

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

JOHN DOE,

Plaintiff,

vs.

MEDIUM RARE N.V. d/b/a STAKE.COM,  
SWEEPSTEAKS LTD. d/b/a STAKE.US,  
EASYGO GROUP HOLDINGS PTY LTD.,  
EASYGO ENTERTAINMENT PTY LTD.,  
MEDIUM RARE LTD., SLICEMEDIA B.V.,  
BIJAN TEHRANI, EDWARD CRAVEN,  
CHRISTOPHER FREEMAN, COINBASE,  
INC.; and COINBASE GLOBAL, INC.

Defendants.

Index No.:

Date purchased:

**SUMMONS**

Plaintiff designates New York County as the  
place of trial.

The basis for the venue is CPLR § 503(a)

**To the above-named Defendants:**

*You are hereby summoned* to answer the complaint in this action and to serve a copy of your answer, or, if the complaint is not served with this summons, to serve a notice of appearance, on the Plaintiff's Attorney(s) within 20 days after the service of this summons, exclusive of the day of service (or within 30 days after the service is complete if this summons is not personally delivered to you within the State of New York); and in case of your failure to appear or answer, judgment will be taken against you by default for the relief demanded in the complaint.

Dated: April 7, 2026

/s/ David R. Buchanan

David R. Buchanan

Nigel P. Halliday (*pro hac vice to be filed*)

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***Counsel for Plaintiff***

**TO: (continued on next page)**

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**COINBASE GLOBAL, INC.**

c/o Registered Agent - CT Corporation System, 1999 Bryan St. #900, Dallas, Texas  
75201

**COINBASE, INC.**

c/o Registered Agent - CT Corporation System, 1999 Bryan St. #900, Dallas, Texas  
75201

**SUPREME COURT OF THE STATE OF NEW YORK  
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INC.; and COINBASE GLOBAL, INC.

Defendants.

Index No.:

**COMPLAINT FOR DAMAGES**

Jury Trial Demanded

Plaintiff John Doe brings this Complaint against Defendants Medium Rare N.V. d/b/a Stake.com, Sweepsteaks Ltd. d/b/a Stake.us, Easygo Group Holdings Pty Ltd., Easygo Entertainment Pty Ltd., Medium Rare Ltd., Slicemedia B.V., Bijan Tehrani, Edward Craven, Christopher Freeman, Coinbase, Inc.; and Coinbase Global, Inc., (“Defendants”) and alleges, upon personal knowledge as to his own actions and his counsel’s investigations, and upon information and belief as to all other matters, as follows:

**I. INTRODUCTION**

1. This case is about the promotion and operation of an illegal offshore gambling platform, Stake.com, to target and acquire minor users, including Plaintiff.

2. As a minor in New York, Plaintiff was recruited to participate in underage gambling through gambling livestreams and platform endorsement deals (via the Stake Defendants), and

then routed to a U.S.-facing crypto onramp that enabled repeated deposits to offshore casino wallets (via the Coinbase Defendants).

3. The Stake Defendants, as described below, permitted underage users, including Plaintiff, to wager on their platforms, while Defendant Coinbase knowingly supplied routing and payment infrastructure that made such wagering possible.

4. In the case of Coinbase, Defendants facilitated the conversion and transfer of funds used for illegal gambling by a minor, notwithstanding Coinbase's own 18-and-over eligibility requirements and public representations regarding restricted uses.

5. This conduct violated state laws enacted to protect minors and to prevent the exploitation of vulnerable users through unlawful gambling activity. (See, e.g., N.Y. Rac. Pari-Mut. Wag. & Breed. Law §§ 1332, 1362, 1367(4), 1404; N.Y. Comp. Codes R. & Regs. Tit. 9., §§ 5329.19(a), 5313.2, 5325, 5327.)

6. The predictable result of Defendants' operation was a devastating impact on Plaintiff, including years of financial losses and a severe addiction-related injury, all incurred before Plaintiff was legally allowed to gamble.

7. Although he has made progress through recovery programs, Plaintiff's injuries endure and will require lifelong care and management.

8. The prevalence of online gambling by underage users is rapidly increasing, and has become the next addiction crisis; following on the heels of the opioid epidemic and the now infamous tobacco litigation.

9. The Defendants that prey on our youth must be held accountable for the destruction they have, and are continuing to cause.

## II. PARTIES AND CITIZENSHIP

### A. Plaintiff:

10. Plaintiff John Doe is a citizen of New York, residing in Westchester County, NY.

11. Plaintiff was a minor when he began gambling on Defendants' platforms, Stake.com and Primedice.

12. Between the ages of 13 and 19, Plaintiff engaged in frequent online gambling activity, which he concealed from his parents.

13. During his teenage years, Plaintiff incurred substantial online gambling losses, depleting his personal savings and, when his own funds were exhausted, charging his father's credit card without authorization.

14. The financial impact extended beyond those direct losses. Plaintiff's gambling impaired his ability to maintain a bank account or manage personal finances without relapse concerns, and created ongoing financial strain within his family, which assumed responsibility for addressing the resulting debts.

15. Plaintiff's gambling addiction derailed his education and early adulthood.

16. Plaintiff was unable to study or concentrate through high school because gambling was "the only thing that felt fun."

17. While his peers were preparing for college, Plaintiff compulsively stayed awake through the night placing online bets, sleeping little, and hiding his activities.

18. After graduating high school, he enrolled at Indiana University, but withdrew within one week of arriving, telling his family he could not remain on campus.

19. The true reason, later revealed, was that he had already lost all available funds and was unable to pay for food or necessities.

20. The illicit gambling operation, as described in this Complaint, robbed Plaintiff of his opportunity to attend college and the formative social experiences that accompany it.

21. Instead of attending college, Plaintiff moved back to his childhood home and began intensive therapy at Columbia University's specialized addiction counseling program to treat his compulsive gambling.

22. Plaintiff has been formally diagnosed with compulsive gambling disorder and panic disorder, suffers from anxiety, depression, and recurring panic attacks—episodes in which he feels he “is going to die” and cannot control his breathing, among other psychological and emotional injuries all caused by Defendants' harm.

23. When the Columbia University program failed to treat Plaintiff's addiction, he turned to Gambler's Anonymous (GA).

24. Plaintiff currently attends four GA meetings per week, spends about ten (10) hours weekly in therapy, and works with a sponsor daily.

25. Plaintiff's addiction severely and permanently strained his familial relationships.

26. To conceal his gambling losses, he repeatedly lied and manipulated his parents to access money; the addiction preyed upon, exploited, and fractured the most sacred bond: the trust between parent and child.

27. To prevent relapse, and in a fragile attempt at rebuilding trust, Plaintiff's father now acts as his personal financial controller.

28. Plaintiff maintains de minimis sums of money in his bank account, and requests small amounts of money from his father for daily expenses.

29. His father reviews receipts to account for every expense to ensure that Plaintiff did not use the money on gambling.

30. Plaintiff damaged his credibility with his siblings and must watch as they progress and flourish through their lives.

31. The cumulative effect of Plaintiff's addiction has eroded Plaintiff's self-esteem, confidence, and the ability to enjoy the pleasures of ordinary life.

32. The addiction has permanently altered his life's trajectory, forcing Plaintiff to live under financial guardianship, jeopardizing his career options, and leaving permanent emotional scars.

33. Through this Complaint, Plaintiff brings claims for damages and injunctive relief under New York common law, New York's Gen. Bus. Law § 349, and similar state consumer protection statutes.

**B. Stake Defendants:**

34. The following Defendants operate as a single engaged enterprise, hereinafter referred to collectively as the "**Stake Defendants**":

- a. Defendant Medium Rare N.V. d/b/a Stake.com ("Medium Rare");
- b. Defendant Sweepsteaks Ltd. d/b/a Stake.us ("Sweepsteaks");
- c. Defendant Easygo Group Holdings Pty Ltd. ("Easygo Holdings");
- d. Defendant Easygo Entertainment Pty Ltd. ("Easygo Entertainment");
- e. Defendant Medium Rare LTD.;
- f. Defendant Slicemedia B.V. ("Slicemedia");
- g. Defendant Bijan Tehrani ("Tehrani"); and
- h. Defendant Edward Craven ("Craven").

35. There is a complete unity of ownership and interest across these entities: Defendants Tehrani and Craven founded, wholly own, and direct the operations of every entity

within this enterprise.

36. They do not operate these companies as arm's-length partners, but as mere departments of a single global gambling syndicate. Each defendant is explained in more detail in the following paragraphs:

37. Defendant Edward Craven ("Craven") is a resident of Melbourne, Victoria, Australia.

38. Craven is the CEO of Defendant Easygo Holdings.

39. Defendant Bijan Tehrani ("Tehrani") is an individual who was born in the United States and maintains a residence in New York, NY.

40. Defendants Tehrani and Craven founded, wholly own, and run Defendants Medium Rare, Sweepstakes, Slidemedia, Easygo Group Holdings Pty. Ltd. ("Easygo Holdings"), and Easygo Entertainment Party Ltd. ("Easygo Entertainment").

41. Defendant Easygo Entertainment is an Australian Proprietary Company with its principal place of business at Level 2, 287-293 Collins Street, Melbourne, Victoria, 3000 Australia.

42. Defendant Easygo Holdings is an Australian Proprietary Company with its principal place of business at Level 2, 287-293 Collins Street, Melbourne, Victoria, 3000 Australia.

43. Defendant Easygo Holdings has an interest in Defendant Medium Rare and its operation of the Stake.com casino.

44. Defendant Medium Rare N.V. d/b/a Stake.com ("Medium Rare") is a Curaçao Limited Liability Company with its principal place of business at Seru Loraweg 17 B, Curaçao.

45. Through the Stake.com website, brand, promotions, advertisements, and affiliated marketing agreements, Medium Rare intentionally conducts business in New York.

46. Defendant Medium Rare Ltd. is a Cyprus Limited Liability Company with its

principal place of business at 7-9 Riga Feraiou, Lizantia Court, Office 310, Agioi Omologites, 1087 Nicosia, Cyprus.

47. Medium Rare Ltd. handles payment processing for Medium Rare N.V.

48. Defendant Sweepsteaks Ltd. d/b/a Stake.us (“Sweepsteaks”) is a Cyprus Limited Company with its principal place of business located at 28 Oktovrio, 313 Omrania BLD, Limassol, CY-3105, Cyprus.

49. Sweepsteaks conducts business in New York through its website and brand, including but not limited to its “.us” domain, promotions, advertisements, and affiliated marketing agreements.

50. It operates a United States office located at 13101 Preston Road, Suite 110-5027, Dallas, TX 75240.

51. While nominally a "social" gaming platform, Sweepsteaks functions as the essential compliance shield for the illegal Stake.com enterprise.

