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**UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF WASHINGTON  
AT SEATTLE**

ALEXANDER FLAUTO and JACKSON  
MEYER, individually and on  
behalf of all others similarly situated,

Plaintiffs,

v.

VALVE CORPORATION, a Washington  
corporation,

Defendant.

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

**CLASS ACTION COMPLAINT**

**JURY TRIAL DEMANDED**

CLASS ACTION COMPLAINT  
CASE No.: \_\_\_\_\_

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CLASS ACTION COMPLAINT - ii  
CASE No.: \_\_\_\_\_

**I. INTRODUCTION**

1  
2 1. Valve is a video game developer and distributor that operates Steam, the dominant  
3 platform for purchasing and playing PC desktop games, which as of January 2026 had an estimated  
4 132 million monthly active users and 69 million daily users, and commanded an estimated 74%  
5 market share for PC game distribution. Valve’s three most popular franchises, the Counter-Strike  
6 series, Dota 2, and Team Fortress 2, have been played by hundreds of millions of people. Counter-  
7 Strike 2 alone had an estimated 24 million monthly active players as of mid-2025, with  
8 approximately 1.8 million users playing simultaneously during peak periods. DOTA 2 is currently  
9 estimated to have around 7-8 million monthly active players. Independent analysts estimated that  
10 Valve generated over \$1 billion from key sales for Counter Strike 2 in 2025 alone.

11 2. Some of the most popular video games in the world now have gambling built  
12 directly into them. In these games, players pay real money—typically a few dollars—to open a  
13 virtual container called a “loot box.” Inside is a single digital item, such as a decorative design for a  
14 weapon used in the game. The player does not get to choose which item they receive. Instead, the  
15 item is selected at random by the game’s software, like the spin of a roulette wheel. Most of the  
16 time, the player receives an item worth only a few cents. On rare occasions, the player receives an  
17 item worth hundreds of dollars. The screen below depicts a loot box in a Valve game, Dota 2: Loot  
18 boxes are named based on the possible contents available within them. This loot box (right) is  
19 named the “Chest of Endless Days.” Players will receive one of the items listed on the left—in  
20 each listing, the all-capital name of the left, e.g., “LUNA,” refers to the character the item is for,  
21 and the sentence-case name on the left, e.g., “Madness of the Amaranth Orb,” refers to the item’s  
22 name. Players have two options depicted in green below the name of the loot box—they can  
23 purchase the loot box (or more than one) and purchase a key to unlock that loot box (or more than  
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one). Upon unlocking the loot box, players will receive one of the items in the list, alongside a chance to receive the “rare,” “very rare,” or “ultra rare” bonus items:

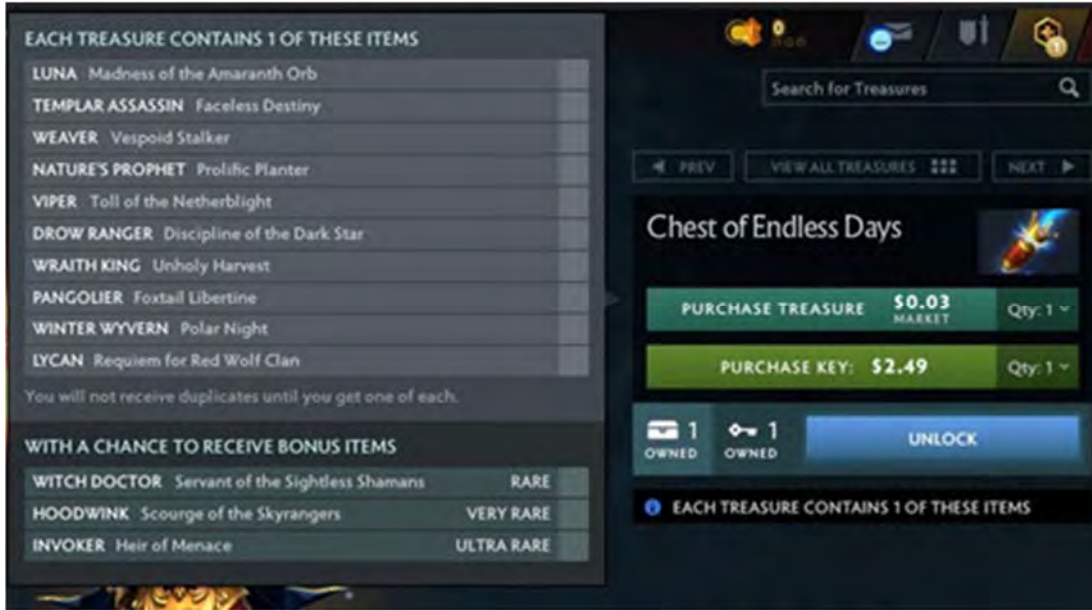
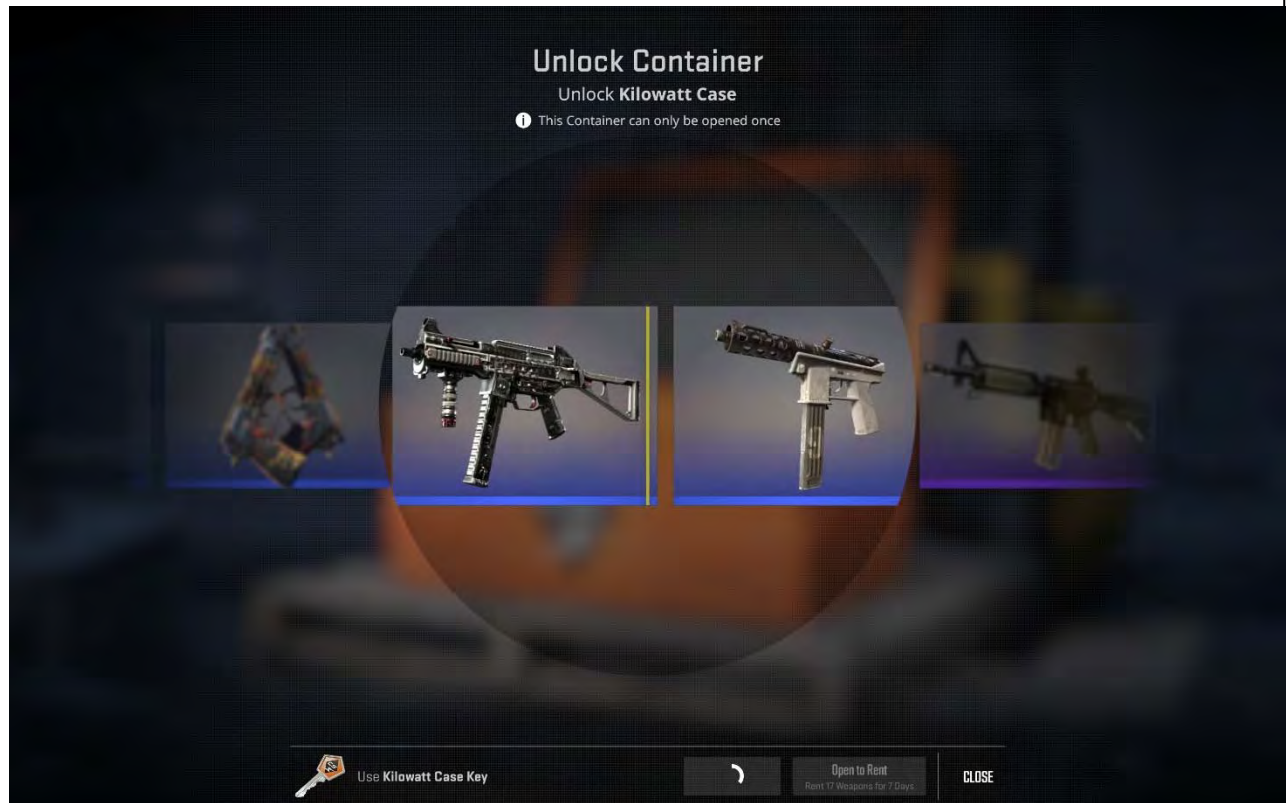


