

COMMONWEALTH OF MASSACHUSETTS

Suffolk, ss.

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DANIEL ARROYO,  
*Plaintiff.*

SUPERIOR COURT  
DOCKET NO.

v.

DRAFTKINGS INC.; CROWN MA GAMING  
LLC; FLUTTER ENTERTAINMENT, PLC;  
BETFAIR INTERACTIVE US, LLC;  
FANDUEL INC.,  
*Defendants.*

**COMPLAINT AND DEMAND FOR  
JURY TRIAL**

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Plaintiff DANIEL ARROYO, by and through his attorneys, Aylstock, Witkin, Kreis, & Overholtz, PLC and the Public Health Advocacy Institute, hereby brings this action against DraftKings Inc., Crown MA Gaming LLC (collectively with DraftKings Inc., “DraftKings”), Flutter Entertainment PLC, Betfair Interactive US, LLC, FanDuel Inc. (collectively, “FanDuel,” and collectively with DraftKings, “Defendants”). Plaintiff alleges the following upon personal knowledge as to Plaintiff’s own acts and experiences and upon information and belief, including investigation conducted by Plaintiffs’ attorneys as to all other matters:

**NATURE OF THE ACTION**

1. Sports gambling mobile applications (“apps”) have recently exploded in popularity. Their dangerously addictive design exploits users’ vulnerabilities through constant accessibility on smartphones, turning a simple tap into an unlimited gateway for compulsive betting. DraftKings and FanDuel designed and developed two of the most popular sports betting apps. Their gambling apps track every user interaction including wagers placed, time spent on the app, and even moments of hesitation to create hyper-personalized algorithms. Utilizing this data, they bombard gamblers, including gamblers that know or should be problem gamblers, with targeted

notifications and advertisements precisely when they're most susceptible, like late at night or after a big loss. The apps deploy targeted promotions like "risk-free bets" and deposit bonuses that mask losses while encouraging larger wagers. They utilize "push notifications" that direct the user to revisit the app after they have been away or inactive. They additionally offer exclusive "VIP" concierge programs offering lavish perks, private account managers, and accelerated payouts to make frequent and high-volume bettors feel valued and indispensable. The companies behind these sophisticated apps, such as DraftKings and FanDuel, knowingly refuse to implement any reasonable safeguards and, in fact, intentionally design their sports gambling platforms to addict. Consequently, their customers face massive monetary losses, bankruptcy, career loss, physical harm, and mental anguish, such as depression and even suicide when they fall into gambling addiction.

### **PARTIES**

2. Plaintiff DANIEL ARROYO is a natural person and resident of Dorchester, Massachusetts (Suffolk County) where he suffers from gambling addiction disorder.

3. Defendant DRAFTKINGS INC. ("DraftKings") is a Delaware corporation with its principal place of business at 222 Berkeley Street, 5<sup>th</sup> Floor, Boston, MA 02116.

4. Defendant FANDUEL INC. is a New York corporation with its principal place of business at 300 Park Avenue South, 14<sup>th</sup> Floor, New York, NY 10010.

5. Defendant CROWN MA GAMING LLC is a limited liability company formed under the laws of Nevada with its principal place of business at 222 Berkeley Street, 5<sup>th</sup> Floor, Boston, MA 02116.

6. Defendant FLUTTER ENTERTAINMENT PLC is a public limited company incorporated in Ireland with a principal place of business at One Madison Avenue, New York, NY 10010.

7. Defendant BETFAIR INTERACTIVE US LLC is a limited liability company formed under the laws of Delaware with a principal place of business at 6701 Center Drive West, Suite 800, Los Angeles, CA 90045.

### **JURISDICTION AND VENUE**

8. This Court has subject matter jurisdiction over the instant civil matter pursuant to G.L. c. 212, § 4. This Court has personal jurisdiction over Defendants pursuant to G.L. c. 223A, §§ 2 & 3.

9. Venue is proper in Suffolk County pursuant to G.L. c. 223, § 8(4). Plaintiff resides in Suffolk County, and this County is the location of the transactions and actions that gave rise to Plaintiff's claims and is the location of Plaintiff's injuries. DraftKings' principal place of business is in Suffolk County.

10. All Defendants regularly conduct and/or solicit business in, engage in other persistent courses of conduct in, and/or derive substantial revenue from products and/or services provided to persons in this County.

### **STATEMENT OF FACTS**

#### **I. Online Sports Gambling and the Industry Model**

##### *A. The Growth of Online Sports Gambling*

11. The United States has experienced an unprecedented expansion of online sports betting and mobile gambling over the past six years. Following the Supreme Court's decision in *Murphy v. NCAA*, 584 U.S. 453 (2018), which opened the door for state-by-state legalization of

sports betting, thirty-nine states and the District of Columbia have legalized sports betting in some form. An explosion in online sports gambling followed, with today's current industry landscape driven by two dominant players: Defendants DraftKings and FanDuel.

12. In an industry, such as “[t]he global gambling industry,” where the market, “is rapidly expanding, with net losses by consumers projected to reach nearly US \$700 billion by 2028,” competition for attention and capital is fierce.<sup>1</sup>

13. Thus, it follows that this industry expansion, “is fuelled [sic] by the rise of online gambling, widespread accessibility of gambling opportunities through mobile phones, increased legalisation [sic], and the introduction of commercial gambling to new areas” where consumers can utilize quick access and minimum barriers exist between their daily lives and their gambling.<sup>2</sup>

14. According to William C. Miller, Jr., President and CEO of the American Gaming Association, “[p]ropelled by another year of strong organic growth in existing online markets for both sports betting and iGaming,” during the year 2024, “the commercial casino sector enjoyed a third consecutive record year with gaming revenue accelerating by 7.5 percent to \$72 billion.”<sup>3</sup> “The unprecedented success,” as Mr. Miller sees it, “comes as more Americans than ever before have access to, and allocate their entertainment budgets to, the legal, regulated gaming market.”<sup>4</sup>

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<sup>1</sup> Heather Wardle et al., *The Lancet Public Health Commission on Gambling*, 9 *Lancet Pub. Health* e950, e950 (2024), [https://doi.org/10.1016/S2468-2667\(24\)00167-1](https://doi.org/10.1016/S2468-2667(24)00167-1) (last visited Mar. 22, 2026) (citing Pekka Sulkunen et al., *Setting Limits: Gambling, Science and Public Policy* (2019); Gambling Research Exchange Ontario, *Proportion of Revenue from Problem Gambling* (2019)).

<sup>2</sup> *Id.* at e950.

<sup>3</sup> Am. Gaming Ass’n, *State of the States 2025: The AGA Analysis of the Commercial Casino Industry 2* (May 2025), <https://www.americangaming.org/wp-content/uploads/2025/05/AGA-State-of-the-States-2025.pdf> (last visited Mar. 25, 2026).

<sup>4</sup> *Id.* at 2.