52. Upon information and belief, Defendants launched Sweepsteaks in 2022.

53. This was done to establish a veneer of domestic legality, utilizing its corporate existence to sanitize the “Stake” brand and market it to American audiences without triggering immediate regulatory enforcement.

54. By presenting Sweepsteaks as the United States operation’s public face, the Stake Defendants created deliberate regulatory confusion that obscured the illegal nature of their primary business, Stake.com, thereby maintaining the open access channels that allowed Plaintiff to continue gambling on Stake.com during the most critical years of his addiction.

55. Defendant Slicemedia is a part of the Stake.com corporate family. It operates a predecessor gambling site to Stake.com, Primedice, which was a crypto casino focused on dice

games specifically. It is a Curaçao Limited Liability Company with its principal place of business at Seru Loraweg 17 B, Curaçao. Primedice was created, designed, and founded by Tehrani, Craven, and Freeman. Plaintiff used Primedice as a minor to gamble.

56. Defendant Freeman is a resident of Florida. He was integrally involved in the design and operation of Primedice, as well as the Stake Defendants' early corporate decisions regarding the operation of the enterprise. Following a dispute between Tehrani, Craven, and Freeman, Freeman was pushed out of ownership of the business.

**1. Alter Ego Allegations as to the Stake Defendants:**

57. As previously stated, there is a complete unity of ownership and interest across the Stake Defendants.

58. The unity of interest extends beyond the individual founders to the corporate structure itself.

59. Defendant Easygo Group Holdings Pty Ltd. serves as the central holding company and operational hub for the entire enterprise.

60. Public corporate profiles and industry reports confirm that Easygo Holdings is the "parent company" of both Medium Rare entities and Sweepsteaks (also known as Stake.us).

61. Medium Rare owns and operates the online casino Stake.com.

62. Stake.com and Stake.us are Easygo Holding's wholly owned or controlled subsidiaries, subject to the direct oversight and financial dominance of the Australian headquarters.

63. On information and belief, Tehrani and Craven structured these entities deliberately to shield themselves from liability while continuing to operate and profit from an illegal online gambling enterprise in New York and across the United States.

64. Defendant Freeman has publicly admitted precisely this in a lawsuit he filed against

Tehrani and Craven, explaining that he, Craven, and Tehrani were advised by their counsel that they should “establish a web of offshore entities to keep their identities and ‘fingerprints’ off the operating entities due to the legal risks flowing from such offshore, unlicensed, crypto-based gambling online ventures.” Notably, this advice came from the third set of lawyers Freeman, Craven, and Tehrani consulted. Freeman has publicly admitted in a parallel lawsuit that the first set of lawyers the group consulted advised them to immediately shut down their online crypto casino.

65. This complex web of shell companies serves no legitimate business purpose other than to obfuscate the flow of funds from American minors to offshore casinos.

66. As noted in an enforcement action by the City of Los Angeles against Stake, “separating their liability and allowing shareholders to dodge personal liability... would be inequitable” given the unity of their unlawful purpose. *People of the State of California v. Sweepsteaks Ltd.* [hereinafter “*The LA Enforcement Action*”], Super. Ct. Cal., Los Angeles Cty., filed Aug. 28, 2025, No. 25STCV25304) at ¶ 27. Thus, it would be inequitable to permit Defendants to escape responsibility for the harm caused by their unified and unlawful conduct.

**C. Coinbase Defendants:**

67. Defendant Coinbase Global, Inc. is a corporation operating in the cryptocurrency field and is incorporated in the State of Texas.

68. According to Coinbase Global, Inc.’s Form 10-K for the fiscal year ended December 31, 2024, its principal executive offices are located at One Madison Avenue, Suite 2400, New York, NY.

69. Coinbase Global, Inc. is one of the world's largest crypto exchanges and custodians of digital assets, with \$404 billion in digital assets under management at the end of 2024.

70. Coinbase, Inc. is the operating entity that provides the Coinbase consumer platform, including: account onboarding; identity verification; linking of funding instruments; and fiat-to-cryptocurrency conversion services.

71. On information and belief, Coinbase, Inc. transacts business in New York, provides services to New York residents including Plaintiff, and derived fees and other revenue from the transactions described *infra*.

72. Coinbase, Inc. is the subject of the NYDFS Consent Order described below, pleaded for notice, foreseeability, and standard-of-care purposes.

73. On information and belief, Defendant Coinbase Global, Inc. directly or indirectly controls Coinbase, Inc., including through ownership, common management, and the power to direct Coinbase, Inc.'s policies and practices concerning customer onboarding, "Know Your Customer" (KYC)/AML compliance, risk classification, and transaction monitoring.

74. On information and belief, Coinbase, Inc. operated the "Coinbase" branded exchange and custodial wallet services offered to Plaintiff and other New York residents.

75. Coinbase Global, Inc. held these services out to the public as "Coinbase," authorized and ratified Coinbase, Inc.'s conduct, and is liable for it.

76. Coinbase Global, Inc. and Coinbase, Inc. are referred to collectively as the **"Coinbase Defendants."**

77. On information and belief, the Coinbase Defendants derived substantial revenue and other benefits from transaction fees, spreads, account growth, and asset-custody related revenues associated with the transactions and flows of funds alleged herein.

78. On information and belief, Coinbase makes its consumer platform available to and routinely serves New York residents through contracts formed via its New York-directed

clickwrap onboarding flow, including identity verification, linking of New York-based or New York-used funding instruments, and execution of cryptocurrency purchase and transfer transactions initiated from within New York.

79. Coinbase's New York-directed operations include servicing New York users, including Plaintiff, and earning transaction fees from New York-based gambling activity of the kind alleged herein.

**D. The Combined Operation - All Defendants**

80. While each Defendant performed a distinct function, they collectively operated as an integrated machine that facilitated repeated offshore gambling activity.

81. For ease of reference, this integrated machine is referred to herein as "**The Operation.**" The Operation functioned through two interdependent components that together enabled the flow of funds from United States consumers to offshore gambling services.

82. The "**Operator Defendants**" consist of Medium Rare N.V., Sweepsteaks Ltd., Easygo Group Holdings Pty Ltd., Easygo Entertainment Pty Ltd., Medium Rare LTD., and founders Bijan Tehrani and Edward Craven.

83. The Operator Defendants functioned as the architects of the gambling scheme; designing, coding, and deploying proprietary gambling software, the prohibited gambling products (including, but not limited to, the 'Stake Originals' suite of games), the deceptive "sweepstakes" facade (discussed *infra*), and the unregulated streaming platform, Kick.com, intended to retain users banned from legitimate platforms.

84. The "**Facilitator Defendant**" (Coinbase) functioned as the Operation's financial engine.

85. New York Department of Financial Services found that Coinbase's compliance

program suffered serious deficiencies, including a ‘check-the-box’ approach in key areas.

86. As part of a settlement to avoid punishment for these serious violations of law, Coinbase agreed to a Consent Order imposing remediation, monitorship, and penalties.<sup>1</sup>

87. In this case, Coinbase’s onboarding and transaction controls failed to prevent or interrupt a foreseeable, high-risk conversion-and-transfer pattern consistent with prohibited use, while Coinbase collected fees from the same transaction cycle. (*In the Matter of Coinbase, Inc.*, N.Y. State Dep’t of Fin. Servs. Consent Order, ¶ 39 (Jan. 4, 2023) (hereinafter, the “**NYDFS Consent Order**” or “**Consent Order**”).)

88. Coinbase provided the compliance evasion mechanism necessary for the Operator Defendants to bypass New York State anti-gambling restrictions, thereby enabling the illicit extraction of funds from United States residents, including Plaintiff.

#### Jurisdiction and Venue

89. This Court has general subject matter jurisdiction over this action pursuant to Article VI, § 7 of the New York State Constitution, which grants the Supreme Court jurisdiction in law and equity.

90. This Court has personal jurisdiction over Defendants Coinbase Global, Inc. and Coinbase, Inc. pursuant to CPLR § 302(a)(1) because they transact business within New York and contract to supply services in New York, and Plaintiff’s claims arise from those New York-directed transactions.

91. Plaintiff opened and used the Coinbase consumer account in New York.

92. Plaintiff was presented in New York with Coinbase’s clickwrap User Agreement

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<sup>1</sup> Plaintiff pleads the Consent Order solely for notice, foreseeability, and standard-of-care context—not to privately enforce AML/BSA requirements.

as part of onboarding (any purported acceptance was not a knowing, voluntary assent and, in any event, occurred when he was a minor and is voidable and unenforceable).

93. Plaintiff linked and used a payment instrument issued in Plaintiff's name from New York.

94. Plaintiff used Coinbase's app/website from New York to purchase cryptocurrency.

95. Plaintiff used Coinbase's transfer functionality from New York to send cryptocurrency to offshore gambling deposit addresses, generating fees and spreads for Coinbase from New York-based transactions.

96. Coinbase's services (including onboarding, identity verification, funding-instrument linking, fiat-to-crypto conversion, and outbound transfer services) were provided to Plaintiff in New York and constitute purposeful New York business activity that is the direct "articulable nexus" for the claims plead here.

97. These jurisdictional allegations are based on Coinbase's New York-directed provision of services and course of dealing with Plaintiff, and are not a concession that any Coinbase terms—including any arbitration provision—were validly formed, knowing and voluntary, or enforceable against Plaintiff.

98. The NYDFS Consent Order further confirms that Coinbase's consumer platform operations were conducted under New York regulatory supervision.

99. Further, the Consent Order confirms that Coinbase had specific notice of compliance and risk-control failures that are relevant to the foreseeable misuse alleged here.

100. Additionally, Defendant Coinbase Global, Inc. is subject to general jurisdiction in New York based on its continuous and systematic New York presence, including maintaining an office within New York County at One Madison Avenue, Suite 2400, New York, New York

10010, identified in Coinbase's securities filings as being its principal place of business, and directing substantial corporate operations connected to the Coinbase consumer platform through New York.

101. This Court has personal jurisdiction over the non-domiciliary Defendants (Medium Rare N.V. d/b/a Stake.com, Sweepsteaks Ltd. d/b/a Stake.us, Easygo Group Holdings Pty Ltd., Easygo Entertainment Pty Ltd., Medium Rare Ltd., Slicemedia B.V., Bijan Tehrani,<sup>2</sup> Edward Craven, and Christopher Freeman) pursuant to CPLR § 302(a)(1) because they transact business within the state and contract to supply goods or services in the state.

102. As alleged *infra*, these Defendants purposefully targeted New York residents by promoting its gambling platforms in the state of New York, entering into "Terms of Service" contracts with New York users (including Plaintiff), and deriving substantial revenue from interstate commerce that had a direct foreseeable effect in New York.