Figure 1

3. In Defendant Valve Corporation’s (“Valve”) most popular game, the loot box opening is presented through an animation designed to resemble a slot machine: images of possible items scroll across the screen, spinning fast at first, then slowing to a stop on the player’s “prize.” Players buy and open loot boxes for the same reason people play slot machines—the hope of a valuable payout. Depicted below is an example of the slot machine type imagery that Valve currently uses when a loot box is opened in Counter Strike 2: Each of the rectangles containing a picture represents a possible item a player may receive from opening the box. The rectangles rapidly move from right to left, slowing down as the yellow line “lands” on the item the player ultimately receives:



*Figure 2*

4. Valve’s loot boxes are not incidental features of its games. They are a deliberate, carefully engineered revenue model. Valve has sold billions of dollars’ worth of loot box keys for Counter-Strike alone. The system generates revenue in two ways: first, through the sale of keys at \$2.49 per key; and second, through commissions Valve collects when users sell the virtual items they have won through its Steam Community Market. Valve has designed every aspect of this system—the randomized distribution, the tiered rarity structure, the slot-machine-style animations, and the integrated marketplace—to maximize the volume of loot box openings and the revenue Valve derives from them.

5. Valve’s loot box system constitutes illegal gambling under Washington law. Washington’s gambling statutes define “gambling” as “staking or risking something of value upon the outcome of a contest of chance or a future contingent event not under the person’s control or influence.” RCW 9.46.0237. Valve’s loot boxes satisfy every element of this definition: users stake money (the price of a key) on the outcome of a contest of chance (the random selection of a virtual item), and the items received are “things of value” under RCW 9.46.0285 because they can be sold

1 for real money through Valve’s own marketplace and through third-party marketplaces that Valve  
2 has fostered and facilitated.

3 6. Critically, the real monetary value of Valve’s virtual items is not an accident—it is a  
4 product of Valve’s intentional design choices. Valve built and maintains the Steam Community  
5 Market, an integrated marketplace where users buy and sell virtual items for Steam Wallet funds  
6 that function as cash equivalents on the Steam platform. Valve also deliberately designed the  
7 Steam platform to enable users to sell virtual items on third-party marketplaces for real money,  
8 providing each user with a “Trade URL” that Valve itself instructs users to share on “third-party  
9 trading sites.” When regulators have inquired about these practices, Valve has claimed that its  
10 terms of service prohibit off-platform sales—but internally, Valve has expressly exempted  
11 marketplace sites from enforcement, restored their accounts when accidentally suspended, and  
12 acknowledged that it does not “fundamentally have an opinion on other uses that people have for  
13 their inventories.”

14 7. The harms caused by this gambling system are real and well-documented. A large-  
15 scale survey of over 7,000 gamers published in PLoS ONE found a significant link between loot  
16 box spending and the severity of problem gambling—a link that was specific to loot boxes and far  
17 stronger than the relationship between problem gambling and other types of in-game spending.  
18 That relationship is strongest where, as in Valve’s games, the virtual items have real monetary  
19 value. When researchers studied adolescents specifically, the results were even more troubling: the  
20 link between loot box spending and problem gambling was substantially stronger in 16-to-18-year-  
21 olds than in adults.

22 8. Loot boxes use the same psychological techniques as casino games—rewards  
23 delivered on unpredictable schedules to keep players spending, visual and audio effects designed to  
24 mimic the excitement of a slot machine, “near miss” animations that create the illusion of almost  
25 winning, and around-the-clock availability. These techniques are particularly dangerous for  
26 children and adolescents, who make up a significant portion of Valve’s player base and who are  
27 especially vulnerable to developing gambling habits. The Massachusetts Department of Public  
28

1 Health has warned that children introduced to gambling by age twelve are four times more likely to  
2 develop problem gambling later in life.

3 9. On February 25, 2026, the New York Attorney General filed suit against Valve,  
4 alleging that its loot box system violates New York's constitutional prohibition on gambling and its  
5 Penal Law provisions governing promoting gambling. That action, while brought under New York  
6 law, is premised on the same core factual allegations alleged here: that Valve charges users for a  
7 chance to win virtual items of varying value based entirely on chance, that these items have real  
8 monetary value, and that Valve has deliberately designed its system to function as a gambling  
9 operation.

10 10. This action is brought under Washington law—the state where Valve is  
11 headquartered and from which it operates its loot box system—on behalf of a nationwide class of  
12 consumers who have purchased loot box keys and lost money gambling on Valve's games.  
13 Plaintiffs seek recovery of all money lost at gambling under RCW 4.24.070, damages for violations  
14 of the Washington Consumer Protection Act, RCW 19.86.010, *et seq.*, and restitution for unjust  
15 enrichment.

16 11. Under the Subscriber Agreement for the Steam Platform, subscribers agree to be  
17 governed by Washington law for all disputes and claims arising out of their relationship with  
18 Valve.<sup>1</sup> To play the Counter-Strike series, Dota 2, and Team Fortress 2 and be able to participate in  
19 the Steam Community Market, individuals must use Steam and thus agree to these terms.

## 20 II. PARTIES

### 21 A. Plaintiffs

22 12. Plaintiff Alexander Flauto is a natural person and citizen of the state of Ohio.  
23 Plaintiff Flauto has maintained a Steam account, purchased loot box keys from Valve, and opened  
24 loot boxes in Counter-Strike: Global Offensive. Plaintiff Flauto lost money by purchasing keys to  
25 open loot boxes and receiving virtual items worth less than the price of the keys.

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28 <sup>1</sup> [https://store.steampowered.com/subscriber\\_agreement/](https://store.steampowered.com/subscriber_agreement/).

1 13. Plaintiff Jackson Meyer is a natural person and citizen of the state of Illinois.  
2 Plaintiff Meyer has maintained a Steam account, purchased loot box keys from Valve, and opened  
3 loot boxes in Counter-Strike: Global Offensive and Counter-Strike 2. Plaintiff Meyer lost money  
4 by purchasing keys to open loot boxes and receiving virtual items worth less than the price of the  
5 keys.

6 **B. Defendant**

7 14. Defendant Valve Corporation is a Washington corporation headquartered at 10400  
8 NE 4th Street, Suite 1400, Bellevue, Washington 98004. Valve develops and publishes video  
9 games, including Counter-Strike 2, Dota 2, and Team Fortress 2. Valve also operates the Steam  
10 platform, the dominant digital distribution platform for PC desktop games. As of January 2026,  
11 Steam was estimated to have 132 million monthly active users and 69 million daily users.

12 15. Valve is a privately held company. Valve generates billions of dollars in annual  
13 revenue, including billions from the sale of loot box keys and commissions on the sale of virtual  
14 items through the Steam Community Market. Valve conducts substantial business in this District,  
15 throughout Washington State, and throughout the United States.

16 **III. JURISDICTION AND VENUE**

17 16. This Court has subject-matter jurisdiction under 28 U.S.C. § 1332(d)(2) (the Class  
18 Action Fairness Act) because (a) at least one member of the proposed class is a citizen of a state  
19 different from Defendant, (b) the aggregate amount in controversy exceeds \$5,000,000, exclusive  
20 of interest and costs, and (c) none of the exceptions under that subsection apply.