This has followed naturally from more users increasingly gambling on their phone via apps that allow users to wager from any location at any hour.<sup>5</sup>

15. Together, FanDuel and DraftKings dominate the marketplace for online gaming, generating a majority of online sports gambling revenue, resulting in a functional duopoly.<sup>67</sup>

*B. How the Industry Profits Off of User Losses and Addictive Gambling*

16. Defendants' businesses are dependent on customer losses. The more money a customer loses, the more revenue Defendants generate. This is not incidental to the business model; it is the business model. DraftKings' 2025 10-K filing, for example, claims their "revenues are predominantly generated through two product offerings – Sportsbook and iGaming. These two product offerings accounted for 93%, 93%, and 91% of DraftKings' revenues for the fiscal years ended December 31, 2025, 2024, and 2023, respectively."<sup>8</sup>

17. DraftKings' 2025 SEC filings confirm the Company's sales and marketing costs "increased \$115.0 million, or 9.1%, to \$1.4 billion in 2025, from \$1.3 billion in 2024 . . . ." comprising almost 23 cents for every dollar of revenue generated.<sup>9</sup> The goal of their marketing spend, as DraftKings puts it, is "to grow and retain our paid user base, including personalized

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<sup>5</sup> Statista Digital Mkt. Insights, *Market Size of the Online Gambling Industry in the United States from 2017 to 2023, with a Forecast Until 2028*, Statista (Mar. 11, 2024), <https://www.statista.com/forecasts/1318601/online-gambling-market-size-us> (last visited Mar. 24, 2026).

<sup>6</sup> Matt Mariani, *Turning the Page on a Record 2024 for US Sports Betting*, Legal Sports Rep. (June 13, 2025), <https://www.legalsportsreport.com/218449/2024-us-sports-betting-revenue/> (last visited Mar. 24, 2026) ("FanDuel and DraftKings remain the overwhelming market leaders, together accounting for more than 65% of the industry's output nationwide.")

<sup>7</sup> Flutter Entertainment plc, Annual Report (Form 10-K) at 1 (Mar. 4, 2025) ("Flutter is the world's largest leading online sports betting and iGaming operator based of revenue.").

<sup>8</sup> DraftKings Inc., Annual Report (Form 10-K), at 3-4 (Feb. 13, 2026), <https://www.sec.gov/ix?doc=/Archives/edgar/data/1883685/000188368526000013/dkng-20251231.htm> (last visited Mar. 22, 2026).

<sup>9</sup> *Id.* at 55.

cross-product offers and promotions, and promote brand awareness to attract the ‘skin-in-the-game’ sports fan. Together these investments have enabled us to create a leading product built on scalable technology, while attracting a user base that has resulted in the rapid growth of our business.”<sup>10</sup>

*C. The Fundamental Conflict: Profitability and User Well-Being*

18. The *Lancet Public Health* Commission on Gambling published findings in October of 2024 which argued that, using their power across various domains of public life, gambling companies push to frame gambling as beneficial to society, whereas the harms incurred are more so blamed on poor user choices than inherent negative qualities of gambling.<sup>11</sup> This aim, directed toward protecting industry perception, stifles discussions on the negative impacts of gambling and reveals the fundamental conflict between Defendants’ business success and the well-being of their users.

19. The truth is that sports betting apps are different than any other type of gambling. Defendants’ sports betting apps utilize addictive technology and features, such as “push” notifications, targeted advertisements, and personalized bonus incentives to continuously draw users back to the app.

*D. Problematic Gamblers Drive Revenue*

20. In sports gambling, a small minority of gamblers drive the majority of profitability. It is therefore expected that sports gaming operators’ business models are structurally focused on this subset of individuals.<sup>12</sup> Denoted as “Problem Gamblers,” one investigation, conducted by

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<sup>10</sup> *Id.* at 48.

<sup>11</sup> Wardle et al., 9 *Lancet Pub. Health* at e964.

<sup>12</sup> *Id.* at e958.

Gemini Research, Inc. of Northampton, Massachusetts and led by Dr. Rachel A. Volberg, President of Gemini Research and a Research Professor at the University of Massachusetts Amherst's School of Public Health, analyzed the post-legalization period of sports gambling in Connecticut.<sup>13</sup> The study found that less than 2% of Connecticut residents, considered to be "Problem Gamblers" (the percentage of Connecticut residents estimated to have a gambling problem), were responsible for 51% of the sports betting revenue in Connecticut.<sup>14</sup> These findings not only demonstrate that a small minority of problematic gamblers drive Defendants' profits: they evidence that Defendants' profitability is a function of the most addicted, problem users.

## II. The Science Behind Addiction and Gambling Disorder

### A. *The Neurological Mechanisms Driving Bets*

21. A 2023 review article synthesizing neuroscience and behavioral psychology literature explains how modern gambling products are engineered to exploit the human brain.<sup>15</sup> One of the key findings is that, "[c]ollectively, the data suggest that inconsistent reward delivery in models of gambling may represent a special case of a broader phenomenon: i.e., variability (provided it is random) may be crucial for development of sensitization to both drug- and non-drug rewards."<sup>16</sup> The authors further assert that "multiple sources of variability exist and operate concurrently in modern digital products," including gambling, and that ultimately, "these overlapping sources of variability will amplify the addictive potential of these products via

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<sup>13</sup> Gemini Research, *Impacts of Legalized Gambling in Connecticut* (Conn. Dep't of Mental Health & Addiction Servs. Jan. 2024), <https://portal.ct.gov/-/media/dmhas/publications/2023-ct-final-report-jan312024.pdf> (last visited Mar. 22, 2026).

<sup>14</sup> *Id.*

<sup>15</sup> Luke Clark & Martin Zack, *Engineered Highs: Reward Variability and Frequency as Potential Prerequisites of Behavioural Addiction*, 140 *Addictive Behav.* 107626 (2023), <https://doi.org/10.1016/j.addbeh.2023.107626> (last visited Mar. 22, 2026).

<sup>16</sup> *Id.* at 2.

incentive sensitization.”<sup>17</sup> Notably, modern digital gambling products layer multiple concurrent sources of this engineered variability – variable payout size, bonus features, temporal variability in spin duration, and near-miss mechanics, to drive “perpetual escalation (‘hyper-learning’)” in dopaminergic signaling analogous to that produced by addictive drugs.<sup>18</sup> Two moderating factors amplify this process: the time course and resolution of uncertainty, and the frequency of exposure, as “both variability and frequency likely contribute to the addictive potential of a non-drug reinforcer.”<sup>19</sup> The authors conclude that digital technology “has permitted engineering of reinforcers with addictive potential that, delivered under natural conditions, would likely never become addictive.”<sup>20</sup>

*B. Mobile Gaming Platforms Intensify Addictive Potential*

22. Mobile gambling platforms intensify the addictive properties of gambling in several independent and compounding ways. First, 24/7 access from any location eliminates the need to travel to a physical gambling venue. Second, the absence of a social environment removes the social inhibitions and shame responses that moderate in-person gambling. Third, the speed of mobile wagering — a bet can be placed in under five seconds — compresses the interval between impulse and action below the threshold at which rational deliberation can intervene. Fourth, “push” notifications, bonus alerts, and in-app badges create a persistent ambient presence in the user’s daily life, inviting re-engagement at moments of boredom, stress, financial anxiety, or emotional vulnerability. Defendants utilize the combination of advanced and artificial technology paired with

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<sup>17</sup> *Id.* at 2.