103. This Court further has jurisdiction pursuant to CPLR § 302(a)(3) because the non-domiciliary Defendants committed tortious acts throughout the state that caused injury to person and property within the state, and Defendants expected or should have expected their acts to have consequences in the state.

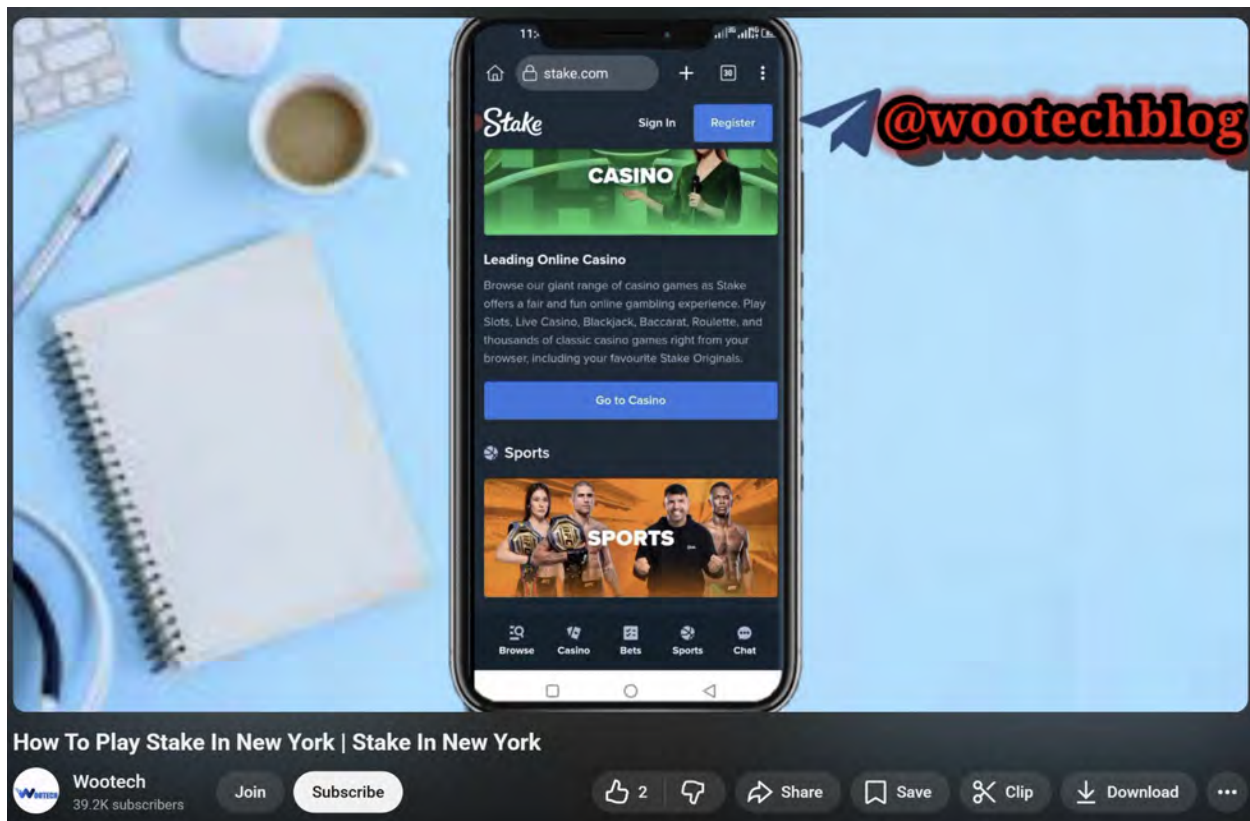
104. The State of New York has personal jurisdiction over the Defendants because they purposefully avail themselves of the privilege of conducting business in the State by directly targeting New York residents with advertisements, sponsorships, and interactive gambling platforms.

105. As an example, in the video excerpted below, a Stake affiliate provides step-by-step instructions to New York citizens on how to create an account with Stake using the affiliate's

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<sup>2</sup> As noted above, Tehrani maintains a residence in New York City.

unique promotional code and registration link. Stake uses this kind of affiliate promotion to target New York citizens.



106. The Stake Defendants and Freeman further purposefully availed themselves of this forum by designing and operating Primedice in New York. Between 2015 and 2021, Primedice was designed and operated out of New York by Tehrani and Freeman during the time each was a resident of New York. Tehrani was a resident of New York from 2015 until approximately 2017 (and to this day maintains a residence in New York) and Freeman was a resident of New York from 2017 to 2021. Defendant Freeman has publicly admitted that during this period, Freeman, Tehrani, and Craven developed a number of features for Primedice that would come to be used by Stake.com, including certain games, technologies, and functionalities shared by both sites. Plaintiff gambled on both Stake.com and Primedice.

107. Under New York law, illegal gambling is deemed to occur where the player is

located. (*See People v. World Interactive Gaming Corp.*, 185 Misc. 2d 852 (Sup. Ct. N.Y. Cty. 1999); *see also* Penal Law § 225.00(2).)

108. Because Plaintiff was located in New York when he was solicited, onboarded, and exploited by the Operation, the injury occurred within this Court's jurisdiction.

109. Venue is properly designated in New York County pursuant to CPLR §§ 503(a) and 503(c) because Plaintiff is a New York resident the wrongful conduct and injuries occurred in New York; and the Coinbase Defendants contract to supply services in New York and transact business in New York, including through the Coinbase consumer platform used by Plaintiff from New York.

110. Venue is further proper because Coinbase Global, Inc. maintains its principal executive office within New York County at One Madison Avenue, Suite 2400, New York, New York 10010.

111. To the extent any Defendant contends provisions contained in any Terms of Service or similar online agreement govern this dispute—including any clause requiring litigation or arbitration outside New York or in a foreign jurisdiction—such provisions are unenforceable as to Plaintiff.

112. Plaintiff was a minor lacking legal capacity at the time of any purported assent, and any such agreement is voidable and has been expressly disaffirmed by Plaintiff through the filing of this Complaint.

113. Plaintiff did not knowingly and voluntarily assent to any arbitration or forum-selection term, and no enforceable delegation clause binds Plaintiff in the absence of a valid agreement.

114. Accordingly, venue is governed by the CPLR and applicable New York law, not

by any purported adhesion contract.

### III. FACTUAL ALLEGATIONS

115. Gambling in New York is tightly regulated.

116. Defendants' coordinated conduct operated outside New York's tightly limited gambling framework and predictably enabled minors—including Plaintiff—to engage in unlawful online gambling.

117. NY CLS Const Art I, § 9, provides that “except as hereinafter provided, no lottery or the sale of lottery tickets, pool-selling, book-making, or any other kind of gambling ... shall hereafter be authorized or allowed within this state...”

118. The exceptions are “lotteries operated by the state and the sale of lottery tickets in connection therewith,” “pari-mutuel betting on horse races,” and “casino gambling at no more than seven facilities as authorized and prescribed by the legislature[.]”

119. All forms of gambling not expressly allowed by the above section are still illegal in New York. *See* NY CLS Penal § 225.00, *et seq.* N.Y. Gen. Oblig. Law § 5-401 prohibits “all wagers, bets or stakes, made to depend upon any race, or upon any gaming by lot or chance, or upon any lot, chance, casualty, or unknown or contingent event whatever....”

120. In particular, New York prohibits all gambling by minors, even for the types of gambling that are legal in New York.

121. The minimum age for wagering in New York on social games, fantasy sports, traditional lottery (other than Quick Draw) and pari-mutuel racing is 18.

122. The legal minimum age is 21 for Quick Draw, video lottery terminals, commercial casinos and sports wagering.

123. Furthermore, New York prohibits any advertisements that “[d]epict any person under the age of twenty-one engaging in gaming and related activities[.]” N.Y. Rac. Pari-Mut. Wag. & Breed. Law §§ 1363(2)(c).

124. Nevertheless, online real money gambling games operated or facilitated by Defendants herein, are widely available in New York over the internet on mobile devices and personal computers, including to minors.

125. These products evade consumer protection, responsible gaming, and anti-money laundering requirements to which gambling in New York is otherwise subject. These products and operations are untaxed and unregulated.

126. Defendants’online gambling platforms evade state prohibitions of the use of U.S.-based financial institutions for gambling by accepting payment in cryptocurrency.

127. Defendant Coinbase Global, Inc. provides widely used cryptocurrency services that, as alleged below, functioned here as a substitute payment pathway for offshore gambling when traditional card and bank rails were restricted.

**A. *The Stake Defendants’ Three-Prong Strategy to Operate an Illegal Gambling Platform Without New York Authorization***

128. The Stake Defendants operate one of the largest offshore online gambling platforms in the world, publicly reporting approximately \$4.7 billion in gross gaming revenue in 2024.<sup>3</sup>

129. Upon information and belief, approximately \$219 billion in Bitcoin wagers flow through the platform annually.

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<sup>3</sup> Mark Whittaker, *Ed Craven & the untold story of Stake: Inside the \$5.6 billion rise of crypto’s biggest high rollers*, *Forbes* (Feb. 24, 2025), available at <https://www.forbes.com.au/covers/magazine/how-ed-craven-and-bijan-tehrani-built-their-5-6-billion-fortune/> [last accessed April 3, 2026].

130. To place that scale in context, Stake Defendants publicly claim that their platform handles nearly 4% of all annual Bitcoin transactions worldwide.<sup>4</sup>

131. Leveraging these billions, the Stake Defendants secure endorsements from global superstars.

132. According to public reports, Stake pays the rapper Drake an estimated \$100 million per year to livestream himself gambling on their platform to his millions of young followers.<sup>5</sup>

133. Beyond individual influencers, the marketing budget funds title sponsorships of major global sports entities, including the Stake F1 Team (formerly Alfa Romeo), Everton FC, and various UFC athletes.

134. While Stake is prohibited from advertising within the United States, these sponsorship deals allow Defendant to bypass domestic restrictions.

135. Through these sponsorships, athletes and celebrities promote Stake directly to millions of U.S. followers on social media, wearing branded apparel and creating content consumed by American fans.

136. This conduct effectively overrides broadcast blackouts designed to protect U.S. consumers from unregulated offshore casinos, creating a false veneer of legitimacy that misleads consumers into believing Stake is a lawful, regulated operator.

137. Upon information and belief, the Stake Defendants executed a calculated, three-prong strategy to capture the U.S. market, prioritizing rapid growth over legal compliance.

### **1. Prong One: Unregulated Direct Access to Stake.com.**

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

<sup>5</sup> Alphonse Pierre, *On Drake's Gambling Streams, Everybody Loses*, Pitchfork (April 16, 2025), available at <https://pitchfork.com/thepitch/on-drakes-gambling-streams-everybody-loses/> [last accessed April 3, 2026].