21 17. This Court has personal jurisdiction over Valve because Valve is headquartered in  
22 this District, is incorporated in Washington, and conducts substantial business in this District.

23 18. Venue is proper in this District under 28 U.S.C. § 1391(b) because Valve resides in  
24 this District and a substantial part of the events giving rise to Plaintiffs' claims occurred in and  
25 emanated from this District and Valve has mandated venue in this District in its mandatory user  
26 agreement.

#### IV. FACTUAL BACKGROUND

##### A. Valve and the Steam Platform

19. Valve was founded in 1996 as a developer and publisher of video games. In 2003, Valve launched the Steam platform, which enabled consumers to directly purchase and download Valve games. Valve later expanded Steam to allow the distribution and sale of PC desktop games published by other companies, collecting a 30% commission on the sale of most third-party games. Steam has grown to become the dominant platform for purchasing, maintaining, and playing PC desktop games, commanding an estimated 74% market share for the distribution of PC desktop games as of 2024.

20. Users can fund their Steam accounts using credit cards, PayPal, or funds stored in a digital wallet called the Steam Wallet. Users can add funds to their Steam Wallet with credit cards or with digital or physical Steam gift cards, which are available at retail stores such as Best Buy. Every dollar deposited in a user's Steam Wallet has the equivalent purchasing power of one dollar on the Steam platform.

##### B. Valve's Flagship Video Game Franchises

21. Valve's three most popular video game franchises are Counter-Strike, Team Fortress, and Dota. The Counter-Strike franchise is a series of realistic multiplayer first-person shooter games. The franchise experienced explosive growth in popularity with Counter-Strike: Global Offensive ("CS:GO"), released in 2012, which was succeeded by Counter-Strike 2 ("CS 2") in 2023. As of mid-2025, CS 2 was estimated to have 24 million monthly active players, with approximately 1.8 million users playing simultaneously during peak periods. It is consistently the most-played game on the Steam platform.

22. Dota 2 is a multiplayer fantasy-themed battle game that Valve introduced in 2013. According to publicly available Steam data and third-party analysts, Dota 2 has an estimated 7 to 8 million monthly active players, with peak concurrent player counts regularly reaching 700,000 to 900,000.

23. Team Fortress 2 is a multiplayer first-person shooter game with a cartoon aesthetic, released in 2007. Despite being nearly two decades old, it still draws tens of thousands of

1 simultaneous players daily and remains among the twenty most-played games on Steam. All three  
2 franchises are fixtures of esports competitions, many of which are sponsored by Valve, and have  
3 given rise to thousands of content creators who stream themselves playing the games on platforms  
4 such as YouTube and Twitch.

5 24. Critically, all three of Valve’s flagship games have been free to download and play  
6 for years. Valve’s primary method of monetizing these free games is through its loot box system.  
7 That system is enormously profitable. Because Valve is a privately held corporation, it does not  
8 publicly report its financial results. However, according to data compiled by CS2 Case Tracker, a  
9 third-party tracking service, more than 400 million Counter-Strike cases were opened in 2023.  
10 Independent analysts have estimated that Valve generated over \$1 billion from Counter-Strike loot  
11 box key sales alone in 2023, and again in 2025—revenue that does not include the 15%  
12 commission Valve collects on every transaction in the Steam Community Market, or any revenue  
13 from loot boxes in Dota 2 or Team Fortress 2. In March 2025, Bloomberg reported that the market  
14 for Counter-Strike skins alone had surpassed \$4.3 billion.

### 15 C. Valve’s Loot Box System

16 25. To make money from its free-to-play games, Valve introduced decorative virtual  
17 items into Counter-Strike, Dota 2, and Team Fortress 2. In Counter-Strike, these items are called  
18 “skins”—they change the appearance of a player’s weapons but have no effect on how the game is  
19 played. They are purely cosmetic, valued only for how they look and what they signal to other  
20 players about status and spending and are depicted below:



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26 *Figure 3: An AK-47, a weapon that players can use in Counter-Strike, without (left) and  
27 with (right) a cosmetic item (“skin”) applied*  
28

1 26. Initially, Valve sold some of these virtual items directly on Steam. Within a short  
 2 time, however, Valve developed a more lucrative method of distribution: selling users a chance to  
 3 win virtual items through loot boxes. Valve adopted this model for Counter-Strike, Dota 2, and  
 4 Team Fortress 2.

5 27. Valve distributes loot boxes to players for free as they play its games. But the loot  
 6 box itself is useless without a key. To open a loot box, the player must buy a key from Valve—  
 7 currently priced at \$2.49 plus tax. The player can purchase the key using a credit card, PayPal, or  
 8 funds stored in their Steam Wallet. Key purchases and loot box openings take place outside of  
 9 actual gameplay—no skill is involved and no game is being played. The player simply clicks a  
 10 button and pays:



18 *Figure 4: A Counter-Strike Loot Box (“Case”) (left) and the Key used to unlock it (right)*

19 28. When a player opens a loot box, the system randomly selects one virtual item from a  
 20 list of possible items. The odds of receiving each item are set entirely by Valve. Valve has  
 21 structured those odds so that the vast majority of items awarded are common and nearly worthless,  
 22 while a small number of rare items are awarded only a tiny fraction of the time. Players can see  
 23 which items are possible and how they are grouped by rarity—but Valve does not disclose the  
 24 actual odds of winning any particular item to users in the United States. The figure below depicts  
 25 an example of a Valve loot box that does not disclose the specific odds of winning any of the  
 26 potential items that a user may win from the loot box: Loot boxes are named based on the items  
 27 available to users from opening them. The below case (upper right) is named the “Dreams &  
 28 Nightmares Case.” Some of the items available from opening the case are shown as square images

(left); all items available from opening the case are listed below the image of the case (bottom right). Each row of colored text under “Contains one of the following” represents an item—the text before the “|” is the weapon the cosmetic item is used for (e.g., “MAC-10”) and the text after the “|” is the name of the cosmetic item (e.g., “Ensnared”). Each listed item is colored based on rarity in descending order (at bottom being “an Exceedingly Rare Special Item!”), but the actual odds of winning each item are not disclosed.