<sup>18</sup> *Id.* at 2-3.

<sup>19</sup> *Id.* at 5.

<sup>20</sup> *Id.*

the tracking of personalized user data to intentionally addict users and continuously lure them back to their sports gambling apps.

23. Online sports betting has become a multibillion-dollar industry that makes it possible for anyone to place a bet from any location, at any hour, on any game. Since Massachusetts legalized online sports betting in 2023, the total number of residents in their 20s and 30s who contacted the Massachusetts Gambling Hotline and were referred to gambling treatment has more than doubled, with nearly 400 referred for treatment services during the 2024 fiscal year. Kyle Faust, who directs Massachusetts General Hospital’s Digital Addiction and Gambling Treatment Program, reports that the vast majority of his patients struggling with gambling addiction are tied to online sports betting, and that the mental health toll can be severe, including depression, anxiety disorders, and feelings of being trapped and helpless.<sup>21</sup>

### **III. Defendants’ Knowledge of Addictive Design**

#### *A. Defendants’ Knowledge of Problem Gaming Patterns*

24. DraftKings’ Form 10-K for the fiscal year ended December 31, 2024 discloses that the company uses “a blend of analytics and data science” as the “foundation” of its marketing to “acquire, retain and reactivate users,” and reports “Monthly Unique Payers” (“MUPs”) and “Average Revenue per MUP” (“ARPMUP”) as key performance indicators.<sup>22</sup> The filing further discloses that DraftKings deploys “data science and machine learning to help optimize conversion and monetization,” including “recommendation engines” that “present betting markets to users

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<sup>21</sup> Patrick Madden, *The Rising Cost of Online Betting Addiction Among Young People*, NPR (Feb. 14, 2026), <https://www.npr.org/2026/02/14/nx-s1-5648263/the-rising-cost-of-online-betting-addiction-among-young-people> (last visited Mar. 24, 2026).

<sup>22</sup> DraftKings Inc., Annual Report (Form 10-K) (Feb. 14, 2025), <https://www.sec.gov/Archives/edgar/data/0001883685/000188368525000010/dkng-20241231.htm>.

based upon their past play history,” algorithms that identify “the type of contests that a contestant is most likely to enter, along with the entry fee and prize structure that he or she will find most appealing,” and “return-on-investment models that are based on gross profit paybacks, lifetime value, player segmentation and customer and revenue retention.” The company also optimizes “marketing spend using data collected since the beginning of [its] operations,” including “predicted lifetime value and behavior of users across various product offerings” and “personalized cross-product offers and promotions.” The data infrastructure required to build individualized behavioral profiles for targeted marketing and lifetime-value modeling necessarily produces, at the individual account level, visibility into patterns characteristic of disordered gambling—including escalating engagement and sustained high-frequency play—among the users who disproportionately drive the MUP and ARPMUP metrics reported to investors. DraftKings cannot credibly disclaim knowledge of problem gambling patterns while simultaneously reporting metrics derived from the same user-level data systems it employs to maximize per-user monetization.

25. Flutter Entertainment, FanDuel’s parent company, operates behavioral monitoring systems across its global platform.<sup>23</sup> Flutter’s CEO Peter Jackson acknowledged in 2018, following a \$2.8 million fine imposed by the U.K. Gambling Commission for failing to intervene when a customer exhibited problem gambling warning signs, that the company had a “responsibility to do so when [its] customers show signs of problem gambling.”<sup>24</sup> This corporate

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<sup>23</sup> *Inside Responsible Gaming: How The Flutter Edge Is Helping Customers Play Well Across the World*, Flutter Ent. (Nov. 20, 2025), <https://flutter.com/news-media/blogs/inside-responsible-gaming-how-the-flutter-edge-is-helping-customers-play-well-across-the-world/> (last visited Mar. 25, 2026).

<sup>24</sup> *Online-Gambling Giants Conquer U.S. with Tactics Deemed Too Tough for Britain*, Reuters (July 3, 2024), <https://www.cnbc.com/2024/07/03/online-gambling-giants-conquer-us-with-tactics-deemed-too-tough-for-britain.html> (last visited Mar. 25, 2026); Flutter Ent., *Statement on Gambling Commission Regulatory Settlement* (Oct. 16, 2018), <https://flutter.com/news-and->

acknowledgment of a duty to intervene, made publicly by Flutter’s own CEO, establishes that Flutter/FanDuel possessed both the data capability to identify problem gambling patterns and the corporate knowledge that intervention was required.

26. Defendants have full visibility into users’ concerning betting patterns and then push the users to gamble further through targeted advertising, personalized “bonus” incentives, and “push” notifications as discussed and explained above. Defendants’ behavior preys on addicted gamblers, as Defendants can predict when users will escalate into dangerous addictive gambling and intentionally target users when this happens.

#### **IV. The Deliberate Persuasive Design Architecture**

##### *A. Variable Reward Mechanisms*

###### *i. Near Miss Engineering*

27. In a landmark 2009 study published in *Neuron*, Dr. Luke Clark and colleagues at the University of Cambridge’s Behavioural and Clinical Neuroscience Institute used functional magnetic resonance imaging (fMRI) to demonstrate that near-miss gambling outcomes activate win-related brain circuitry in the ventral striatum and anterior insula despite delivering no monetary reward, and that near-miss events measurably increased participants’ reported desire and motivation to continue gambling.<sup>25</sup> The study established that near-miss outcomes are not neutral perceptual events but are actively processed by the brain’s reward system in a manner that reinforces continued play independent of the absence of any actual reward.

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insights/press-releases/statement-on-gambling-commission-regulatory-settlement/ (last visited Mar. 25, 2026).

<sup>25</sup> Luke Clark et al., *Gambling Near-Misses Enhance Motivation to Gamble and Recruit Win-Related Brain Circuitry*, 61 *Neuron* 481 (2009), <https://pmc.ncbi.nlm.nih.gov/articles/PMC2658737/> (last visited Mar. 25, 2026).