138. In the initial phase, aimed at obtaining a dominant market share, the Stake Defendants intentionally operated Stake.com with virtually no KYC controls.

139. Operator Defendants understand that identity verification creates "friction" that reduces sign-ups and imposes burdensome regulatory overhead.

140. As a result, Defendants permitted U.S. users—including Plaintiff, and other minors similarly situated—to access Stake.com via a virtual private network (“VPN”), a tool that disguises a user’s geographic location, without any meaningful age or identity checks, and gamble instantly.

141. This calculated non-compliance with various state gambling prohibitions, including New York’s, allowed Defendants to onboard millions of unverified users and establish a substantial and rapidly expanding foothold in the U.S. market.

142. The weaknesses of this verification system were deliberate. In a prior business venture operated by Tehrani, Craven, and Freeman, Primedice, the first time any effort was made to block US players from accessing Primedice, the site lost half its daily revenue, as Freeman publicly admitted in a lawsuit against Tehrani and Craven. Freeman further admitted that he was told by Primedice’s CEO (who currently serves as the CEO of most Stake corporate entities) that “stake has lots of usa players that can’t play on pd [referring to Primedice]” and that “most of the [customer support] chat is usa, and support to most of it is from USA and on pd we barely get any.”

143. The Stake Defendants maintained records of which users were using VPNs, which they chose to use for business purposes, but not to comply with the law. For example, in an argument with an unhappy customer of Stake on the online forum Bitcoin Talk, Tehrani, using the screenname Stunna, revealed that Stake tracks what users are using VPNs—writing to a disgruntled gambler that a purported error with payment was because “[l]ogs are indicating that

you are using a popular VPN, which is causing wrong cashout value and before successful cashout, the page must be refreshed/updated to show the right value at the moment.”

## 2. Prong Two: The "Sweepstakes Casino" Trojan Horse Structure.

144. As regulatory scrutiny of offshore online gambling increased in or around 2022, the Stake Defendants implemented a second component of their U.S. strategy with the launch of Stake.us.

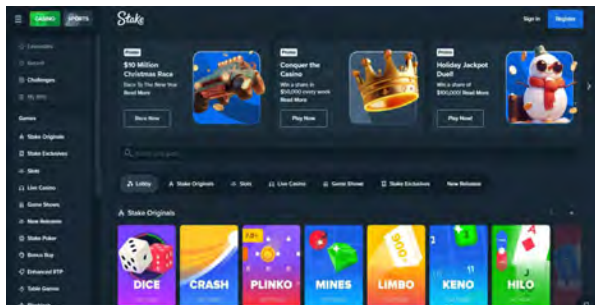
145. To obtain and maintain banking relationships, Stake Defendants marketed Stake.us as a U.S.-compliant “sweepstakes casino,” structured around a dual-currency system using so-called “Gold Coins” and “Stake Cash.”

146. These sites, operated or facilitated by Defendants herein, make it easy for minors to set up the credentials necessary to gamble.

147. Most of them look like familiar gaming sites, and many platforms don’t require proof of age or this proof requirement is easily by-passed.

148. In substance, this sweepstakes format operated as a Trojan Horse—presenting itself as a compliant promotional model while preserving the same wagering mechanics, user experience, and economic incentives as Stake.com.

149. Stake.us is essentially a clone of Stake.com:



Stake.com



Stake.us

150. Unlike Stake.com, at launch, Stake.us incorporated a “Level 2” identity-verification process requiring government-issued identification.

151. However, Stake Defendants knowingly designed and implemented this verification mechanism as a one-way gate.

152. On information and belief, the Stake.us’s architecture required identity verification only when the user attempts to withdraw money earned on the platform - not when the user creates an account

153. This permitted unverified users to deposit funds and place wagers immediately without completing identity checks.

154. As a result, users were allowed to gamble without verification, at least until the point of withdrawing winnings.

155. This design predictably maximizes deposits—including deposits from underage or otherwise ineligible users - by deferring compliance to the point until after the platform had captured funds.

156. This asymmetric verification structure allowed Defendants to present an appearance of compliance while continuing to accept wagers from minors and other unverified users who could deposit funds but were unable to withdraw winnings.<sup>6</sup>

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<sup>6</sup> This strategic pivot, however, has only exposed the Stake Defendants to greater legal peril. In jurisdictions including **Illinois** [*Urduan v. Sweepsteaks Limited*, No. 1:25-cv-03736 (N.D. Ill.)], **Alabama** [*Hall v. Sweepsteaks Limited*, No. 3:25-cv-00345 (M.D. Ala.)], and **Missouri** [*Killham v. Sweepsteaks Limited*, No. 2516-CV35089 (Cir. Ct. Jackson Cty.)], plaintiffs have filed suit alleging that Stake.us is not a lawful sweepstakes, but a thinly disguised illegal casino. Furthermore, the **Los Angeles City Attorney** has filed an enforcement action in **California**, alleging that Stake.us constitutes an illegal gambling operation targeting California consumers [*The LA Enforcement Action.*, *supra*]. These complaints allege that the “free” entry methods are illusory and that the platform’s true purpose is to facilitate illegal gambling transactions in violation of state consumer protection and anti-gambling statutes.

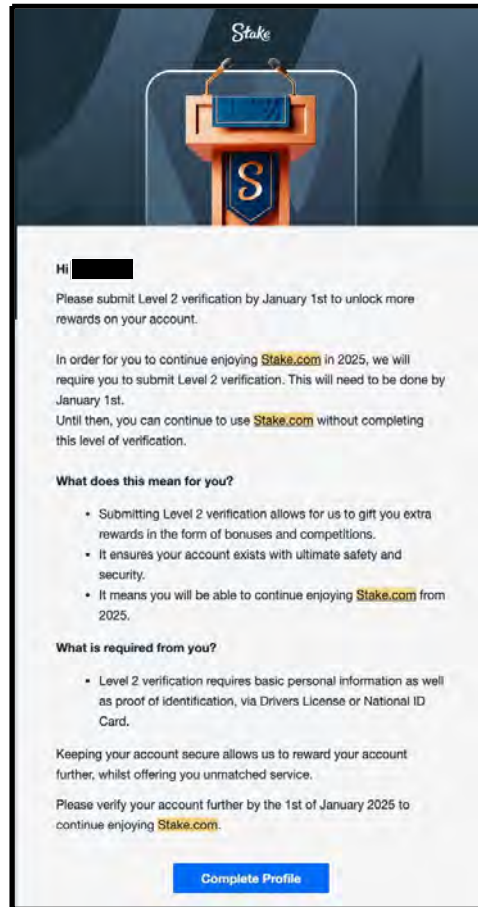
### **3. Prong Three: The Covert Credential Distribution Network.**

157. As regulatory scrutiny increased, the Stake Defendants transitioned from passive non-compliance to an affirmative system designed to distribute access credentials to individuals who could not lawfully complete identity verification.

158. This third phase operated through a parallel, invitation-only infrastructure designed to distribute pre-verified accounts while minimizing traceability and audit risk.

159. In or around September 2024, the Stake Defendants sent mass email notifications to their Stake.com user base, announcing that ‘Level 2’ identity verification would become mandatory for all accounts by 2025.

160. This notice confirmed that unverified play—previously the platform’s standard operating model—would no longer be tolerated on the main platform.



161. However, this purported crackdown remains fatally flawed by design.

162. Stake's 'Level 2' verification process still did not require a 'liveness check' or dynamic selfie.

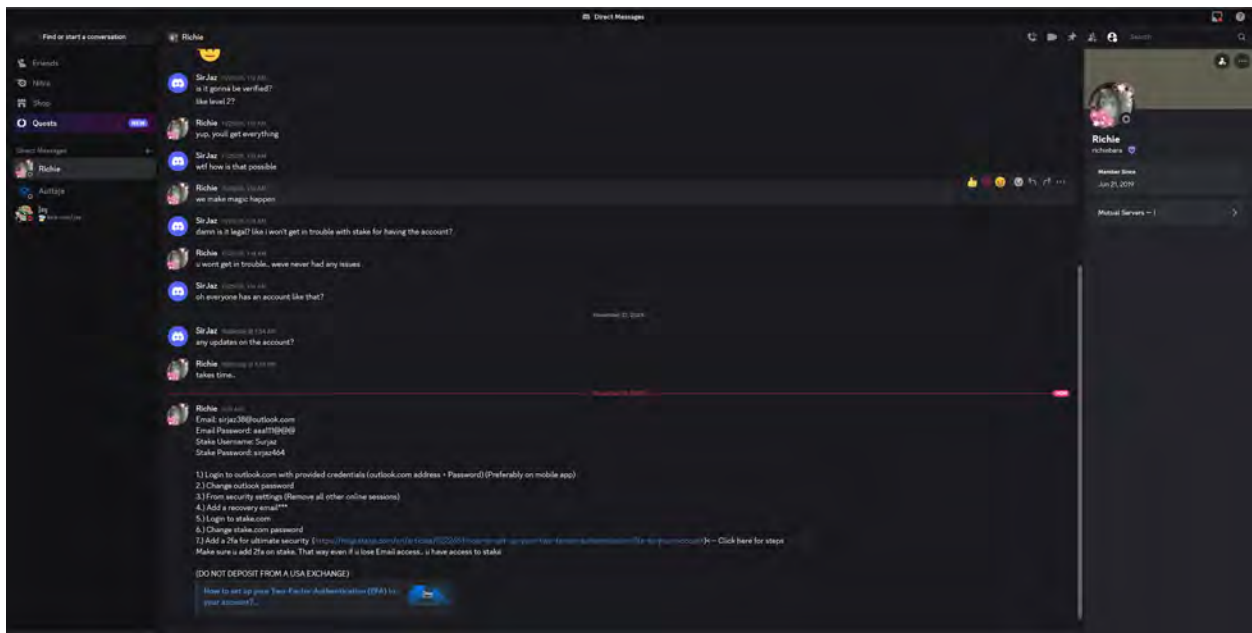
163. These are industry-standard biometric tools used by legitimate financial institutions and technology companies to ensure the person holding the device matches the ID being uploaded.