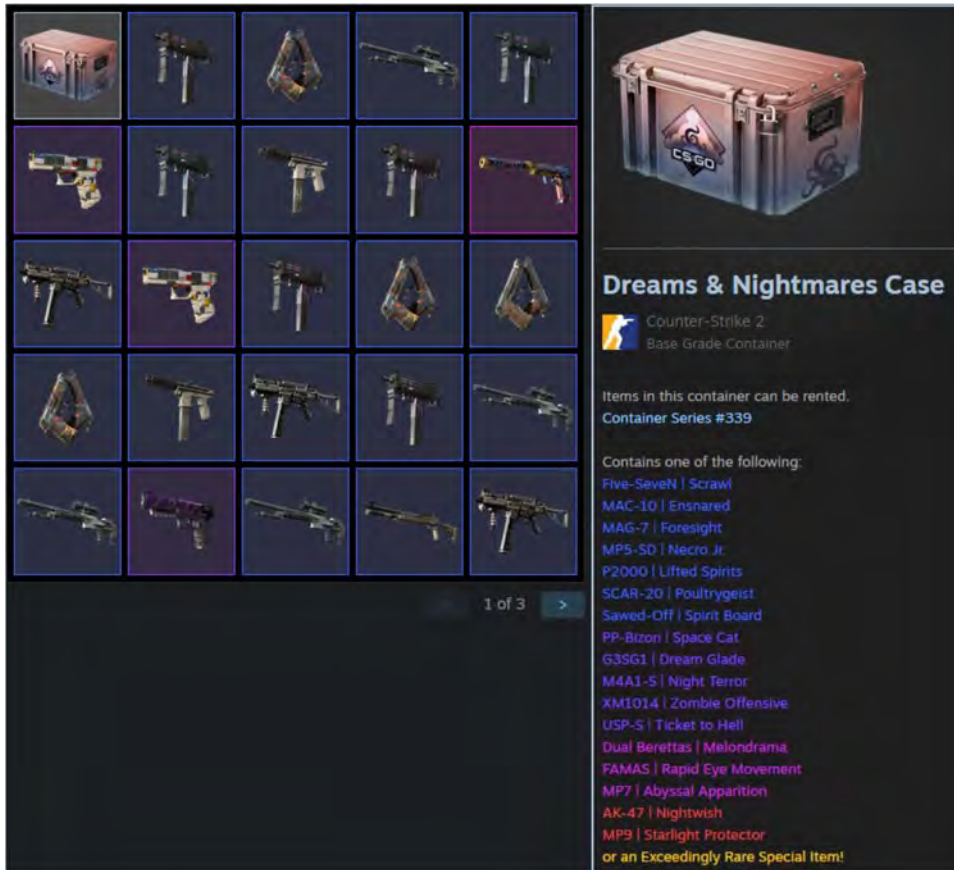


Figure 5: A Counter-Strike Loot Box (“Case”) with the possible cosmetic items listed, with colors representing rarity

29. Rare items are worth far more on the Steam Community Market and third-party marketplaces—in some cases thousands of dollars—than the commonly awarded items, which are typically worth only pennies. Nearly every user who buys a key and opens a loot box receives a common item worth far less than the \$2.49 spent on the key. According to one analysis, the odds of winning the most valuable item from one particular Counter-Strike weapons case—a Gamma Doppler Emerald Butterfly Knife worth over \$10,000—are approximately one in 146,625.

1           30. Any user who actually wanted one of the commonly awarded items could obtain it  
2 far more cheaply by simply purchasing it on the Steam Community Market. Users purchase keys  
3 and open loot boxes for the same reason people play the lottery or a slot machine: the potential of  
4 winning a valuable prize.

5           31. To illustrate: a player who pays \$2.49 to open a Counter-Strike weapons case will  
6 almost certainly receive an item worth a few cents—an item that could have been purchased  
7 directly on the Steam Community Market for far less than the price of the key. According to one  
8 analysis, roughly 96% of items awarded from Counter-Strike loot boxes are worth less than the key  
9 used to open the case. But on rare occasions, a player wins an item worth hundreds or even  
10 thousands of dollars. The odds of winning one of the rarest items from a single case opening have  
11 been estimated at approximately one in 146,000. It is this possibility—remote but tantalizing—that  
12 drives players to keep buying keys and opening loot boxes. As one Valve developer acknowledged  
13 early in the development of the loot box system, Valve understood that users who spent \$2.49 on a  
14 key and received an item worth \$0.50 would feel they had “just lost \$2 of actual value.” Valve  
15 proceeded anyway.

16           32. The loot box system works the same way across all three of Valve’s flagship games.  
17 In each game, users pay approximately \$2.50 to open a loot box and receive a randomly selected  
18 cosmetic item, with Valve controlling the odds. The specific types of items differ across the  
19 games—ranging from weapon skins and attachments to character apparel—but the underlying  
20 mechanic is identical, as depicted below:



Figure 6: Team Fortress2 Loot Box (“Supply Crate”) with possible items listed, including “an Exceedingly Rare” item



Figure 7: TF2 Loot Box opened

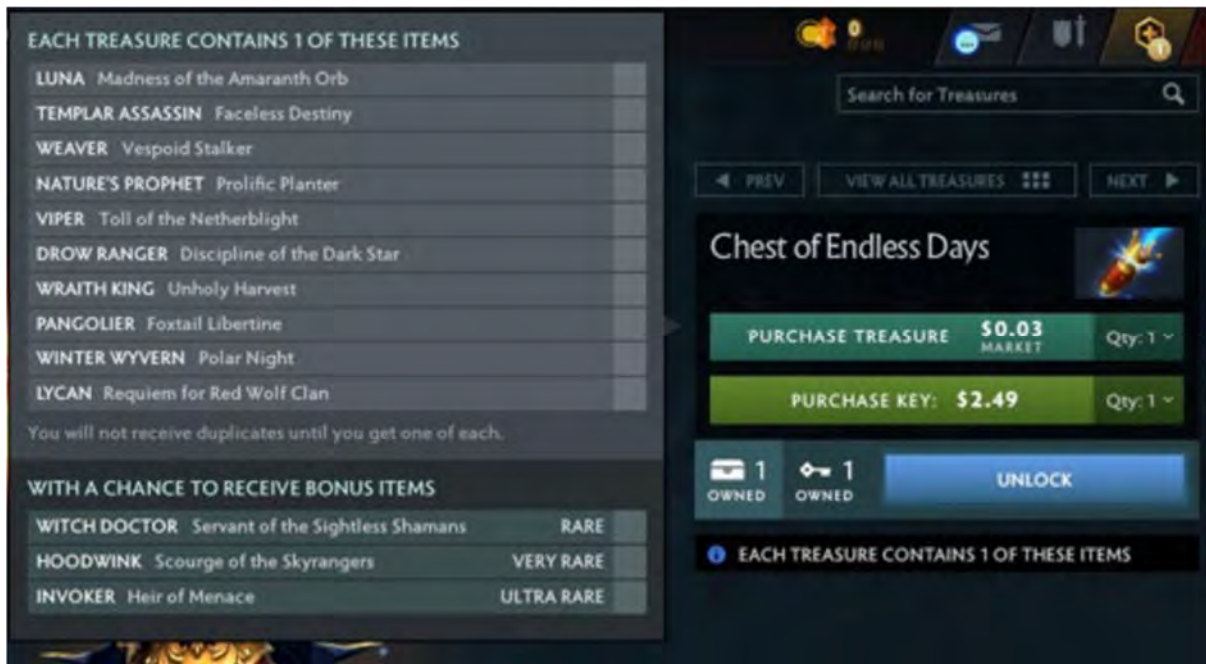


Figure 8: Dota 2 Loot Box (“Treasure Chest”) with possible items listed, including “a chance to receive bonus items.”

#### D. Valve Designed Its Loot Boxes to Mimic Casino Gambling

33. Valve designed the experience of opening a loot box to resemble a virtual slot machine. In Counter-Strike, when a user opens a weapons case, an animation displays a simulated spinning wheel with images of the various possible items rotating across the display. Like a slot machine, the wheel spins rapidly at first and then gradually slows. When it finally stops, the item in the center of the display is awarded to the user as depicted below:

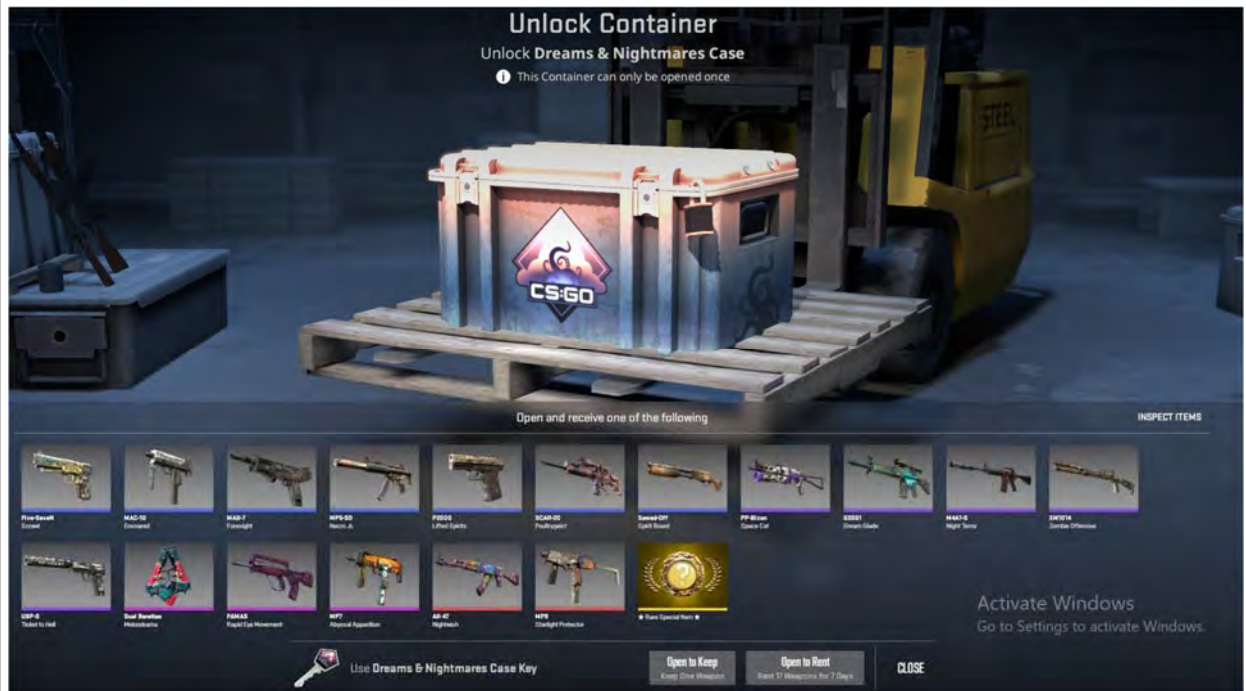


Figure 9: Counter-Strike Loot Box (“Case”), with the possible items players can receive from opening the loot box listed below the loot box (the rectangular icons)

34. Also like a slot machine, Valve’s spinning wheel is designed to convey the illusion of a “near miss”—the wheel may come to rest immediately next to the icon for a rare and valuable item, giving users the impression they “almost” won. In reality, the item awarded is determined by a random number generator on Valve’s server after the user clicks the button to open the case, and the visual animation has no bearing on the outcome as depicted:



Figure 10: Counter-Strike “wheel” of items

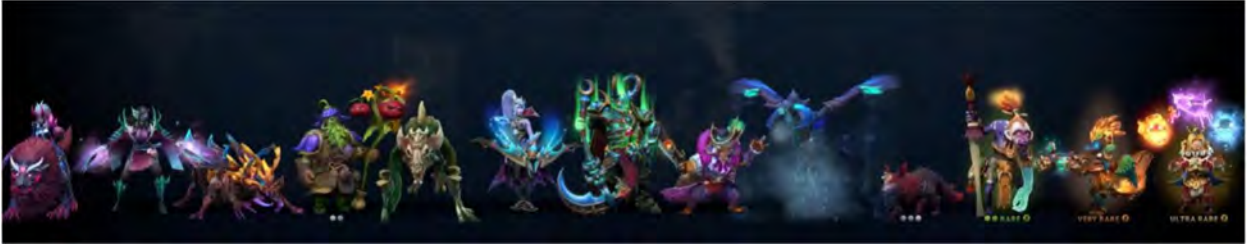


Figure 11: Dota 2 “wheel” where items gradually disappear, leaving one item

35. None of Valve’s loot box games require or depend on any amount of skill to determine their outcomes—all outcomes are based entirely on chance. The user presses a button to open the loot box; no further action on the user’s part is required or possible. Valve’s servers execute algorithms that determine the outcome, and Valve adjusts the user’s account balance to reflect the result. Valve keeps records of each wager, outcome, win, and loss for every user.

36. Opening loot boxes has become a subject of interest distinct from playing Valve’s games. Popular streamers have created video channels dedicated solely to opening loot boxes, touting the cash value of valuable items won. This content generally includes no actual gameplay, consisting instead of users opening one case after another in rapid succession—indistinguishable in form and function from videos of casino slot machine sessions.

#### E. Valve’s Virtual Items Have Real Monetary Value

37. The virtual items distributed through Valve’s loot boxes are not tokens with value only inside a game. They are items that can be—and routinely are—bought and sold for real money. That is not an accident. Valve deliberately designed both its games and its platform to create and sustain a real-money market for these items.

##### 1. The Steam Community Market

38. Valve built and operates the Steam Community Market, a marketplace where players buy and sell virtual items. The process is simple: a player selects an item, sets a price, and lists it for sale. Depicted below is a screen that Steam Market users see before listing an item for sale, which shows users the median sale prices of the item on the Steam Market (*see* figure 12). Valve takes a 15% commission on every transaction. The buyer pays with Steam Wallet funds, which have the purchasing power of cash on the Steam platform—they can be used to buy any of

1 the more than 146,000 games available on Steam, as well as hardware, loot box keys, and other  
2 items.



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16 *Figure 12:* A screen the user sees before putting an item on the Steam Market for sale, which includes graph showing the median sale price of that item on the Steam Market over time

17 39. Players can also effectively convert their virtual items into real cash. Steam Wallet  
18 funds can be used to purchase physical goods through Steam—including gaming hardware like the  
19 Steam Deck—which can then be resold. More directly, players can sell their virtual items for cash  
20 on third-party marketplaces that Valve knowingly facilitates.

21 40. Valve has built market research tools directly into the Steam platform that allow  
22 players to track the price history of virtual items over time, view current buy and sell offers, and  
23 analyze price trends—tools that look and function like those found on stock trading platforms.  
24 These tools reinforce the monetary value of the items and encourage players to engage with the  
25 loot box system as a form of speculation. Depicted below is a graph shown to Steam Market users  
26 when viewing an item. That graph shows median sale prices for that item on the Steam Market:



Figure 13: Data available to Steam users on Steam, here the median sale prices of the item

**2. Third-Party Marketplaces**

41. Valve designed the Steam platform to facilitate the purchase and sale of virtual items on third-party marketplaces. Valve provides each Steam user with a “Trade URL” and instructs users that it can be shared “on third-party trading sites” (see figure 14, below). Third-party marketplaces allow users to sell virtual items for cash—not merely Steam Wallet funds—and, unlike the Steam Community Market, do not cap transaction amounts, enabling users to sell rare items for tens of thousands of dollars.

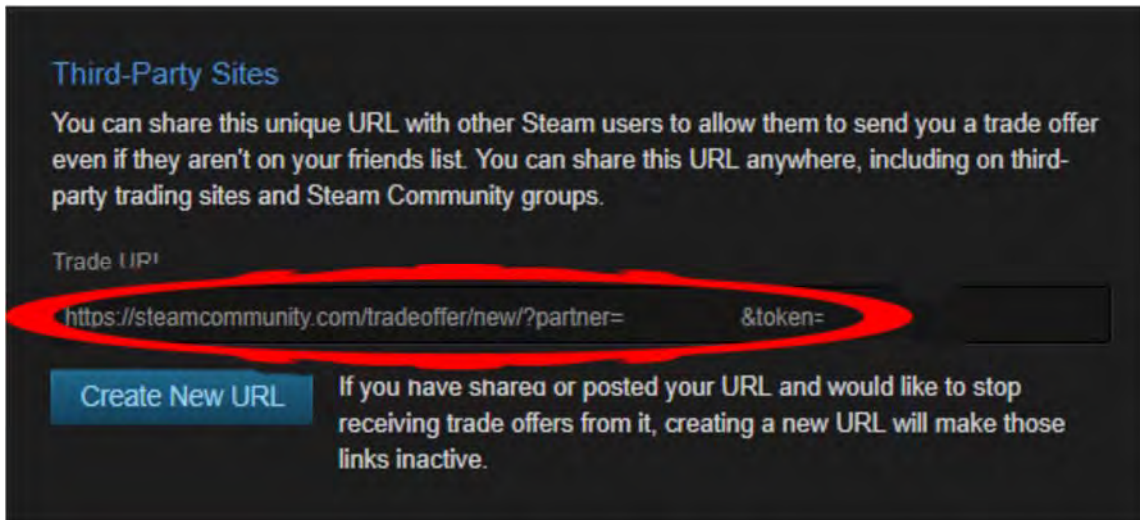


Figure 14: Steam provides users with a link they can paste elsewhere; others can use this link to find the user and trade with them. Users are told by Steam that they can paste this link onto third-party trading sites—presumably, the payment for the item is made on the third-party trading site and the payee clicks the link to convey the item to the payor on Steam.