28. Chase and Clark extended this research in a 2010 fMRI study published in *The Journal of Neuroscience*, scanning 20 regular gamblers of varying severity. The study found that gambling severity, measured using the validated South Oaks Gambling Screen, predicted the strength of dopaminergic midbrain activation in response to near-miss outcomes: the more severe the gambling disorder, the more strongly the midbrain fired in response to a near-miss, approaching the level of response to an actual monetary win.<sup>26</sup>

*B. Loss Chasing Features: Frictionless Re-Entry and Asymmetric Withdrawal Barriers*

29. A 2025 peer-reviewed study published in *Addiction* by Dr. Philip Newall of the University of Bristol School of Psychological Science catalogued in granular detail the specific “sludge” and “dark pattern” mechanisms deployed by online gambling platforms to asymmetrically impede exit while facilitating deposits. The study documented that: (a) gambling websites process deposits instantly while imposing delays of up to several days on withdrawals; (b) during withdrawal delays, platforms display prominent buttons prompting gamblers to reverse the withdrawal; (c) deposit pages are accessible via fewer clicks from the homepage than corresponding withdrawal pages, a deliberately engineered friction asymmetry; (d) 70% of audited gambling websites suggested in-game bet sizes greater than the minimum allowed; and (e) 60% of platforms had reality-check tools defaulted to the maximum allowed delay of four hours, the least protective configuration, rather than shorter intervals.<sup>27</sup> Each of these design choices is individually documentable as an affirmative product design decision by Defendants to maximize the difficulty of exit.

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<sup>26</sup> Henry W. Chase & Luke Clark, *Gambling Severity Predicts Midbrain Response to Near-Miss Outcomes*, 30 *J. Neuroscience* 6180 (2010), <https://www.jneurosci.org/content/30/18/6180> (last visited Mar. 25, 2026).

<sup>27</sup> Philip Newall, *Sludge, Dark Patterns and Dark Nudges: A Taxonomy of Online Gambling Platforms' Deceptive Design Features*, 120 *Addiction* 1916 (2025), <https://pmc.ncbi.nlm.nih.gov/articles/PMC12426356/> (last visited Mar. 25, 2026).

30. DraftKings' platform has been specifically alleged in a multi-state class action, reported by Gambling Insider in January 2026, to allow users to immediately raise self-imposed betting limits the moment a prior restriction period expires, with no enforced cooling-off period between expiration and reactivation of a higher limit.<sup>28</sup> Screenshots submitted in that litigation show that FanDuel and BetMGM both require three-day delays before self-imposed limit increases take effect, but DraftKings processes the limit increase immediately. This design choice directly and specifically facilitates loss chasing in the moment immediately after a user's own voluntary restraint expires, exploiting the recency of the constraint and the compulsive urge that follows it.

### C. *Personalized Algorithms*

31. A 2025 peer-reviewed study published in *Behavioral Sciences* (PMC/MDPI) analyzed behavioral data from an online gambling platform at two time points (late 2016 and spring 2021) and found that patterns consistent with AI-driven personalization were associated with increases in betting persistence, risk-taking, and tendency to retain funds on-platform rather than withdraw.<sup>29</sup> The study concluded that AI-driven engagement algorithms "co-create behavioral risks" and that "algorithms must not be designed to take advantage of players' impulsivity or cognitive biases. In other words, the AI should not monetize moments of temporary loss of self-control."<sup>30</sup> Defendants operate sophisticated AI-powered engagement platforms that, on information and belief, employ the precise personalization mechanisms the study identifies as risk-generating.

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<sup>28</sup> *DraftKings Sued in Seven States Over Alleged Betting Limit Violations*, Gambling Insider (Jan. 9, 2026), <https://www.gamblinginsider.com/news/102325/draftkings-class-action-betting-limit-violations> (last visited Mar. 25, 2026).

<sup>29</sup> Niklas Kolomaznik, Ewa Oborska & Dragoş-Marian Iordache, *AI Personalization and Its Influence on Online Gamblers' Behavior*, 15 *Behav. Sci.*, art. 779 (2025), <https://doi.org/10.3390/bs15060779> (last visited Mar. 25, 2026).

<sup>30</sup> *Id.*

*D. VIP Loyalty Programs: Targeting and Escalating Engagement of High-Loss Users*

32. A 2017 evidence review by Dr. Michael Wohl, commissioned by the independent, non-industry Gambling Research Exchange Ontario (GREO), concluded that disordered gamblers are over-represented in gambling loyalty programs relative to the general gambling population, and that gambling loyalty programs that reward volume of play uniquely exacerbate harm in users who cannot control their gambling behavior, unlike loyalty programs in other consumer industries.<sup>31</sup> The report identified that the industry uses “special treatment for gamblers to soften the blow of gambling losses, making the gambler feel like a very important person (VIP)” as a retention mechanism that specifically rewards the behaviors most pathognomonic of gambling disorder: frequency, deposit volume, and loss escalation.<sup>32</sup>

33. Defendants utilize “VIP” managers to offer personalized attention to high-volume gamblers. The “VIP” managers offer concierge services, such as free tickets to professional sporting events, often including suite access to entice users to attend. Additionally, “VIP” managers offer gambling-based incentives for users that attend their events, including promises of “bonus” bets loaded to the users’ account in exchange for their attendance.

34. The “VIP” managers hired and managed by Defendants are directly available to users, including via text and phone call access where they can continuously reach out and contact users. The “VIP” managers act as an extension of the apps, offering real-time betting incentives, further luring high-volume users into addictive and excessive gambling patterns.

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<sup>31</sup> Michael J.A. Wohl, *Loyalty Programs in the Gambling Industry*, GREO Evidence Exchange Report (2017), [https://www.greo.ca/Modules/EvidenceCentre/files/Wohl%20\(2017\)%20Loyalty%20programs%20in%20the%20gambling%20industry.pdf](https://www.greo.ca/Modules/EvidenceCentre/files/Wohl%20(2017)%20Loyalty%20programs%20in%20the%20gambling%20industry.pdf) (last visited Mar. 25, 2026).

<sup>32</sup> *Id.*

*E. Removal of Natural Stopping Cues*

35. Professor Natasha Dow Schüll of MIT's Program in Science, Technology, and Society conducted fifteen years of ethnographic field research in Las Vegas, published as *Addiction by Design: Machine Gambling in Las Vegas* (Princeton University Press, 2012). Schüll documented that gambling machines are deliberately engineered to induce a dissociative state she calls "the machine zone" — a psychological condition in which time, space, and external social awareness dissolve and players gamble "not to win but simply to keep playing, for as long as possible."<sup>33</sup> The design features producing and maintaining this state include: removal of clocks and external time cues, elimination of natural pauses between bets, high-speed continuous play, and seamless re-deposit flows. Schüll documented these as reflecting "the strategic calculations behind game algorithms and machine ergonomics" designed expressly to maximize "time on device." Defendants have transposed these design principles into their mobile gambling applications, as their applications allow for instantaneous betting with instant deposit mechanisms.

*F. Predatory Bonus Structure*

36. Defendants deployed "risk-free bet," "free bet," and equivalent promotional language as primary customer acquisition tools from the time of their respective state market launches through at least early 2023. Under these promotions, a user who lost their first bet received not cash but non-withdrawable "bonus" credits subject to complex wagering requirements requiring the user to continue gambling multiple times before the credit's value could be withdrawn as cash. "Risk-free" was materially false and misleading: the user's principal was indisputably at risk, was in fact lost, and could be recovered only by continued gambling. In March

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<sup>33</sup> Natasha Dow Schüll, *Addiction by Design: Machine Gambling in Las Vegas* (Princeton Univ. Press 2012), <https://press.princeton.edu/books/paperback/9780691278285/addiction-by-design>.