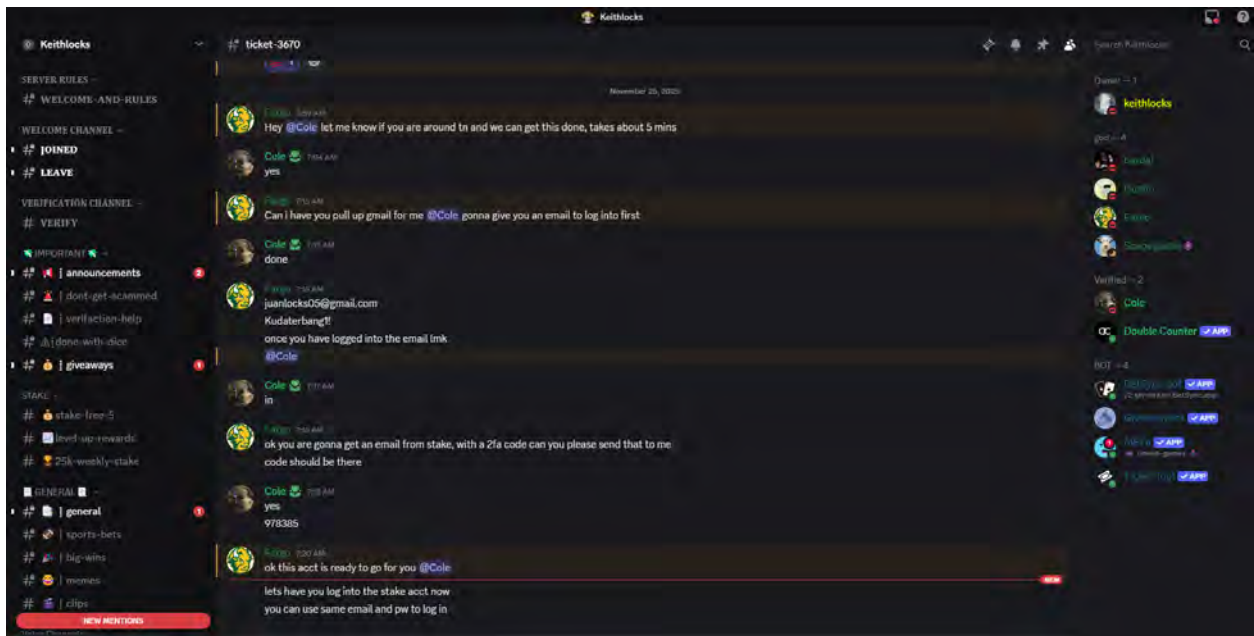
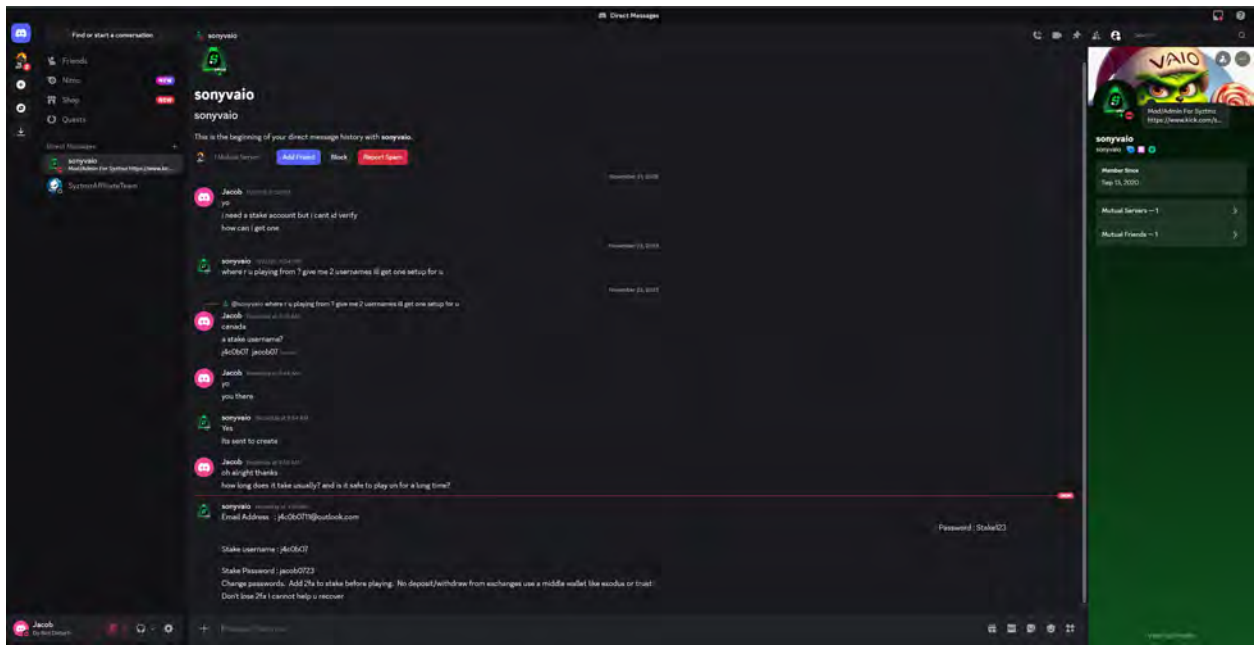
164. By consciously omitting this, and other standard safeguards, Operator Defendants knowingly permit the use of static, stolen, or purchased identity documents.

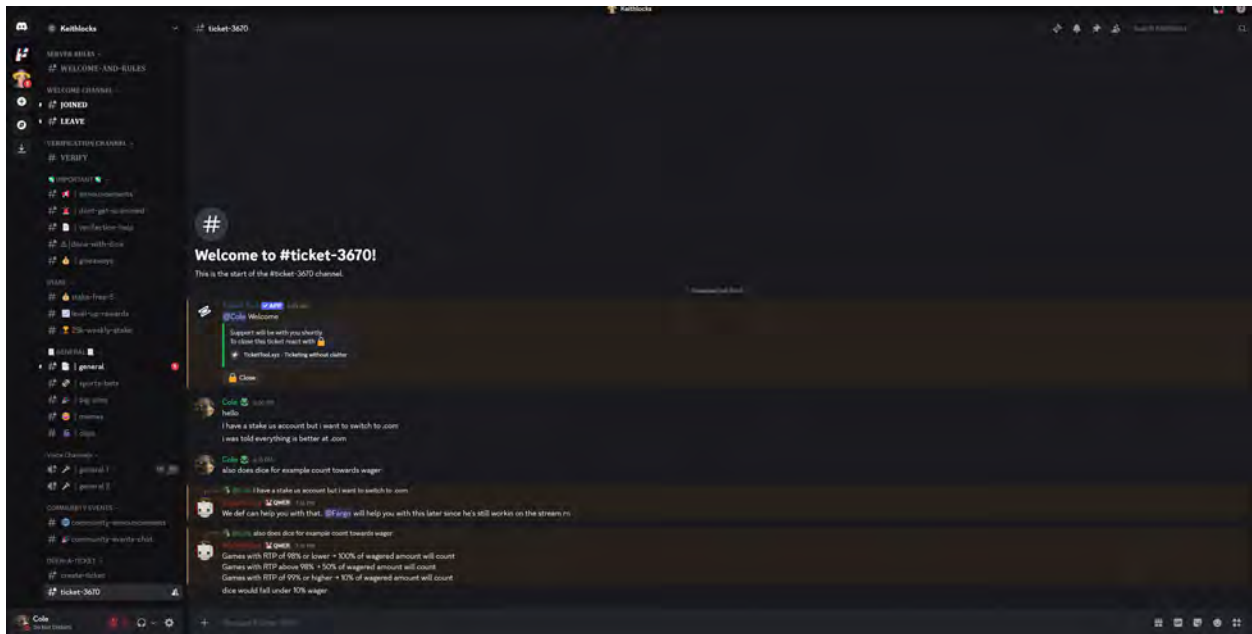
165. This deliberate technical gap is what allows the 'black market' for pre-verified accounts (described *infra*) to thrive, as it permits agents to verify accounts using nothing more than a file upload, without ever exposing a human face to the camera.

166. Upon information and belief, in parallel with their public-facing verification requirements, the Stake Defendants now operate a separate distribution channel through a network of “special partner” Streamers to facilitate access to pre-verified accounts for high-value users who cannot complete identity verification themselves.

167. Through private Discord servers managed by these Streamers, login credentials are provided for “Level 2” accounts (accounts that have already completed verification using identities of someone other than the end user).







168. The operational hub for this clandestine distribution network is Discord, a messaging platform organized into invitation-only communities known as “servers.”

169. Within these gated servers, the "special partner" influencers utilize a mechanism known as "support tickets," which are temporary, private chat channels visible only to the user and the distributor.

170. Once a prohibited user requests an account inside this private channel, moderators provide the pre-verified login credentials directly.

171. Unlike conventional customer-support systems, after the transaction on Discord is completed, the moderator closes and deletes the ticket, permanently destroying the evidence of the transfer.

172. By design, Discord's architecture permanently erases data from deleted channels immediately, with no native option for recovery.

173. Because the Stake Defendants deliberately choose *not* to configure optional transcription features, every illicit transaction is effectively "shredded" the moment a moderator

completes it, leaving no digital footprint for regulators to audit.

174. This system allows the Stake Defendants to distribute thousands of fraudulent accounts while maintaining total deniability, and is designed to minimize retention and auditability of credential transfers.

175. Upon information and belief, the Stake Defendants compensate Streamers who encourage users to access Stake.com through the illicit Discord channel at higher affiliate rates than standard Streamers.

176. This compensation structure rewards the recruitment of users who require pre-verified accounts in order to access the platform.

177. Accounts distributed through this process are frequently registered using disposable or “burner” email addresses, further separating account access from verifiable user identities.

178. By funding and managing this distribution network, the Operator Defendants have transformed their operation from one of passive non-compliance into an active, fraudulent operation designed to deceive regulators while continuing to prey on minors.

***B. The Result: Widespread Access by New York Consumers***

179. The success of the Stake Defendants’ evasion strategy is quantifiable. According to public traffic analytics from SEMrush (November 2025), the United States remains the third-largest source of traffic to Stake.com globally, generating approximately **5.22 million visits to the illegal platform in a single month.**<sup>7</sup>

180. This volume places the United States ahead of nearly every jurisdiction where Stake is actually licensed.

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<sup>7</sup> *Stake.com Website Traffic, Ranking, Analytics*, Semrush, <https://www.semrush.com/website/stake.com/overview/> [last accessed Dec. 29, 2025].

181. This confirms that the platform's "geoblocking" is little more than a digital turnstile that Defendants knowingly allow millions of Americans to bypass.

182. Upon information and belief, a substantial portion of this traffic originates from New York.

183. Given that New York is the largest sports betting market in the United States by revenue—regularly exceeding \$2 billion in monthly handle—the scale of that activity supports a reasonable inference that the 5.22 million monthly U.S. visits to Stake.com include tens of thousands of New York residents.<sup>8</sup>

184. Consequently, Plaintiff's access followed as a foreseeable and predictable result of the Stake Defendant's business model.