1 42. On information and belief, Valve has at all relevant times been aware of and  
2 facilitated the operation of third-party marketplaces for its virtual items. While Valve has  
3 occasionally acted against skins gambling sites, it has not enforced its terms of service against cash  
4 marketplace sites. A senior Valve employee stated publicly in 2017 that Valve does not  
5 “fundamentally have an opinion on other uses that people have for their inventories.” On  
6 information and belief, Valve has expressly exempted marketplace sites from enforcement  
7 campaigns, restored their accounts when inadvertently suspended, and assisted marketplace  
8 operators in maintaining access to Steam’s trading infrastructure.

9 43. The result of Valve’s deliberate design choices is a virtual economy of staggering  
10 scale. Industry analysts have described these items as “a distinct investment class.” Bloomberg has  
11 reported on the Counter-Strike skin market alongside coverage of stocks, bitcoin, and other  
12 financial assets. Individual skins have sold for over \$1 million. The high value and easy liquidation  
13 of these items have made them targets for theft—Valve has acknowledged receiving approximately  
14 77,000 reports of hijacked accounts per month and has implemented multiple security measures  
15 specifically to combat the theft of virtual items.

16 **F. Valve’s Loot Boxes Employ the Same Psychological Mechanisms as Casino Gambling**

17 44. Valve’s loot boxes are not just gambling in a legal sense. They are designed to work  
18 like gambling—using the same psychological techniques that casino game manufacturers have  
19 refined over decades to keep people spending money.

20 45. *Unpredictable reward schedules.* Slot machines are addictive in large part because  
21 they deliver rewards on unpredictable schedules—a mechanism psychologists call variable ratio  
22 reinforcement. Valve’s loot boxes use the same technique. The player never knows when a  
23 valuable item might appear, which is precisely what keeps them buying the next key.

24 46. *Slot-machine sensory design.* The spinning display and accompanying sounds that  
25 play when a user opens a Valve loot box are designed to mimic the sensory experience of a slot  
26 machine—the same visual and audio cues that slot machine manufacturers use to hold players’  
27 attention and encourage continued play.

1           47.    *Near-miss illusions.* Valve’s spinning wheel periodically comes to rest immediately  
2 next to a rare, valuable item, giving the player the impression that they “almost” won. This is a  
3 well-documented technique used in slot machines called a “near miss”—and it is effective at  
4 encouraging players to try again, even though the outcome was determined by a random number  
5 generator before the wheel ever started spinning.

6           48.    *Chasing losses.* Nearly every loot box opening results in an item worth less than the  
7 price of the key. Players who have already spent money on keys and received low-value items are  
8 driven to keep spending in the hope of winning something valuable enough to justify their earlier  
9 losses—the same cycle that characterizes problem gambling in casinos.

10          49.    *Around-the-clock availability.* Unlike a physical casino, Valve’s loot boxes are  
11 available 24 hours a day, seven days a week, from any computer or device with an internet  
12 connection. There is no closing time and no one checking IDs at the door.

13          50.    The gambling nature of Valve’s loot boxes is visible in the culture that has grown  
14 up around them. Popular streamers on platforms like YouTube and Twitch have built audiences of  
15 millions by filming themselves opening loot boxes in rapid succession—not playing the games, but  
16 simply opening one case after another and reacting to the results. These videos prominently display  
17 the cash value of any valuable items won.

## 18 **G.    The Steam Subscriber Agreement**

19          51.    To use Steam—and therefore to play Counter-Strike, Dota 2, or Team Fortress 2, or  
20 to buy or sell items on the Steam Community Market—a person must first create a Steam account.  
21 Creating an account requires the person to agree to Valve’s Steam Subscriber Agreement (the  
22 “Subscriber Agreement”), a standard-form contract drafted entirely by Valve.

23          52.    The Subscriber Agreement provides that, for all subscribers outside the European  
24 Union and the United Kingdom, Washington law “governs all disputes and claims arising out of or  
25 relating to (i) any aspect of the relationship between us; (ii) this Agreement; or (iii) your use of  
26 Steam, your Account or the Content and Services.” The agreement further provides that “all  
27 disputes and claims between you and Valve ... shall be commenced and maintained exclusively in  
28 any state or federal court located in King County, Washington.”

1 53. Valve can modify the Subscriber Agreement unilaterally at any time. Under Section  
2 8 of the agreement, Valve may amend any of its terms “in its sole discretion,” and a subscriber’s  
3 failure to cancel their account within 30 days of notice constitutes acceptance of the new terms.

4 **H. Valve’s Loot Boxes Cause Real Harm, Particularly to Children**

5 54. The connection between loot boxes and gambling is not a matter of opinion. It has  
6 been the subject of sustained academic study, and the results are consistent and alarming. In 2018,  
7 researchers David Zendle and Paul Cairns published a large-scale survey of 7,422 gamers and  
8 found a significant link between the amount individuals spent on loot boxes and the severity of  
9 their problem gambling.<sup>2</sup> Critically, this link was specific to loot boxes—it was far stronger than  
10 the relationship between problem gambling and spending on other types of in-game purchases,  
11 suggesting that it is the gambling-like features of loot boxes, not simply the act of spending money  
12 in a game, that drive the relationship. These findings were replicated in a second independent study  
13 in 2019.<sup>3</sup> Subsequent meta-analyses have confirmed a significant positive correlation between loot  
14 box spending and problem gambling symptoms across the literature.<sup>4</sup>

15 55. The research on children is worse. In 2019, Zendle, Meyer, and Over published the  
16 first study specifically examining loot box spending and problem gambling in adolescents,  
17 surveying 1,155 young people aged 16 to 18.<sup>5</sup> The results showed that the link between loot box  
18 spending and problem gambling was not just present in adolescents—it was substantially stronger  
19 than the relationship previously observed in adults. The researchers concluded that loot boxes  
20 either cause problem gambling in adolescents, allow game companies to profit from adolescents  
21 with gambling problems, or both.

22 56. These findings are consistent with what public health officials and researchers have  
23 long understood about young people and gambling. A 2021 report commissioned by

24 <sup>2</sup> Zendle, D. & Cairns, P., “Video game loot boxes are linked to problem gambling: Results of a large-scale survey,”  
25 PLoS ONE 13(11): e0206767 (Nov. 21, 2018). [n=7,422 gamers; link stronger for loot boxes than other microtransactions].

26 <sup>3</sup> Zendle, D. & Cairns, P., “Loot boxes are again linked to problem gambling: Results of a replication study,” PLoS  
ONE 14(3): e0213194 (Mar. 7, 2019). [n=1,172; replication].