2023, the American Gaming Association (“AGA”), of which both FanDuel and DraftKings were then members, formally amended its Responsible Marketing Code to ban all use of “risk-free” in advertising, acknowledging that prior promotional language was deceptive.<sup>34</sup> Defendants had continued to use this language while the AGA’s own code was being revised, with knowledge that regulators in Ohio and Massachusetts had already taken enforcement action against these promotions, and knowing gambling advertising regulations that specifically outlawed the offer of “risk free” promotions (and promotions using similar language) were being promulgated.

*G. Microbets*

37. An additional addictive feature of Defendants’ online sports gambling apps is the promotion of “microbets.” Microbets are in-game wagers that allow for betting on live, hyper-specific events, which often have nothing to do with the overall outcome of the sporting event. Some examples of microbets are allowing bets on the outcome of the next baseball pitch or whether the next pass will be completed in a football game.

38. These microbets allow gamblers to continuously place bets during a sporting event and provide a constant reward/loss cycle that can result in a series of dopamine boosts. These are designed to further draw the user into placing these constant bets without having to wait on the ultimate outcome of a game. Micro-betting has been continuously linked to severe problem gambling and impulsivity.<sup>35</sup>

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<sup>34</sup> Am. Gaming Ass’n, *New Updates to AGA Responsible Marketing Code Prohibit ‘Risk Free’* (Mar. 2023), <https://www.americangaming.org/new-updates-to-aga-responsible-marketing-code-for-sports-wagering-prohibit-risk-free-enhance-college-aged-protections/> (last visited Mar. 25, 2026); *see also Wagers and Warnings*, ABA Judges’ J., Fall 2024, <https://www.americanbar.org/groups/judicial/resources/judges-journal/2024-fall/wagers-warnings-state-sports-betting-advertisements/> (last visited Mar. 25, 2026).

<sup>35</sup> Quintero Garzola GC, Vaccarino A. *Microbetting, Fantasy Sports and Risk of Gambling Disorder: A Scoping Review*. 40 J. Gambling Stud. 587-600 (2024) (PubMed PMID: 37452978), <https://pubmed.ncbi.nlm.nih.gov/37452978/> (last visited Mar. 25, 2026).

## V. Suppression of Harm-Reducing Measures

39. A July 2024 Reuters investigation, based on corporate filings, company statements, testimonies to U.K. lawmakers, job advertisements, and interviews with gamblers and former employees, documented a striking disparity: Flutter Entertainment voluntarily implemented robust consumer protection measures for its U.K. customers that it has not applied to U.S. FanDuel users.<sup>36</sup> In the U.K.: (a) Flutter introduced a £10-per-spin cap on online slot games in 2021 after its own internal data showed that “customer risk levels may increase more sharply” at higher stakes; (b) Flutter mandates deposit limits for U.K. customers under the age of 25; and (c) Flutter curtailed its U.K. “VIP” program after recognizing escalating harm risks.<sup>37</sup> In the U.S. during the relevant period: FanDuel permitted spins up to \$800 with no equivalent age-based stake restrictions, applied no mandatory deposit limits for users under 25, and operated a VIP program with compensation structures tied to “increas[ing] player activity and driv[ing] revenue.”<sup>38</sup> Flutter’s own CEO acknowledged a “duty to intervene when customers showed signs of problem gambling” following a £2.8 million U.K. regulatory fine in 2018 — yet this duty was not operationalized for FanDuel’s U.S. platform.<sup>39</sup> Defendants were on constructive notice throughout the relevant period that their consumer protection measures in the United States were insufficient and likely ineffective.

40. The addictive design of Defendants’ sports gambling apps is intentional. Their utilization of user data and user targeting to implement intentionally addictive features has led

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<sup>36</sup> Reuters, *Online-Gambling Giants Conquer U.S. with Tactics Deemed Too Tough for Britain* (July 3, 2024), <https://www.reuters.com/investigations/online-gambling-giants-conquer-us-with-tactics-deemed-too-tough-britain-2024-07-03/> (last visited Mar. 25, 2026).

<sup>37</sup> *Id.*

<sup>38</sup> *Id.*

<sup>39</sup> *Id.*

users, such as Plaintiff DANIEL ARROYO, to be sucked into a vicious cycle of gambling addiction that has led to economic losses, mental anguish, and the physical manifestations of that mental anguish.

**PLAINTIFF DANIEL ARROYO'S SPECIFIC FACTS**

41. Plaintiff DANIEL ARROYO placed bets through FanDuel and DraftKings. He began using DraftKings in or around 2023 and has placed nearly \$150,000 in bets on that platform. He moved onto the FanDuel platform in or around 2023 and has placed over 8,000 bets using FanDuel's sports gambling app. Plaintiff DANIEL ARROYO began using the applications for small, recreational bets while watching games but eventually developed an unmanageable addiction to Defendants' sports betting platforms.

42. He was also provided a "VIP" manager on the DraftKings platform given his high wager totals who, on behalf of DraftKings, provided incentives, including personalized offers, bet "bonsues," and "exclusive" promotions all in an effort to ensure that Plaintiff continued to bet more often, and at higher amounts. DraftKings took extraordinary steps to ensure that Plaintiff continued to bet more often and in higher amounts, through its VIP program, credits, "promotions" and other incentives. Plaintiff was offered personalized "bonus" incentives through his VIP manager to continuously reel him back in to his addictive betting behavior. This resulted in catastrophic loss to Plaintiff DANIEL ARROYO, both in terms of pecuniary loss, as well as damage to his physical, mental, and emotional well-being.

43. Due to his growing number of bets placed on the platforms and high wager totals, Plaintiff was eventually provided with a "VIP" manager who, on behalf of the Defendants, provided incentives including sporting event tickets, personalized offers, bet "bonuses," and

“exclusive” promotions all in an effort to ensure that Plaintiff continued to bet more often, and at higher amounts.

44. Plaintiff DANIEL ARROYO’s history of play on Defendant FanDuel’s app demonstrates a rapid escalation, and loss of control, of which FanDuel was all too aware. In 2023, Plaintiff wagered \$196,639.94— approximately twice the amount of his pre-tax income at the time. The following year, after exposure to the addictive properties of FanDuel’s product, Plaintiff DANIEL ARROYO’s play increased exponentially to \$1,306,188.85, reflecting disordered use of the platform. Defendant FanDuel was aware of this use and loss, and actively encouraged Plaintiff to continue his use, and increase the amount and frequency of his bets. Finally, in 2025, Plaintiff wagered \$1,585,598.68— over 15 times his income at the time.