185. Operator Defendants engineered this mass infiltration through the "open door" policy described in Prong One and the "credential distribution" network described in Prong Three.

186. By knowingly servicing this volume of New York traffic without enforcing effective blocks, Defendants have engaged and, indeed, continue engaging in consumer-oriented conduct that affects the public interest of the State at large.

### **C. The Twitch and Kick Pipeline**

187. To promote their gambling platforms Stake.us and Stake.com, the Operator Defendants utilized live-streaming platforms—primarily Twitch.tv ("Twitch") and Kick.com ("Kick").

188. Twitch initially functioned as the Operation's recruitment engine.

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<sup>8</sup> *New York Sets New U.S. Record with \$2.64 Billion in Mobile Sports Wagers*, iGamingToday (Nov. 10, 2025), <https://www.igamingtoday.com/new-york-sets-new-u-s-record-with-2-64-billion-in-mobile-sports-wagers/> [confirming New York is the "country's most lucrative online betting market" and has exceeded \$2 billion in handle for three consecutive months]

189. Distinct from a neutral hosting platform, Twitch entered into commercial contracts with the gambling-focused livestreamers (“**Streamers**”).

190. Twitch is an Amazon-owned live-streaming platform with an audience of around 31 million visitors *per day* (Amazon acquired Twitch in 2014 for \$970 million).

191. As of 2022, Twitch said nearly 75 percent of its viewers were between the ages of 16 and 34.

192. On July 13, 2021, *WIRED.com* published a report titled, “Twitch Streamers Rake in Millions With a Shady Crypto Gambling Boom.”<sup>9</sup>

193. At the time of the *WIRED* report, the saturation of crypto gambling on Twitch was undeniable: 64 of the platform’s top 1,000 most-trafficked Streamers broadcasted crypto slots or promoted offshore casinos.

194. This content was not niche; at the peak of the platform’s gambling craze, the ‘Slots’ category surged to become the #7 most-watched category on the entire site.<sup>10</sup>

195. Eclipsing global gaming franchises like *Fortnite* and *Call of Duty*, these streams regularly attracted over 100,000 concurrent viewers, effectively transforming a video game platform into a broadcast hub for unregulated gambling.

196. Industry reporting during the relevant period made clear that offshore crypto gambling platforms’ reliance on VPN-based “geo-blocking” did not meaningfully prevent access by U.S. users.

197. The *WIRED* report further explained that, although such off-shore platforms

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<sup>9</sup> Cecilia D’Anastasio, Twitch Streamers Rake in Millions With a Shady Crypto Gambling Boom, *Wired* (July 13, 2021), available at <https://www.wired.com/story/twitch-streamers-crypto-gambling-boom/> [last accessed April 3, 2026].

<sup>10</sup> Cecilia D’Anastasio, Twitch’s Gambling Boom Is Luring Gamers Into Crypto Casinos, *Bloomberg* (Aug. 5, 2022), available at <https://www.bloomberg.com/news/articles/2022-08-04/twitch-s-gambling-boom-is-luring-gamers-into-crypto-casinos> [last accessed Dec. 10, 2025].

claimed to block U.S. access, those measures were easily circumvented, and functioned primarily as superficial compliance mechanisms rather than effective technical barriers.

198. Further, Twitch algorithmically promoted streams that showcased and encouraged participation in offshore gambling platforms prohibited under New York law, including Stake.com and Stake.us.

199. On September 20, 2022, Twitch issued a public statement titled “*An Update on Gambling on Twitch*,” stating Twitch will “prohibit any streaming of sites that contain slots, roulette, and dice games and are unlicensed in the U.S. or other jurisdictions that offer consumer protections like deposit limits, waiting periods, and age verification systems” after October of 2022.

200. This statement also acknowledged that streamers had been “circumvent[ing]” prior platform rules regarding gambling-related links and that such conduct could “expose the community to potential harm.”

201. Twitch’s banning of gambling Streamers broadcasting their playing on Stake’s website represented a critical disruption to the Stake Defendants’ primary marketing and distribution channel.

202. In response to this ban by Twitch.com, Defendants Tehrani and Craven launched Kick.com, via the creation and incorporation of Kick Streaming Pty Ltd., and Kick Streaming Ltd, a Delaware Limited Liability Company and designated a Washington, D.C. address as its registered office.

203. Unlike Twitch.com, Kick permits streaming gambling content, including content featuring Stake.com.

204. Easygo Holdings wholly owns both Kick Streaming Pty Ltd. and Kick Streaming

Ltd., and Defendants Craven and Tehrani exercise ultimate control over both the Stake and Kick businesses simultaneously.

205. Kick is “wholly owned and controlled by Defendant Easygo” and run from the “same office in Melbourne, Australia” as are the Stake gambling operations. (*The LA Enforcement Action* at ¶ 29.)

206. Defendants structured Kick to operate with an immediate U.S. legal presence while continuing to service a predominantly U.S. audience.

207. Immediately following its launch in December 2022, the Stake Defendants began migrating their most valuable Streamers from Twitch, to the new platform, Kick, to reconstruct their shattered marketing funnel.

208. For example, Tyler "Trainwreckstv" Niknam, who had previously served as one of Stake’s most prolific recruiters on Twitch, immediately joined Kick as a non-exclusive advisor and broadcaster.

209. He was soon followed by Adin Ross, who signed a widely publicized deal—reportedly worth significantly more than standard streaming contracts—to effectively move his large and highly engaged audience—including minors—from Twitch’s regulated environment to Kick’s unregulated one.

210. Kick.com continues to stream gambling content and as a result, direct traffic to Stake.com.

#### **D. The Coinbase Financial Engine**

211. While Kick and Twitch served as part of the Operation's “recruitment arm”—broadcasting to millions of minors to drive traffic—Defendant Coinbase acts as its essential

“cashier's cage.”<sup>11</sup>

212. Coinbase is the largest publicly traded cryptocurrency exchange in the United States.

213. Offshore casinos like Stake are routinely blocked by banks and card issuers using Merchant Category Codes (7995). Therefore, users seeking to gamble must first convert U.S. dollars into crypto through a U.S.-based exchange.

214. Just as a physical casino requires a secure window where players exchange legal tender for gaming chips, the Stake Defendants rely on Coinbase to serve as the critical gateway between the regulated U.S. banking system and the unregulated crypto-economy.

215. Coinbase supplied that gateway by providing currency-to-crypto (also called “fiat-to-crypto”) services:

- (i) converting user’s U.S. dollars into cryptocurrency and
- (ii) enabling outbound transfers to addresses designated by the offshore casino.

216. Coinbase’s fiat-to-crypto services served as a primary and foreseeable onramp for New York users—including minors—to fund Stake’s unlawful gambling.<sup>12</sup>

217. Coinbase was not a passive financial intermediary.

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<sup>11</sup> Plaintiff does not assert any claim to privately enforce the Bank Secrecy Act, AML regulations, UIGEA, 23 N.Y.C.R.R. Part 200, or the NYDFS Consent Order. Those authorities are cited only as evidence of (i) Coinbase’s notice of foreseeable misuse of its platform as a fiat-to-crypto conversion rail for unlawful offshore gambling, (ii) the risk controls Coinbase publicly represented it employed, and (iii) the standard of reasonable care and consumer-facing representations relevant to Plaintiff’s negligence and consumer-deception theories.

<sup>12</sup> Coinbase filled this role, serving as the primary financial bridge that allowed the Stake Defendants to monetize the audience they recruited through Twitch and, later, Kick. (Coinbase Global, Inc., *Annual Report* (Form 10-K), at 8 (filed Feb. 25, 2022).)

218. Coinbase designed and controlled onboarding, funding-instrument linking, conversion, and outbound transfers—and it profited from repeated conversion cycles associated with foreseeable high-risk use, including offshore gambling funding.

219. Coinbase failed to apply reasonable safeguards consistent with foreseeable, repeated, and high-risk misuse of its platform from which it profited.

***1. Motive: “High-Velocity” Retail Revenue Engine***

220. Coinbase’s participation in the Operation was driven by its dependence on transaction fees from “Retail Transaction Revenues.”

221. Retail Transaction Revenues are transaction fees earned from customers that are primarily individuals. (Coinbase Global, Inc., *Annual Report* (Form 10-K), at 142 (filed Feb. 25, 2022).)

222. Unlike “buy-and-hold” investors who generate a single fee upon purchase, gambling users function as “high-velocity” revenue engines.

223. This is due to the mandatory “fiat-to-crypto” conversion required for offshore gambling:

- a. Gamblers frequently deplete their balances and must purchase new cryptocurrency to continue playing, a psychological phenomenon in the context of gambling addiction known as “chasing losses.”<sup>13</sup>

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<sup>13</sup> Michael Auer & Mark D. Griffiths, *An Empirical Attempt to Operationalize Chasing Losses in Gambling Utilizing Account-Based Player Tracking Data*, 39 *J. Gambling Stud.* 1 (2023); Sally M. Gainsbury et al., *Chasing Losses in Online Poker and Casino Games*, 217 *Psychiatry Rsch.* 220 (2014).

- b. Each time a gambling user reloads through Coinbase, it triggers a “Trading Fee” (historically up to 3.99% for debit cards) plus a “Spread” markup.<sup>14</sup>
  - c. To spend any winnings or remaining funds in the real economy, users must convert the cryptocurrency back to U.S. dollars, triggering a second Trading Fee and a second Spread.
224. Coinbase profits directly from these transaction fees.
225. By facilitating these high-velocity, “round-trip” conversions, Coinbase captured, and continues to capture fees on the same capital repeatedly.
226. Coinbase’s own Terms and Conditions prohibit use of its services for gambling.
227. However, Coinbase chose not to enforce its own rules due to its financial motivation; blocking these gambling-related transactions would have severed a lucrative revenue stream.
228. Because Coinbase’s revenues increase with transaction volume and repeated conversions, it had a financial incentive to maintain frictionless conversion and transfer functionality—even when the pattern of use made the foreseeable destination and purpose of the funds high-risk.
229. Coinbase’s revenue model made Plaintiff’s gambling-driven conversion cycle predictably profitable: each reload to continue gambling generated fees and spreads, and each cash-out generated additional fees and spreads.
230. Coinbase’s negligent onboarding and failure to apply reasonable safeguards were a

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<sup>14</sup> See *User Agreement* §§ 3.2–3.3, Coinbase [last accessed April 3, 2026], [https://www.coinbase.com/legal/user\\_agreement](https://www.coinbase.com/legal/user_agreement); see also *Pricing and Fees*, Coinbase [last accessed April 3, 2026], <https://help.coinbase.com/en/coinbase/trading-and-funding/pricing-and-fees/fees>

substantial factor in enabling Plaintiff's access to offshore gambling and prolonging the loss cycle.