27 <sup>4</sup> Hing, N. et al., “Loot box purchasing is linked to problem gambling in adolescents when controlling for monetary  
gambling participation,” PMC (2022), <https://pmc.ncbi.nlm.nih.gov/articles/PMC9295209/>.

28 <sup>5</sup> Zendle, D., Meyer, R. & Over, H., “Adolescents and loot boxes: links with problem gambling and motivations for  
purchase,” Royal Society Open Science 6(6): 190049 (June 19, 2019). [n=1,155; ages 16-18; effect size  $\eta^2=0.120$ ,  
substantially stronger than the  $\eta^2=0.054$  found in adults].

1 GambleAware—a leading UK public health body—identified several reasons why adolescents are  
 2 especially vulnerable to loot box mechanics: neurodevelopmental immaturity linked to reduced  
 3 impulse control; a lack of effective coping strategies for the challenges of adolescence, leading to  
 4 greater urges for the kind of “escape” that gambling provides; and heightened susceptibility to peer  
 5 pressure, where social networks normalize high-risk spending behavior.<sup>6</sup> The Massachusetts  
 6 Department of Public Health has warned that children introduced to gambling by age 12 are four  
 7 times more likely to develop problem gambling later in life.<sup>7</sup>

8 57. The consequences of problem gambling are devastating at any age, but for children  
 9 they can be life-altering. According to the American Psychiatric Association, gambling disorder  
 10 carries the highest suicide risk of any substance use or addictive disorder.<sup>8</sup> Health officials have  
 11 documented that gambling disorders are associated with severe financial consequences—including  
 12 debt, asset loss, and bankruptcy—as well as anxiety, depression, insomnia, substance use disorders,  
 13 and suicidal ideation.<sup>9</sup> A 2025 study in a peer-reviewed journal concluded that problem gambling  
 14 during adolescence “most likely leads to depression, self-injury, and further addictive behaviors,  
 15 which ultimately ruin adolescents’ lives.”<sup>10</sup>

16 58. Despite all of this, Valve does nothing meaningful to keep children away from its  
 17 loot boxes. To create a Steam account, a user need only click a checkbox next to a statement that  
 18 they are 13 or older. There is no age verification. There is no parental consent mechanism. There is  
 19 nothing stopping a child from spending hundreds of dollars on loot box keys with a parent’s stored  
 20 credit card or a Steam gift card purchased at a retail store for cash. Valve knows that children and  
 21 teenagers are among its most dedicated players—teenage boys are a core audience for Counter-

22  
 23  
 24 <sup>6</sup> Close, J. & Lloyd, J., “Lifting the Lid on Loot-Boxes: Chance-Based Purchases in Video Games and the Convergence  
 of Gaming and Gambling,” *GambleAware* (Apr. 2021), at 27.

25 <sup>7</sup> Massachusetts Department of Public Health, “Teens gambling. It’s a risk,” <https://www.mass.gov/info-details/teens-gambling-its-a-risk> [children introduced to gambling by age 12 are four times more likely to develop problem gambling].

26 <sup>8</sup> American Psychiatric Association, “What is Gambling Disorder?”, <https://www.psychiatry.org/patients-families/gambling-disorder/what-is-gambling-disorder>.

27 <sup>9</sup> 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).

28 <sup>10</sup> Lee, H.J. & Lee, G., “Pathways to understanding problem gambling among adolescents,” *PMC* (June 10, 2025),  
<https://pmc.ncbi.nlm.nih.gov/articles/PMC12150549/>.

1 Strike. Valve has chosen to profit from a gambling system it knows children use, while doing  
2 nothing to protect them from it.

3 **V. WASHINGTON’S GAMBLING LAWS**

4 59. The state of Washington closely regulates gambling and has declared a strong public  
5 policy against unregulated gambling. RCW 9.46.010 provides:

6 The public policy of the state of Washington on gambling is to keep  
7 the criminal element out of gambling and to promote the social  
8 welfare of the people by limiting the nature and scope of gambling  
activities and by strict regulation and control.

9 60. “Gambling” is broadly defined under Washington law. RCW 9.46.0237 provides  
10 that gambling “means staking or risking something of value upon the outcome of a contest of  
11 chance or a future contingent event not under the person’s control or influence.”

12 61. “Thing of value” is defined by RCW 9.46.0285 to include “any money or property,  
13 any token, object or article exchangeable for money or property, or any form of credit or promise,  
14 directly or indirectly, contemplating transfer of money or property or of any interest therein, or  
15 involving extension of a service, entertainment or a privilege of playing at a game or scheme  
16 without charge.”

17 62. Washington’s Recovery of Money Lost at Gambling statute, RCW 4.24.070,  
18 provides that “all persons losing money or anything of value at or on any illegal gambling games  
19 shall have a cause of action to recover from the dealer or player winning, or from the proprietor for  
20 whose benefit such game was played or dealt, or such money or things of value won, the amount of  
21 the money or the value of the thing so lost.”

22 63. A “contest of chance” is defined by RCW 9.46.0225 as a “contest, game, gaming  
23 scheme, or gaming device in which the outcome depends in a material degree upon an element of  
24 chance, notwithstanding that skill of the contestants may also be a factor therein.”

1 VI. CLASS ACTION ALLEGATIONS

2 64. **Class Definition.** Plaintiffs bring this action pursuant to Fed. R. Civ. P. 23(b)(2) and  
3 (b)(3) on behalf of themselves and classes of similarly situated individuals defined as follows  
4 (together, the “Classes”):

5 **Nationwide Class:** All persons in the United States who purchased  
6 a loot box key or paid to open a loot box in Counter-Strike (including  
7 CS:GO and CS 2), Dota 2, or Team Fortress 2, and lost money by  
receiving a virtual item worth less than the price paid to open the  
loot box.

8 65. Excluded from the Classes are: (1) any Judge or Magistrate presiding over this  
9 action and members of their families; (2) Defendant, its subsidiaries, parents, successors,  
10 predecessors, and any entity in which Defendant has a controlling interest, and their current or  
11 former employees, officers, and directors; (3) persons who properly execute and file a timely  
12 request for exclusion from the Classes; (4) persons whose claims in this matter have been finally  
13 adjudicated on the merits or otherwise released; (5) Plaintiffs’ counsel and Defendant’s counsel;  
14 and (6) the legal representatives, successors, and assigns of any such excluded persons.

15 66. **Numerosity.** On information and belief, millions of consumers fall within the  
16 Classes definition. Valve has sold billions of dollars’ worth of loot box keys to users worldwide.  
17 Members of the Class can be identified through Valve’s records.

18 67. **Commonality and Predominance.** There are many questions of law and fact  
19 common to the claims of Plaintiffs and the Classes, and those questions predominate over any  
20 questions that may affect individual members. Common questions include, but are not limited to:  
21 (a) whether Valve’s loot boxes constitute “gambling” as defined by RCW 9.46.0237; (b) whether  
22 Valve is the proprietor for whose benefit the gambling games are played; (c) whether the virtual  
23 items awarded through loot boxes are “things of value” under RCW 9.46.0285; (d) whether  
24 Plaintiffs and each member of the Classes lost money or things of value by gambling; (e) whether  
25 Valve violated the Washington Consumer Protection Act, RCW 19.86.010, *et seq.*; and (f) whether  
26 Valve has been unjustly enriched.



1 76. First, the player stakes something of value. The player pays Valve \$2.49 for a key—  
2 real money, charged to a credit card, PayPal account, or Steam Wallet funded with real money.

3 77. Second, the outcome depends entirely on chance. A random number generator on  
4 Valve’s servers selects the virtual item the player receives. The player has no control or influence  
5 over the outcome. No skill is involved, no strategy is possible, and no action by the player after  
6 clicking the button to open the loot box can affect the result.