45. This reflects disordered and compulsive use of the FanDuel app, of which FanDuel was aware. FanDuel took extraordinary steps to ensure that Plaintiff continued to bet more often and in higher amounts, through its VIP program, credits, “promotions” and other incentives. Plaintiff was offered personalized “bonus” incentives through his VIP manager, as well as sporting event tickets to continuously reel him back in to his addictive betting behavior. This resulted in catastrophic loss to Plaintiff DANIEL ARROYO, both in terms of pecuniary loss, as well as damage to his physical, mental, and emotional well-being.

46. Plaintiff DANIEL ARROYO ended up leaving his job to further his gambling addiction and has net losses of nearly \$200,000—over \$160,000 on FanDuel’s online sports gambling products alone and approximately \$20,000 on DraftKings’ online sports gambling products. Plaintiff DANIEL ARROYO is now in therapy due to his gambling addiction, anxiety, depression, irritability, and other physical symptoms from his 2024 gambling addiction diagnosis.

47. As a result of his addiction to the Defendants' gambling platforms, Plaintiff DANIEL ARROYO has experienced loss of his ability to work, physical and mental health problems including irritability, anxiety and depression, diagnosed gambling addiction, withdrawal, negative effects to his relationships, and loss of funds far more than his income. These facts at all times relevant were known to the Defendants, who encouraged the Plaintiff to gamble more often, and at higher levels.

**COUNT I**  
**BREACH OF WARRANTY – DEFECTIVE DESIGN**  
**Against All Defendants**

48. Plaintiff hereby incorporates by reference all allegations contained in the preceding paragraphs, as though fully set forth herein.

49. At all relevant times, Defendants designed, developed, managed, operated, tested, produced, labeled, marketed, advertised, promoted, controlled, supplied, distributed and benefited from their products used by Plaintiff.

50. Defendants' apps and platforms are designed and intended to be utilized as online sports betting products.

51. Defendants' products are distributed and made available to the public through the Defendants' mobile applications.

52. Defendants' products are marketed and advertised to the public for the personal use of the end-user/consumer.

53. Defendants, as the designers, developers, managers, operators, testers, producers, labelers, marketers, advertisers, promoters, controllers, suppliers, distributors, and benefiteres of their products, impliedly warranted that such products were merchantable and fit for the ordinary purposes for which they were intended.

54. Defendants breached this warranty because the online sport betting products they designed, developed, managed, operated, tested, produced, labeled, marketed, advertised, promoted, controlled, supplied, distributed, and benefited from were defective and unreasonably dangerous to users and consumers, including Plaintiff.

55. Defendants defectively designed their products to addict all users of their sports gambling apps.

56. Defendants' apps are unreasonably dangerous as designed and rely on product features that are unreasonably dangerous and addictive.

57. Plaintiff used these products in a manner in which Defendants intended and expected them to be used, and Defendants knew, or by the exercise of reasonable care, should have known, that Plaintiff would use these products without inspection for or knowledge of their addictive nature.

58. Defendants' products are defective in design and pose a substantial likelihood of harm for the reasons set forth herein, because the products fail to meet the safety expectations of ordinary consumers when used in an intended or reasonably foreseeable manner, and because the products are less safe than an ordinary consumer would expect when used in such a manner.

59. Plaintiff, as the consumer of Defendants' respective products, did not expect the products to be psychologically and neurologically addictive, far beyond that which might be expected from non-online gambling and/or non-online sports betting when the products are used in their intended manner by their intended audiences.

60. Plaintiff, as the consumer of Defendants' respective products, did not expect the algorithms and other features embedded by Defendants in their respective products to make them

initially and progressively more stimulative, to maximize the consumers' usage time and spending on online sports betting.

61. Plaintiff, as the consumer of Defendants' products, did not expect each Defendant's revenues and profits to be directly tied to the strength of these addictive mechanisms.

62. Defendants' respective products are likewise defectively designed in that they create an inherent risk of danger; specifically, a risk of abuse, addiction, and compulsive use beyond that which might be expected from non-online gambling and/or non-online sports betting, which can lead to numerous harms including but not limited to gambling losses, eviction or foreclosure, bankruptcy, stress, family breakup and career loss, mental anguish, and physical harm.

63. The risks inherent in the design of Defendants' respective products significantly outweigh any benefit of such design.

64. Each of the Defendants could have utilized cost-effective, reasonably feasible alternative designs including algorithmic changes and changes to the addictive features described above, to minimize the harms described herein, including, but not limited to:

- a) Default protective limits to the amounts spent on sports betting and/or the amount of time spent on the site;
- b) Opt-in restrictions to the amount spent on sports betting and/or the amount of time spent on the site;
- c) Self-limiting tools, including but not limited to sports betting amount and/or time spent notifications, warnings or reports;
- d) Blocks to use during certain times of day;
- e) Redesigning algorithms to limit rather than promote addictive engagement;
- f) Eliminating the use of "push" notifications to draw users back to the apps;
- g) Limits on the strategic timing and clustering of notifications to lure back users;
- h) Removing barriers to the deactivation and deletion of accounts;
- i) Limit or eliminate artificial intelligence to track individual player's gambling habits;
- j) Eliminating the offering of "VIP" managers and personalized betting incentives;

- k) Limit or eliminate the use of artificial intelligence to create individualized offers and promotions to customers—especially in the near aftermath of large losses;
- l) Limit or eliminate the use of microbets and prop bets that lead to accelerated, uncontrolled gambling; and
- m) Limit or prohibit one or more advertisements to induce gambling with phrases such as “bonus,” “no sweat,” “risk free,” odds boosts, or similar promotions.

65. Alternative designs were available that would reduce users’ addictive and compulsive engagement with each of the Defendants’ respective products, and which would have effectively served the same purpose of Defendants’ products while reducing the gravity and severity of danger posed by those products’ defects.

66. Plaintiff used Defendants’ products as intended or in reasonably foreseeable ways.

67. As a direct and proximate result of each of the respective Defendants’ conduct and defectively designed product, Plaintiff developed a diagnosed gambling addiction disorder and suffered physical harm, mental anguish, stress, and economic losses from online sports betting and related economic losses arising therefrom.

**COUNT II**  
**BREACH OF WARRANTY – FAILURE TO WARN**

**Against All Defendants**

68. Plaintiff hereby incorporates by reference all allegations contained in the preceding paragraphs, as though fully set forth herein.

69. Defendants’ sports betting apps are unreasonably dangerous as designed and rely on product features that are unreasonably dangerous.

70. At all relevant times, each Defendant designed, developed, managed, operated, tested, produced, labeled, marketed, advertised, promoted, controlled, supplied, distributed and benefitted from its products used by Plaintiff.

71. Plaintiff was a foreseeable user of Defendants' products.

72. Defendants' products are distributed to the public through the Defendants' respective sports gambling applications.

73. Defendants distributed and made their platforms available to Plaintiff in a defective and unreasonably dangerous condition by failing to adequately warn about the risk of harm to its users, as described herein, including risk of addiction and compulsive use which can lead to numerous harms including gambling losses, eviction or foreclosure, bankruptcy, stress, career loss, family breakup, and physical and mental impacts, such as depression, anxiety, and irritability.

