before on CS:GO tournaments in Europe. Then he’d go to school to bet more on the computers in his high school library.”³³

141. Elijah’s story is not unique. According to a well-known gaming publication, “we’ve seen countless cases of kids using their parents’ credit cards after being sucked into this world, some as young as 11.”³⁴

142. The dangers of exposing minors to gambling has been recognized by the New York legislature. Under New York law, no business licensed under the Racing, Pari-Mutuel Wagering

³¹ Shaun Assael, Skin in the Game, ESPN (Jan. 20, 2017), https://www.espn.com/espn/feature/story/_/id/18510975/how-counter-strike-turned-teenager-compulsive-gambler.

³² *Id.*

³³ *Id.*

³⁴ James Lucas, Counter-Strike: Global Offensive 2 Needs To Solve Valve’s Gambling Problem, TheGamer (Mar. 6, 2023), <https://www.thegamer.com/csgo-2-valve-gambling-problem/>.

and Breeding Law can permit individuals under the age of 18 to gamble, N.Y. Rac. Pari-Mut. Wag. & Breed. Law § 108, and casinos and sports betting platforms cannot allow participants under 21, *id.* § 1332.

D. Teenagers and children comprise a significant segment of Valve’s users

143. Teenage boys are a core audience of first-person shooter games like Counter-Strike. It is also well known that many of the most famous esports players of CS 2, Dota 2, and Team Fortress 2 began playing well before they turned 13. Over half of the 22 players on the top five Counter-Strike esports academy teams are 18 years old or younger, and the youngest member is just 14 years old.

144. While the SSA prohibits children under the age of 13 from creating an account, Valve does not verify the age of Steam users. Instead, users creating an account must simply click a checkbox next to a message that states, “I am 13 years of age or older and agree to the terms of the Steam Subscriber Agreement and the Valve Privacy Policy.”

CREATE YOUR ACCOUNT

Email Address

Confirm your Email Address

Country of Residence
United States

I am human  hCaptcha
Privacy - Terms

I am 13 years of age or older and agree to the terms of the Steam Subscriber Agreement and the Valve Privacy Policy.

Continue

Figure BB

145. Moreover, Valve does not appear to enforce its age limitation even when it becomes aware of a violation. For example, in 2017, the CEO of a professional esports league reached out to Valve about an alleged theft of virtual items from the account of his 11-year-old son, who was playing one of Valve's most popular games "a lot." Valve determined that the items were not, in fact, stolen. There is no indication Valve closed the child's account or took any other action due to the child's violation of the SSA.

**FIRST CAUSE OF ACTION PURSUANT TO EXECUTIVE LAW § 63(12):
VIOLATIONS OF ARTICLE I, SECTION 9 OF NEW YORK'S CONSTITUTION**

146. OAG repeats and realleges paragraphs 1 through 145 and incorporates them by reference herein.

147. Executive Law § 63(12) authorizes OAG to seek injunctive and other equitable relief when any individual or business has engaged in repeated illegal acts or persistent illegality in the carrying on, conducting, or transaction of business.

148. Article I, Section 9 of the New York State Constitution prohibits "lotter[ies] or the sale of lottery tickets, pool-selling, book-making, or any other kind of gambling," except lotteries operated by the State as may be authorized and prescribed by the legislature, pari-mutuel betting on horse races as may be prescribed by the legislature, casino gambling at a prescribed number of licensed facilities, and bingo and other games of chance conducted by authorized non-profit organizations.

149. Valve has designed and developed software that enables users to risk or stake something of value in exchange for the opportunity to activate a loot box and win a virtual item, the identity of which is determined entirely by chance. The user has no control or influence over the virtual item that is awarded.

150. The virtual items that Valve awards to users have value. They can be sold on the Steam Community Market for funds in the digital Steam Wallet, which can then be used to purchase video game hardware, video games, virtual items, or the privilege of opening more loot boxes. They can also be sold for cash on third-party marketplaces.

151. Valve's loot boxes do not fall within any of the exceptions to the gambling prohibition set forth in Article I, Section 9 of New York's Constitution.

152. By engaging in the acts and practices described above, Defendant has acted and continues to act in derogation of Article I, Section 9 of New York's Constitution.

153. Defendant's violations of Article I, Section 9 of New York's Constitution constitute repeated and persistent illegal conduct in violation of Executive Law § 63(12).

**SECOND CAUSE OF ACTION PURSUANT TO EXECUTIVE LAW § 63(12):
VIOLATIONS OF PENAL LAW § 225.05
PROMOTING GAMBLING IN THE SECOND DEGREE**

154. OAG repeats and realleges paragraphs 1 through 145 and incorporates them by reference herein.

155. Executive Law § 63(12) authorizes OAG to seek injunctive and other equitable relief when any individual or business has engaged in repeated illegal acts or persistent illegality in the carrying on, conducting, or transaction of business.

156. Penal Law § 225.05, promoting gambling in the second degree, prohibits any person from knowingly advancing or profiting from unlawful gambling activity. Promoting gambling in the second degree is a class A misdemeanor.

157. Penal Law § 225.00(2) provides that:

A person engages in gambling when he stakes or risks something of value upon the outcome of a contest of chance or a future contingent event not under his control or influence, upon an

agreement or understanding that he will receive something of value in the event of a certain outcome.