7 78. Third, the player receives a thing of value. The virtual item awarded can be sold for  
8 real money through the Steam Community Market or third-party marketplaces, functions as a credit  
9 or token exchangeable for money or property, and constitutes an extension of entertainment or a  
10 privilege of playing at a game.

11 79. Valve’s loot boxes are “contests of chance” as defined by RCW 9.46.0225 because  
12 the outcome of each loot box opening depends entirely upon an element of chance. A player’s skill  
13 does not affect the outcome in any degree. Valve’s loot boxes are not “amusement games” as  
14 defined by RCW 9.46.0201 because their outcomes do not depend in a material degree upon the  
15 skill of the contestant. The virtual items are “things of value” under RCW 9.46.0285 not merely  
16 because they have abstract utility within a game, but because Valve deliberately designed its  
17 platform to ensure they could be bought and sold for real money—through the Steam Community  
18 Market that Valve built and operates, and through the third-party marketplaces that Valve has  
19 knowingly fostered and facilitated.

20 80. The loot box keys that Plaintiffs and the Class purchased from Valve, and the virtual  
21 items they stood to win, are “things of value” under RCW 9.46.0285. The keys are purchased with  
22 real money. The virtual items can be exchanged for money or property through the Steam  
23 Community Market and third-party marketplaces, constitute credits involving the extension of  
24 entertainment and a privilege of playing a game without charge, and are tokens or articles  
25 exchangeable for money or property.

26 81. Valve’s loot boxes are not “amusement games” as defined by RCW 9.46.0201  
27 because their outcomes do not depend in a material degree upon the skill of the contestant.

1 82. Valve is the proprietor for whose benefit the loot box gambling games are played.  
2 Valve designed, developed, operates, and profits from the loot box system.

3 83. As a direct and proximate result of Valve’s operation of its loot box gambling  
4 games, Plaintiffs and each member of the Class lost money by purchasing keys to open loot boxes  
5 and receiving virtual items worth less than the price paid. Plaintiffs, on behalf of themselves and  
6 the Class, seeks an order (1) requiring Valve to cease the operation of its illegal gambling games;  
7 and/or (2) awarding the recovery of all lost monies, interest, and reasonable attorneys’ fees,  
8 expenses, and costs to the extent allowable.

9 **SECOND CAUSE OF ACTION**

10 **VIOLATIONS OF THE WASHINGTON CONSUMER**  
11 **PROTECTION ACT, RCW 19.86.010, ET SEQ.**  
12 **(ON BEHALF OF PLAINTIFFS AND THE CLASS)**

13 84. Plaintiffs incorporate the foregoing allegations as if fully set forth herein.

14 85. Washington’s Consumer Protection Act, RCW 19.86.010, *et seq.* (“CPA”), prohibits  
15 “unfair methods of competition or unfair or deceptive acts or practices in the conduct of any trade  
16 or commerce.” RCW 19.86.020.

17 86. A claimant may establish that an act or practice is injurious to the public interest  
18 because it “Violates a statute that contains a specific legislative declaration of public interest  
19 impact.”

20 87. Valve has violated RCW 9.46.010, *et seq.*, which contains a specific legislative  
21 declaration of public interest impact, by operating illegal gambling games through its loot box  
22 system, as alleged herein.

23 88. Valve’s wrongful conduct occurred in the conduct of trade or commerce—while  
24 Valve was engaged in the business of operating and monetizing its video games and the Steam  
25 platform.

26 89. Valve’s acts and practices were and are injurious to the public interest because  
27 Valve, in the course of its business, continuously advertised to and solicited the general public in  
28 Washington and throughout the United States to play its unlawful gambling games. This was part  
of a pattern and generalized course of conduct, and many consumers have been adversely affected.

1 90. Valve’s unfair and deceptive conduct includes, but is not limited to: (a) operating  
2 loot box gambling games without authorization under Washington’s gambling laws; (b) designing  
3 loot boxes to exploit the same psychological mechanisms as casino games, including slot-machine-  
4 style animations, near-miss illusions, and variable ratio reinforcement; (c) marketing loot boxes to  
5 children and adolescents without meaningful age verification; (d) publicly claiming that its terms  
6 of service prohibit the off-platform sale of virtual items for cash while simultaneously facilitating  
7 and profiting from the existence of cash marketplaces; and (e) failing to disclose to users the odds  
8 of receiving items of different values from loot boxes in a manner accessible to users in the United  
9 States.

10 91. As a result of Valve’s conduct, Plaintiffs and the Class were injured in their  
11 business or property in that they lost money wagering on Valve’s unlawful games of chance.  
12 Valve’s unfair or deceptive conduct proximately caused these injuries because, but for the  
13 challenged conduct, Plaintiffs and the Class would not have lost money on Valve’s loot boxes.

14 92. Plaintiffs, on behalf of themselves and the Class, seeks to enjoin further violations  
15 and recover actual damages and treble damages, together with the costs of suit, including  
16 reasonable attorneys’ fees.

17 **THIRD CAUSE OF ACTION**  
18 **UNJUST ENRICHMENT**  
19 **(ON BEHALF OF PLAINTIFFS AND THE CLASS)**

20 93. Plaintiffs incorporates by reference the foregoing allegations as if fully set forth  
21 herein.

22 94. Plaintiffs and the Class have conferred a benefit upon Valve in the form of the  
23 money Valve received from them for the purchase of loot box keys and the opening of loot boxes.

24 95. Valve appreciates and has knowledge of the benefits conferred upon it by Plaintiffs  
25 and the Class.

26 96. Under principles of equity and good conscience, Valve should not be permitted to  
27 retain the money obtained from Plaintiffs and members of the Class, which Valve unjustly obtained  
28 as a result of its unlawful operation of gambling games. Valve has retained billions of dollars in

1 profits generated from its unlawful loot box system and should not be permitted to retain those ill-  
2 gotten profits.

3 97. Accordingly, Plaintiffs and the Class seek full disgorgement and restitution of any  
4 money Valve has retained as a result of the unlawful conduct alleged herein.

5 **PRAYER FOR RELIEF**

6 WHEREFORE, Plaintiff, individually and on behalf of all others similarly situated,  
7 respectfully requests that this Court enter an Order:

8 A. Certifying this case as a class action on behalf of the Class defined above,  
9 appointing Plaintiffs as representatives of the Class, and appointing their counsel as class counsel;

10 B. Declaring that Valve’s conduct, as set forth above, violates RCW 4.24.070 and the  
11 Washington Consumer Protection Act;

12 C. Entering judgment against Valve in the amount of the losses suffered by Plaintiffs  
13 and each member of the Class;

14 D. Enjoining Valve from continuing the challenged conduct;

15 E. Awarding damages to Plaintiffs and the Class members in an amount to be  
16 determined at trial, including trebling as appropriate under the CPA;

17 F. Awarding restitution to Plaintiffs and the Class members in an amount to be  
18 determined at trial, and requiring disgorgement of all benefits that Valve unjustly received;

19 G. Awarding reasonable attorneys’ fees and expenses;

20 H. Awarding pre- and post-judgment interest, to the extent allowable;

21 I. Entering judgment for injunctive and/or declaratory relief as necessary to protect the  
22 interests of Plaintiffs and the Class; and

23 J. Awarding such other and further relief as equity and justice require.

24 **JURY TRIAL DEMANDED**

25 Plaintiffs requests a trial by jury of all claims that can be so tried.  
26  
27  
28

1 DATED this 9th day of March, 2026.

Respectfully submitted,

2 **HAGENS BERMAN SOBOL SHAPIRO LLP**

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