74. Defendants' products are dangerous in that they create an inherent risk of danger; specifically, a risk of abuse, addiction, and compulsive use beyond that which might be expected from non-online gambling and/or non-online sports betting, which can lead to numerous harms including but not limited to gambling losses, eviction or foreclosure, bankruptcy, stress, family breakup, loss of career, mental anguish including depression and anxiety, and the physical manifestations of that mental anguish.

75. Defendants knew or, by the exercise of reasonable care, should have known that their respective products posed risks of harm to their users considering their own internal data and knowledge regarding their products at the time of development, design, marketing, promotion, advertising, and distribution.

76. Defendants knew or, by the exercise of reasonable care, should have known that their respective products posed risks of harm to each particular user based on Defendants' personalized data collection specific to Plaintiff, including but not limited to Plaintiff's gambling habits, time spent on their apps, Plaintiff's significant losses, Plaintiff's high number of bets placed, and Plaintiff's use of his "VIP" manager.

77. Defendants' products are defective and unreasonably dangerous because, among other reasons described herein, each Defendant failed to exercise reasonable care to inform users that, among other things:

- a. Defendants' respective products cause addiction, compulsive use, and/or other concomitant physical and mental injuries and emotional distress;
- b. Defendants' respective products harvest and utilize data in such a way that increases a user's risk of addiction to these products and concomitant physical and mental injuries and emotional distress;
- c. The algorithmically-targeted advertisements and contact with the Plaintiff by Defendants are designed to encourage compulsive sports betting and use of the products and to discourage the Plaintiff from reducing, pausing and/or ceasing online sports betting by and through the product, thus raising the risk of harms including gambling losses and related economic losses;
- d. The use of "VIP" managers providing personalized incentives to Plaintiff would further his gambling addiction by constantly luring him in to placing additional, larger bets;
- e. The likelihood and intensity of these harmful effects is exacerbated by the interaction of each product's features with one another, and by algorithms and other source code design that is currently publicly unknown and unavailable for review and inspection by users and governmental entities.

78. Ordinary users, such as Plaintiff, would not have recognized the potential risks of Defendants' respective products when used in a manner reasonably foreseeable to each of the Defendants.

79. Had Plaintiff received proper or adequate warnings or instructions as to the risks of using Defendants' respective products, Plaintiff would have heeded the warnings and/or instructions.

80. Each of the Defendant's failure to adequately warn Plaintiff about the risks of its defective products was a proximate cause and a substantial factor in the injuries sustained by Plaintiff.

81. As a direct and proximate result of Defendants' conduct and failure to warn of the unreasonable risks of its products, Plaintiff suffered physical harm, mental anguish, stress, and loss of career, and further related economic losses arising therefrom due to online sports betting on Defendants' platforms.

**COUNT III**  
**NEGLIGENT DESIGN**

**Against All Defendants**

82. Plaintiff hereby incorporates by reference all allegations contained in the preceding paragraphs, as though fully set forth herein.

83. At all relevant times, Defendants were engaged in the business of designing online sports betting apps.

84. At all relevant times, the Defendants had a duty to exercise reasonable care to carefully and properly design their products to be reasonably safe online sports betting apps.

85. Defendants breached that duty because the online sports betting apps that they designed were unreasonably dangerous and defective for the reasons described above.

86. Because of the Defendants' failure to properly design their online sports betting apps, those products were placed on the market and distributed to Plaintiff while they were in an unreasonably dangerous and defective condition.

87. Plaintiff downloaded and used the online sports betting apps, which were in an unreasonably dangerous and defective condition at the time of purchase, in a reasonably foreseeable manner and substantially as intended by the Defendants.

88. Defendants knew or by an exercise of reasonable care should have known their products would create addiction, financial collapse, physical harm, and mental anguish.

89. Defendants knew or by an exercise of reasonable care should have known their products would not generate long-term, healthy users, but would instead extract short-term value, especially from individuals at moments of optimized emotional and cognitive vulnerability.

90. As a direct and proximate result, Plaintiff suffered the injuries described above.

91. It was foreseeable that consumers like Plaintiff who used Defendants' online sports betting apps would, as a direct and proximate result, suffer those injuries.

92. In light of what they knew or should have known, Defendants should have anticipated that these injuries were a likely result of the actions and failures to act described above.

93. Through these actions and inactions, Defendants knowingly risked the financial wellbeing and mental and physical health of unsuspecting consumers, including Plaintiff, in order to continue making a profit.

**COUNT IV**  
**NEGLIGENT FAILURE TO WARN**

**Against All Defendants**

94. Plaintiff hereby incorporates by reference all allegations contained in the preceding paragraphs, as though fully set forth herein.

95. At all relevant times, each Defendant designed, developed, managed, operated, tested, produced, labeled, marketed, advertised, promoted, controlled, supplied, distributed and benefitted from its products used by Plaintiff.

96. Plaintiff was a foreseeable user of Defendants' products.

97. At all relevant times, Defendants had a duty to exercise reasonable care to carefully and properly warn Plaintiff and the general public about the reasonably foreseeable risks and dangers of their respective products.

98. Defendants knew, or by the exercise of reasonable care, should have known, that use of their products was dangerous, harmful, addictive, and injurious when used in a reasonably foreseeable manner.

99. Because of Defendants' failure to properly design their online sports betting apps, those products were placed on the market and distributed to Plaintiff while they were in an unreasonably dangerous and defective condition.

100. Plaintiff downloaded and used the online sports betting apps, which were in an unreasonably dangerous and defective condition at the time of download, in a reasonably foreseeable manner and as intended by the Defendants.

101. Defendants offered no warnings to Plaintiff nor to the public of the addictive nature of their sports betting platforms despite their knowledge and utilization of the very features that make their apps addictive.

102. As a direct and proximate result, Plaintiff suffered the injuries described above.

103. It was foreseeable that consumers like Plaintiff who used Defendants' online sports betting apps would, as a direct and proximate result, suffer those injuries.

104. In light of what they knew or should have known, the Defendants should have anticipated that these injuries were a likely result of the actions and failures to act described above.

105. A reasonable company under the same or similar circumstances as Defendants would have provided adequate warnings to the consumers of their products.

106. Defendants could have provided adequate warnings and safeguards to consumers, such as Plaintiff, which would have prevented the harms alleged herein.

**COUNT V**  
**NEGLIGENCE**

**Against All Defendants**

107. Plaintiff hereby incorporates by reference all allegations contained in the preceding paragraphs, as though fully set forth herein.

108. At all relevant times, each Defendant designed, developed, managed, operated, tested, produced, labeled, marketed, advertised, promoted, controlled, supplied, distributed and benefitted from its products used by Plaintiff.

109. Plaintiff was a foreseeable user of Defendants' products.

110. At all relevant times, the Defendants had a duty to exercise reasonable care in the design, development, management, operation, testing, production, labeling, marketing, advertising, promotion, control, sales and distribution of their products.