## ***2. The Conversion Rail: How Coinbase Enabled Offshore Gambling Funding***

231. Coinbase served as that conversion rail, enabling Plaintiff to move funds from the regulated banking system into cryptocurrency that could be transferred to offshore gambling endpoints.

232. Here, Coinbase approved Plaintiff's account despite obvious mismatches and red flags (including identity-and-funding inconsistencies and gambling-pattern transfers), and continued to process the same conversion-and-transfer sequence that foreseeably funded Plaintiff's offshore gambling deposits via Stake.com.

233. Coinbase served as the primary and most accessible fiat-to-crypto onramp through which Plaintiff funded his offshore gambling deposits. Coinbase's frictionless onboarding, widespread availability, and failure to apply reasonable safeguards made it the dominant conversion rail enabling Plaintiff's repeated deposits to Stake.com.

234. Coinbase's services were neither incidental nor passive.

235. The conversion and outbound transfer functionality is what made it practical for a New York user to fund an offshore casino account repeatedly, quickly, and at scale.

236. Coinbase profited from this cycle through transaction fees, spreads, and increased trading volume each time Plaintiff converted funds and transmitted them outward, and again when he converted back.

237. Coinbase's own policies and public-facing representations describe a platform designed to detect and interrupt high-risk and prohibited use, including representations directed at retail users regarding safety, compliance, and responsible platform use.

238. And yet, Coinbase allowed users to open accounts and use them for the same high-risk conversion-and-transfer pattern that predictably funds unlawful offshore gambling.

239. NYDFS determined Coinbase conducted business in an “unsafe and unsound” manner. (*NYDFS Consent Order* at ¶ 69.)

240. Those findings track the conduct alleged here: Coinbase’s deficient onboarding and monitoring permitted Plaintiff’s funds to be converted into cryptocurrency and transferred through pathways commonly used to fund unlawful offshore casinos, while Coinbase collected fees and spreads on each transaction.

### ***3. A Compliance Program Destined to Fail***

241. The transaction pattern alleged here—rapid fiat-to-crypto purchases followed by outbound transfers to offshore gambling endpoints—is recognized in the payments industry as a high-risk misuse pattern commonly associated with prohibited or restricted transaction destinations. (Coinbase, Prohibited & Conditional Use Policy [listing “Unlawful Gambling” as prohibited use], at [https://www.coinbase.com/legal/prohibited\\_use](https://www.coinbase.com/legal/prohibited_use) [last accessed April 3, 2026].)

242. Coinbase publicly represents that it employs risk-based onboarding and monitoring designed to identify and interrupt prohibited uses of its platform, and that it retains contractual and operational discretion to pause, restrict, or require additional verification when risk indicators appear.<sup>15</sup>

243. In the payments and compliance industry, rapid, high-volume transfers to offshore gambling operators are classified as “higher risk” because they present elevated fraud, chargeback,

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<sup>15</sup> (Coinbase, United States User Agreement § 1.2 (Registration of Coinbase Account) & § 6.10 (Suspension, Termination, and Cancellation), at [https://www.coinbase.com/legal/user\\_agreement/united\\_states](https://www.coinbase.com/legal/user_agreement/united_states) [last accessed April 3, 2026]; see also Coinbase, Prohibited & Conditional Use Policy, *supra*.)

and unlawful-use indicators and are frequently associated with prohibited transaction destinations (including offshore gambling).<sup>16</sup>

244. To capture this high-risk traffic, Coinbase failed to apply reasonable onboarding and identity-verification safeguards consistent with the risk profile of the account, including obvious discrepancies between the identity presented and the funding instrument used.

245. In 2017, the New York State Department of Financial Services (NYDFS) licensed Coinbase to engage in virtual currency business as a money transmitter, conditioning that license on strict adherence to AML laws. (*In the Matter of Coinbase, Inc.*, N.Y. State Dep't of Fin. Servs. Consent Order, p. 2 (Jan. 4, 2023) (hereinafter, the “**NYDFS Consent Order**” or “**Consent Order**”).

246. NYDFS has explained that New York’s virtual currency regulatory framework treats transaction monitoring as a core component of a risk-based compliance program, including monitoring for transactions associated with unlawful or high-risk activity. (*NYDFS Consent Order* at ¶ 29.)<sup>17</sup>

247. Coinbase, Inc. operated as a registered money services business (MSBs) and a virtual currency business (VCBs) and publicly represented that its compliance program included policies and procedures designed to verify customer identity and assess transaction risk.

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<sup>16</sup> Fed. Fin. Insts. Examination Council, *Electronic Banking - Overview, in Bank Secrecy Act/Anti-Money Laundering Examination Manual* [last accessed Dec. 27, 2025], <https://bsaaml.ffiec.gov/manual/RisksAssociatedWithMoneyLaunderingAndTerroristFinancing/06>

<sup>17</sup> Plaintiff pleads this regulatory context solely to show notice, foreseeability, and the reasonable safeguards a regulated exchange holds itself out as maintaining—not to privately enforce any statute or regulation.

248. State regulations governing MSBs and VCBs describe identity verification as a core component of an effective compliance program. (23 N.Y.C.R.R. § 200.15) These standards are pleaded to illustrate the reasonable safeguards Coinbase held itself out as maintaining and the foreseeability of harm when such safeguards are not meaningfully applied.

249. Coinbase held itself out as maintaining robust KYC and Customer Due Dilligence (“CDD”) controls sufficient to understand customer identity, transaction purpose, and risk. NYDFS has found that such controls are intended to prevent platforms from being used as conduits for unlawful or high-risk activity. (*NYDFS Consent Order* at ¶ 37.)

250. Coinbase’s failure to apply reasonable safeguards consistent with those representations supports an inference of foreseeability and reckless indifference to misuse of its platform.

251. Consistent with industry-standard compliance frameworks and NYDFS supervisory guidance, virtual currency businesses assess customer risk at onboarding and reassess that risk as customer activity changes over time.

252. NYDFS has explained that changes in transaction patterns, counterparties, or velocity are indicators that warrant heightened scrutiny. (23 N.Y.C.R.R. § 200.15(b).)<sup>18</sup>

253. The risk assessment informs the level of scrutiny applied to that user’s account. (*NYDFS Consent Order* at ¶ 38.)

254. Under industry-standard protocols and New York regulations, customers exhibiting higher-risk behaviors, such as high-velocity transfers to offshore gambling entities, must be subjected to Enhanced Due Diligence. (23 N.Y.C.R.R. § 200.15(h)(1)-(2).)

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<sup>18</sup> These principles are pleaded to show the foreseeable need for ongoing monitoring and reasonable safeguards—not to privately enforce any regulatory provision.

255. Coinbase’s failure to meaningfully apply escalation tools (including holds, enhanced verification, restrictions, or suspensions) to this known high-risk conversion-and-transfer pattern was not an isolated operational lapse, but rather a conscious business choice ratified at the management level.

256. Coinbase possessed both the technical capability and contractual discretion to stop participating in this pattern, yet continued to process and profit from it.

257. These facts support the inference that Coinbase’s response reflected a conscious business choice ratified at the management level, demonstrating a knowing disregard of the high probability of harm to consumers, including ineligible minor users, such as the Plaintiff.

258. New York law explicitly dictates that virtual currency licensees like Coinbase “must establish enhanced due diligence policies, procedures, and controls” for accounts involving foreign entities to detect money laundering. (23 N.Y.C.R.R § 200.15(h)2.)

259. New York’s virtual currency regulatory framework reflects that a regulated exchange is expected to maintain and apply risk-based policies and procedures to identify and respond to impermissible or high-risk activity, including by restricting, pausing, or rejecting certain transactions when warranted. (23 N.Y.C.R.R § 200.15(j).)<sup>19</sup>

260. Coinbase nevertheless failed to apply reasonable safeguards to detect and interrupt the predictable, high-risk conversion-and-transfer pattern used to fund offshore gambling, supporting Plaintiff’s negligence and gross negligence theories.

261. Beginning in May 2020, NYDFS audited Coinbase’s compliance for the above requirements for the time period July 1, 2018, through December 31, 2019 (the “**Examination**”).

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<sup>19</sup> Plaintiff pleads this regulatory context, together with NYDFS’s findings, solely as evidence of notice, foreseeability, and the reasonable safeguards a New York–regulated virtual currency business holds itself out as maintaining—not to privately enforce any statute or regulation.

(*NYDFS Consent Order* at ¶ 4.) The Examination and resulting Consent Order are pleaded to show that Coinbase was on notice that its onboarding and monitoring controls were deficient, yet continued operating materially the same systems as Plaintiff continued using the account before, during, and after the Examination period.

262. NYDFS provided Coinbase’s management with detailed results of its Examination (“**Report of Examination**”) in September 2020. (*NYDFS Consent Order* at ¶ 4.)

263. NYDFS determined in its Report of Examination that Coinbase treated its compliance obligations as a “simple check-the-box exercise,” explicitly failing to build and maintain a functional compliance program that could “keep pace” with its growth. (*NYDFS Consent Order* at ¶¶ 39, 47.)

264. NYDFS found that Coinbase’s compliance program was deficient in ways that created foreseeable risk of unlawful and high-risk activity being facilitated through its platform.

265. In the same Consent Order, NYDFS explicitly found that Coinbase’s compliance failures constituted a violation of New York Banking Law § 44, determining that "Coinbase conducted business in an unsafe and unsound manner." (Id. at ¶ 69.)

266. NYDFS found that by late 2021, Coinbase’s accumulated transaction-monitoring backlog swelled to a “significant and growing backlog of over 100,000 unreviewed transaction monitoring alerts... and the backlog of customers requiring enhanced due diligence (“EDD”) exceeded 14,000.” (*NYDFS Consent Order* at ¶¶ 9, 47.)

267. In late 2021, Coinbase attempted to "burn through" its compliance failures by hiring over 1,000 poorly trained third-party contractors, over which, NYDFS found that Coinbase “provided insufficient oversight” in the form of training that “was not scalable for the size of the

contractor force” and inadequately tracking “attendance at the training sessions” it held. (*NYDFS Consent Order* at ¶¶ 50.)

268. Further, NYDFS found that Coinbase initially “did not have a quality control system in place to audit the quality control” performed by the contractors. *Id.*

269. The results of this “burn through” strategy were catastrophic.

270. One third-party contractor hired to clear the backlog posted a failure rate of 96%, meaning nearly every alert was mishandled. (*NYDFS Consent Order* at ¶ 52.)

271. Despite operating under active regulatory audit by NYDFS during this period, NYDFS found that Coinbase did not inform the Department of these quality-control failures until July 2022.

272. Furthermore, NYDFS found Coinbase failed to maintain an effective transaction monitoring program in violation of 23 NYCRR § 504.3. (*Id.* at ¶ 71.)

