



STATE OF NEW YORK
OFFICE OF THE ATTORNEY GENERAL

LETITIA JAMES
ATTORNEY GENERAL

DIVISION OF ECONOMIC JUSTICE
BUREAU OF INTERNET AND TECHNOLOGY

March 7, 2025

VIA EMAIL AND PRIORITY MAIL



Dear [REDACTED]:

We write on behalf of the Office of the New York State Attorney General (“OAG”) concerning the virtual casinos [REDACTED] has made available online through the [REDACTED] websites and app. We have reason to believe that these virtual casinos, often referred to as “sweepstakes casinos,” are operating in New York State in violation of New York’s anti-gambling laws.

As you likely know, sweepstakes casinos typically offer online versions of traditional casino games, such as virtual slot machines. Instead of casino chips or markers, users purchase and wager virtual coins. Coins that have been wagered or won may be redeemed for cash or other prizes.

Most sweepstakes casinos are illegal in New York. The New York State Constitution prohibits gambling in all forms not specifically authorized. N.Y. Const. Art. I, § 9. To enforce this clause, the Legislature established a series of criminal offenses applying to businesses that promote gambling. *See, generally*, N.Y. Penal Law §§ 225.00-225.40.¹ These provisions all apply the same statutory definition of gambling:

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.

¹ The Penal Law imposes no criminal liability on individual bettors, focusing instead on bookmakers and other operations that advance or profit from illegal gambling activity. *See, e.g.*, Penal Law § 225.10 (Promoting Gambling in the First Degree).

Penal Law § 225.00(2). Both physical casinos in New York and virtual casinos that are made available to New Yorkers online are subject to these laws. *See, e.g., People v. World Interactive Gaming Corp.*, 714 N.Y.S.2d 844, 846 (Sup. Ct. N.Y. Cty. 1999).

The virtual casino games that sweepstakes casinos offer, like the traditional casino games they are based on, fall squarely within the ambit of New York’s anti-gambling laws. A user that wagers virtual coins on the spin of a virtual slot machine is “stak[ing] or risk[ing] something of value” – virtual coins – “upon the outcome of . . . a future contingent event not under his control” – the results of the slot machine spin – “upon an agreement or understanding that he will receive something of value in the event of a certain outcome” – more virtual coins.

Despite the clear dictate of New York law, the operators of many sweepstakes casinos claim – mistakenly – that state gambling laws do not apply. In this telling, virtual casino games are merely legal “sweepstakes” because players have the opportunity to obtain some small number of virtual coins for free, for example, by mailing in a handwritten request for coins to the sweepstakes casino operator.

This argument is without merit. As noted above, under New York law, gambling involves “stak[ing] or risk[ing] something of value.” The statutory definition of “something of value” is expansive, and includes:

any money or property, any token, object or article exchangeable for money or property, or any form of credit or promise directly or indirectly contemplating transfer of money or property or of any interest therein, or involving extension of a service, entertainment or a privilege of playing at a game or scheme without charge.

Critically, sweepstakes casinos’ virtual coins, which are both sold to players and exchangeable for money or prizes, constitute “something of value.” This is the case regardless of whether any particular coin was obtained for free.

You should immediately cease all prohibited gambling activity and related promotions in New York. Please confirm in writing that you have done so by no later than March 28, 2025.

Sincerely,