111. Defendants knew or should have known that their products were dangerous, harmful, addictive, and injurious to their users when used in a reasonably foreseeable manner.

112. Defendants intentionally used targeted advertising, personalized "bonus" incentives, push notifications, and other features as discussed and explained above to prey on addicted gamblers or to hook recreational gamblers into a pattern of addiction.

113. Defendants knew or should have known their users, including Plaintiff, would not have realized the potential risks and dangers of using their sports gambling apps, including a risk of addiction, and compulsive betting, not present with other forms of gambling and/or offline sports betting.

114. Defendants could have avoided Plaintiff's injuries with minimal cost, including, for example, by not including or reconfiguring certain features and algorithms in their respective sports betting apps which harmed Plaintiff.

115. Each Defendant has breached its duties of care owed to Plaintiff through its actions, misdeeds, omissions and negligence in the design, development, management, operation, testing, production, labeling, marketing, advertising, promotion, control, sales and distribution of its products.

116. The breaches of duty by each Defendant include, but are not necessarily limited to the following:

- a) Including features and algorithms in their respective online sports betting platforms that, as described above, are currently structured and operated in a manner that unreasonably creates or increases the foreseeable risk of compulsive gambling and/or gambling addiction and related financial losses and other harms as discussed above;
- b) Marketing and advertising to users, potential new customers, and customers that want to stop using their product both through the product itself and in general through television, internet and other media advertising;
- c) Maintaining unreasonably dangerous features and algorithms in their respective platforms after notice that such features and algorithms, as structured and operated, posed a foreseeable risk of harm to the financial, mental, emotional and physical health of its users; and
- d) Utilizing “VIP” managers to offer personalized betting incentives to high volume, heavily addicted gamblers;
- e) Failing to implement reasonably available means to monitor for and limit or deter excessive gambling, including patterns, frequency, or duration of use that are indicative of addiction, compulsive gambling, or excessive gambling.

117. A reasonable company under the same or similar circumstances as each Defendant would have designed, developed, managed, operated, tested, produced, labeled, marketed, advertised, promoted, controlled, supplied, distributed and benefitted from its online sports betting platform in a manner that is safer for and more protective of its users.

118. As a direct and proximate result, Plaintiff suffered the injuries described above.

119. It was foreseeable that persons like Plaintiff who used Defendants’ sports gambling apps would, as a direct and proximate result, suffer those injuries.

120. In light of what they knew or should have known, Defendants should have anticipated that these injuries were a likely result of the actions and failures to act described above.

**COUNT VI**  
**INTENTIONAL MISREPRESENTATION**

**Against All Defendants**

121. Plaintiff hereby incorporates by reference all allegations contained in the preceding paragraphs, as though fully set forth herein.

122. As set forth in more detail above, Defendants knew about the defective condition of their sports gambling apps and the serious risks they posed to its users, including Plaintiff.

123. Defendants were under a duty to tell the public the truth and to disclose the defective condition of their addictive sports gambling apps and the serious risks they posed to users, including Plaintiff.

124. Defendants breached their duty to the public and the users of their products, including Plaintiff, by concealing, failing to disclose and making misstatements about the serious risks and addictive nature presented by their sports gambling platforms.

125. Even though Defendants knew of these risks, they intentionally concealed this information to avoid losing users and to continue to gain and addict new users.

126. By intentionally concealing and failing to disclose inherent defects in the design of their sports gambling apps, Defendants knowingly and recklessly misled the public and the users of their products, including Plaintiff, into believing that the products were not designed to addict customers to the point of bankruptcy, financial ruin and subsequent mental anguish among other injuries.

127. Defendants knew that their concealment, misstatements, and omissions were material. A reasonable person, including Plaintiff, would find information that Defendants' sports

gambling apps were programmed and designed to negatively impact the users' mental capacity to gamble reasonably and diminish their ability to avoid addictive gambling to be important when deciding whether to use, or continue to use, the product.

128. Plaintiff was unaware of the dangerous and addictive nature of Defendants' sports gambling platforms and was reasonable in his failure to discover them, as they were intentionally concealed by Defendants.

129. As a direct and proximate result of Defendants' material omissions, misrepresentations, and concealment of material information, Plaintiff sustained serious physical harm, including the development of a gambling addiction disorder, pain and suffering, emotional anguish, loss of earnings, and other losses for which Plaintiff is entitled to recover the damages sought in this Complaint.

**COUNT VII**  
**UNJUST ENRICHMENT**

**Against All Defendants**

130. Plaintiff hereby incorporates by reference all allegations contained in the preceding paragraphs, as though fully set forth herein.

131. As an expected and intended result of their conscious wrongdoing as set forth in this Complaint, Defendants have profited off intentionally addicting users of their platforms and have benefitted from the money made from these users, including Plaintiff. Plaintiff would not have lost the amounts alleged herein had it not been for Defendants' deceptive and unfair conduct.

132. Defendants' retention of those payments is unjust, for among other reasons, Plaintiff did not receive the promised or represented functionality, safety, or utility when Plaintiff utilized Defendants' sports gambling apps.

133. It would be inequitable and unjust to allow Defendants to retain the value Plaintiff paid in conjunction with the use of the defective product.

134. Plaintiff seeks restitution in the amount of the benefit conferred on Defendants that was unjustly retained.

### **EQUITABLE TOLLING OF STATUTE OF LIMITATIONS**

135. Plaintiff hereby incorporates by reference all allegations contained in the preceding paragraphs, as though fully set forth herein.

136. Defendants willfully, wantonly, and intentionally withheld information from Plaintiff and the general public concerning the known dangers associated with the use of their sports gambling apps. Due to the absence of any warning by the Defendants as to the significant addiction risk associated with their sports gambling products, Plaintiff was unaware that his use of the platforms would lead to his addiction and further economic and mental injuries.

137. To the extent that Defendant(s) may claim that one or more of Plaintiff's claims are barred by the applicable statute of limitations, Plaintiff asserts that the statute of limitations is and has been tolled by Plaintiff's discovery that the injuries were caused by Defendants' defective products and failure to properly and adequately warn of the products' risks, all as more fully set forth in this Complaint, after the injuries sustained by Plaintiff.

### **PRAYER FOR RELIEF**

138. WHEREFORE, Plaintiff requests judgment against Defendants for compensatory damages for all injuries and losses recoverable under law, including but not limited to:

- a. DANIEL ARROYO'S gambling losses incurred on the DraftKings and FanDuel apps;

- b. DANIEL ARROYO'S physical harm, including his development of a gambling addiction disorder suffered as a result of using DraftKings' and FanDuel's sports gambling platform;
- c. DANIEL ARROYO'S pain and suffering;
- d. DANIEL ARROYO'S lost earnings;
- e. All recoverable costs of this action; all legally recoverable interest; and
- f. Any other relief the Court deems just and proper.

**DEMAND FOR JURY TRIAL**

Plaintiff respectfully demands a trial by jury of all claims so triable.

Dated: March 26, 2026

Respectfully Submitted,

/s/ Andrew Rainer

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