158. Penal Law § 225.00(4) provides that:

A person “advances gambling activity” when, acting other than as a player, he engages in conduct which materially aids any form of gambling activity. Such conduct includes but is not limited to conduct directed toward the creation or establishment of the particular game, contest, scheme, device or activity involved, toward the acquisition or maintenance of premises, paraphernalia, equipment or apparatus therefor, toward the solicitation or inducement of persons to participate therein, toward the actual conduct of playing phases thereof, toward the arrangement of any of its financial or recording phases, or toward any other phase of its operation.

159. Penal Law § 225.00(5) provides that:

A person “profits from gambling activity” when, other than as a player, he accepts or receives money or other property pursuant to an agreement or understanding with any person whereby he participates or is to participate in the proceeds of gambling.

160. Penal Law § 225.00(12) defines “unlawful” to mean “not specifically authorized by law.”

161. Valve has designed and developed software that enables users to risk or stake something of value in exchange for the opportunity to activate a loot box and win a virtual item, the identity of which is determined entirely by chance. The user has no control or influence over the virtual item that is awarded.

162. The virtual items that Valve awards to users have value. They can be sold on the Steam Community Market for funds in the digital Steam Wallet, which can then be used to purchase video game hardware, video games, virtual items, or the privilege of opening more loot boxes. The virtual items can also be sold for cash on third-party marketplaces.

163. Valve has knowingly engaged in a variety of conduct that materially aids gambling activity, including creating and establishing loot boxes, maintaining systems that enable users to open loot

boxes, and soliciting and inducing users to open loot boxes. Valve also has knowingly profited from gambling activity through the sale of keys and loot boxes pursuant to an agreement or understanding whereby Valve participates in the proceeds of gambling.

164. Valve's loot boxes have not been specifically authorized by law, and are unlawful.

165. By engaging in the acts and practices described above, Defendant has violated and continues to violate Penal Law § 225.05.

166. Defendant's violations of Penal Law § 225.05 constitute repeated and persistent illegal conduct in violation of Executive Law § 63(12).

**THIRD CAUSE OF ACTION PURSUANT TO EXECUTIVE LAW § 63(12):
VIOLATIONS OF PENAL LAW § 225.10
PROMOTING GAMBLING IN THE FIRST DEGREE**

167. OAG repeats and realleges paragraphs 1 through 145 and incorporates them by reference herein.

168. Executive Law § 63(12) authorizes OAG to seek injunctive and other equitable relief when any individual or business has engaged in repeated illegal acts or persistent illegality in the carrying on, conducting, or transaction of business.

169. Penal Law § 225.10, promoting gambling in the first degree, prohibits any person from "knowingly advanc[ing] or profit[ing] from unlawful gambling activity by: (1) Engaging in bookmaking to the extent that he receives or accepts in any one day more than five bets totaling more than five thousand dollars; or (2) Receiving, in connection with a lottery or policy scheme or enterprise, (a) money or written records from a person other than a player whose chances or plays are represented by such money or records, or (b) more than five hundred dollars in any one day of money played in such scheme or enterprise." Promoting gambling in the first degree is a class E felony.

170. Penal Law § 225.00(9) provides that:

“Bookmaking” means advancing gambling activity by unlawfully accepting bets from members of the public as a business, rather than in a casual or personal fashion, upon the outcomes of future contingent events.

171. As alleged in paragraphs 154 through 166, Valve knowingly advances and profits from unlawful gambling activity.

172. Valve has engaged in bookmaking by unlawfully accepting bets from members of the public as a business, upon the outcome of future contingent events. As alleged above, Valve has designed and developed software that enables any member of the public to purchase and use keys in exchange for the opportunity to activate a loot box and win a virtual item, the identity of which is determined entirely by chance. Valve has repeatedly received and accepted in one day more than five bets totaling more than \$5,000.

173. By engaging in the acts and practices described above, Defendant has violated and continues to violate Penal Law § 225.10.

174. Defendant’s violations of Penal Law § 225.10 constitute repeated and persistent illegal conduct in violation of Executive Law § 63(12).

PRAYER FOR RELIEF

WHEREFORE, Plaintiff requests an order and judgment:

- a. Permanently enjoining Defendant from violating the Constitution and laws of the state of New York, including Executive Law § 63(12) and Penal Law §§ 225.05 and 225.10;
- b. Directing Defendant to produce an accounting of monies lost by consumers in New York as a result of Defendant’s illegal acts;

- c. Directing Defendant to make full restitution to consumers and pay damages caused, directly or indirectly, by the illegal acts complained of herein plus applicable pre-judgment interest;
- d. Directing Defendant to disgorge all monies resulting from the illegal practices alleged herein;
- e. Directing Defendant to pay a fine of three times the amount of its gain from the illegal practices alleged herein, pursuant to Penal Law § 80.10;
- f. Directing such other equitable relief as may be necessary to redress Defendant's violations of New York law;
- g. Awarding Plaintiff costs of \$2,000 pursuant to CPLR § 8303(a)(6); and
- h. Granting such other and further relief as the Court deems just and proper.

New York, NY
February 25, 2026

Respectfully submitted,

Letitia James
Attorney General of New York

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