273. NYDFS determined Coinbase operated in an “unsafe and unsound” manner. (*Id.* at ¶ 69.)

274. That regulatory determination supports the inference that Coinbase’s onboarding and monitoring controls were foreseeably inadequate and that Coinbase failed to apply reasonable safeguards consistent with the risks it publicly acknowledged.

275. Coinbase processed and profited from the conversion and transmission of Plaintiff’s funds to offshore gambling services despite obvious indicators of high-risk and unlawful use, and failed to apply reasonable safeguards or intervene consistent with the foreseeable risks of the activity

#### ***4. Actual Knowledge: The ‘Blinking Red Lights’ of Illegal Gambling***

276. Under Second Circuit jurisprudence, a defendant cannot escape liability for fraud by deliberately closing its eyes to the obvious.

277. As held in *United States v. Ferguson* 676 F.3d 260 (2d Cir. 2011), a defendant's conscious disregard of "red flags" regarding fraudulent activity constitutes "willful blindness" sufficient to prove fraudulent intent under federal law (*United States v. Ferguson* 676 F.3d 260, 278 (2d Cir. 2011); see also *United States v. Nektalov*, 461 F.3d 309, 312, 317 (2d Cir. 2006) [upholding conscious avoidance instruction where defendant consummated transactions despite obvious "red flags," including cash payments in small bills and references to moving "product" to Colombia, which provided the factual predicate for knowledge of money laundering].)

278. On information and belief, Coinbase's awareness of these illegal gambling transfers was systematically generated by the blockchain analytics software it utilizes for daily compliance.

279. Specifically, Coinbase utilizes "wallet clustering" heuristics—automated algorithms that analyze transaction behavior to link millions of individual deposit addresses to a single controlling entity.

280. The transaction pattern Stake users engaged in is distinct and consistent with well-known offshore gambling typologies.

281. When a user sends cryptocurrency to Stake.com, the funds are transmitted to a deposit address assigned to that user's Stake account.

282. Stake's automated systems then sweep those funds into centralized, pooled "hot wallets," where the platform assumes custody and control of the assets and tracks user balances through an internal ledger.

283. This deposit-and-sweep structure—characterized by repeated inflows from numerous retail users followed by rapid consolidation into centralized wallets—creates a

recognizable on-chain pattern that payment platforms and exchanges, including Coinbase, use to identify centralized gambling operators and high-risk counterparties.

284. The mechanism of this financial consolidation is standard casino architecture adapted for the blockchain.

285. Just as a pit boss at a physical casino periodically moves cash from table “drop boxes” to a central secure vault after players have exchanged it for chips, Stake’s automated software continuously “sweeps” the cryptocurrency proceeds from thousands of individual deposit addresses into centralized, aggregated “hot wallets.”

286. Once swept, these funds are commingled with the enterprise’s operating capital, confirming that the user has surrendered control of their assets to the House.

287. Stake’s consolidation, in turn, creates a distinct, recognizable, and permanent on-chain link between the user's specific deposit address and the central Stake enterprise—a digital fingerprint that sophisticated exchanges like Coinbase use to identify the central operator.

288. Industry-standard blockchain analytics tools can cluster deposit addresses and identify associated counterparties, including gambling-related services.

289. Specifically, Coinbase publicly represents that it employs transaction monitoring and risk assessment tools designed to identify prohibited and high-risk activity, including activity associated with unlawful gambling

290. As a major U.S. exchange that publicly emphasizes compliance and monitoring, Coinbase either detected—or exercising reasonable care should have detected—that repeated conversions followed by outbound transfers associated with offshore gambling funding presented a prohibited, high-risk use pattern.

291. Additionally, given the repeated pattern of fiat-to-cryptocurrency conversion

followed by outbound transfers associated with offshore gambling funding, Coinbase either detected—or, exercising reasonable care, should have detected—that Plaintiff’s specific account activity posed a high-risk and prohibited use case under its own policies.

292. Moreover, NYDFS found that Coinbase knew that its users, including Plaintiff, utilized evasion technologies to bypass geographic restrictions.

293. The NYDFS Consent Order found that “Coinbase knows there is technology widely available to circumvent geographic restrictions [and] knows that some of its customers use that technology.” (*NYDFS Consent Order* at ¶ 65.)

294. Despite this actual knowledge of evasion, Coinbase “never promulgated a risk-based policy” to flag VPN usage as “High Risk.” (*NYDFS Consent Order* at ¶ 64.)

295. Coinbase failed to apply reasonable monitoring, escalation, or intervention safeguards consistent with the risk profile of Plaintiff’s account activity.

296. Whether due to deficient system design, inadequate resourcing, or failure to enforce its own policies, Coinbase continued to process the same high-risk conversion-and-transfer pattern without interruption.

297. Coinbase manages customer funds through large-scale, pooled digital vaults known as “omnibus wallets,” which pool funds from thousands of customers to facilitate liquidity.

298. Instead of keeping each customer’s funds in isolated wallets, Coinbase tracks ownership via an internal ledger.

299. While this setup saves Coinbase transaction fees, it grants them complete visibility and control over every transfer entering or leaving these wallets.<sup>20</sup>

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<sup>20</sup> In the cryptocurrency world, every transaction recorded on the public blockchain incurs a “gas fee” paid to the network. By using an omnibus wallet, Coinbase can simply update its own private

300. Coinbase’s compliance system approved Plaintiff’s account despite a glaring facial inaccuracy: the name on the verified identity document (Plaintiff’s father) did not match the name on the funding source (Plaintiff’s personal debit card).

301. A functional compliance system would have flagged this account mismatch immediately as a fraud indicator.

302. This failure was compounded when Plaintiff immediately began engaging in high-volume depositing and withdrawals with a known offshore gambling operator, a specific pattern of “High Risk” activity that, when combined with the identity mismatch, would have prompted reasonable safeguards—such as a hold, additional verification, or escalation for review—before permitting continued conversion and outbound transfers associated with an offshore gambling counterpart.

### ***5. The Legal Consequence: Gross Negligence and Systemic Recklessness***

303. NYDFS found that Coinbase treated its compliance obligations as a "simple check-the-box exercise." (*NYDFS Consent Order* at ¶ 39.)

304. Coinbase consented to entry of the Consent Order and, to resolve the matter, stipulated and agreed to its settlement provisions, including a civil monetary penalty and compliance-investment and monitorship commitments.

305. These NYDFS findings are pleaded to show that the risks at issue were foreseeable and known, and that Coinbase’s failure to implement reasonable safeguards plausibly reflects reckless indifference, as well as consumer deception—not to privately enforce the BSA/AML regime.

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internal spreadsheet to reflect transfers between users—a process that costs nothing—rather than paying these mandatory fees to broadcast each individual move to the public blockchain.

306. Further, Coinbase’s failure to act on these red flags satisfies the rigorous standard for gross negligence under New York law.

307. Longstanding precedent defines gross negligence as conduct that evinces a "reckless indifference to the rights of others." (*See Gentile v. Garden City Alarm Co.*, 147 A.D.2d 124, 131 (2d Dept. 1989); *see also Food Pageant, Inc. v. Consolidated Edison Co.*, 54 N.Y.2d 167 (1981).)

308. This bar is met where a defendant systematically ignores its own safety warnings or employs incompetent staff to manage critical tasks. (*See Food Pageant, Inc. v. Consolidated Edison Co.*, 54 N.Y.2d 167 (1981) [upholding gross negligence verdict where defendant utility company “failed to properly maintain and inspect” critical systems and was “grossly negligent in placing an unqualified employee in such a critical position”]; *Sommer v. Federal Signal Corp.*, 79 N.Y.2d 540 (1992) [holding that a fire alarm company’s failure to report a signal created a triable issue of gross negligence].)

309. Here, Coinbase’s conduct mirrors the specific liability found in *Sommer* and *Food Pageant*.

310. By allowing a backlog of 100,000 unreviewed transaction alerts to accumulate, Coinbase effectively ignored the “fire alarm” of money laundering just as the defendant ignored the alarm in *Sommer*.

311. Furthermore, Coinbase’s subsequent hiring of 1,000 poorly trained contractors to “burn through” the backlog—agents who had a 96% failure rate—constitutes the precise "placement of unqualified employees in a critical position" condemned in *Food Pageant*.

312. Because the specific disposition of Plaintiff's transaction alerts remains in Defendant's exclusive control, Defendant's liability follows from two plausible inferences, either of which supports gross negligence under New York law:

- (a) Reckless Disregard of Obvious Risk Indicators (*Sommer*): Coinbase's compliance system flagged the obvious identity mismatch (Father vs. Son), but the alert languished in the 100,000-alert backlog due to the company's reckless "check-the-box" resource allocation; OR
- (b) Unsafe Design (*Food Pageant*) Coinbase's system was so fundamentally "unsafe and unsound," as NYDFS found in the Consent Order, that it failed to generate an alert for a facially obvious identity mismatch, constituting a complete abandonment of "slight care" and a failure to maintain critical systems. (*NYDFS Consent Order* at ¶ 69; *Food Pageant*, supra, at 172.)

313. Coinbase cannot claim its compliance failures were harmless errors.

314. As the NYDFS concluded, "the risks to the financial system due to this weakness...have already resulted in suspicious or unlawful conduct being facilitated through Coinbase's platform." (*NYDFS Consent Order* at ¶ 42.)

315. NYDFS found that Coinbase's controls were inadequate to detect and prevent high-risk and unlawful activity on its platform, and that those deficiencies facilitated suspicious and unlawful conduct. (*NYDFS Consent Order* at ¶ 42).

316. These findings are pleaded to show notice and foreseeability: Coinbase knew its monitoring and risk controls were insufficient to identify and interrupt high-risk transaction patterns, yet continued to process the conversion-and-transfer flows that predictably enable unlawful offshore wagering.

317. By knowingly deploying a compliance system it knew was functionally useless against high-velocity gambling transfers, Coinbase acted with reckless disregard for obvious indicators of high-risk and unlawful use, by continuing to process the same conversion-and-transfer pattern without applying reasonable safeguards.

318. Indeed, having paid a \$100 million penalty to the New York Department of Financial Services in 2023 for historical failures in this exact area, Coinbase possesses actual knowledge that its automated compliance tools must detect such activity.<sup>21</sup>

***6. The Operation in Action: How Defendants Collectively Recruited, Onboarded, and Exploited Plaintiff***

319. Plaintiff John Doe is a 20-year-old resident of Westchester County, New York.

320. Plaintiff began his descent into the Defendants' gambling ecosystem at 12 years of age.

321. On or about November 29, 2015, Plaintiff, age ten (10) at the time, created an account on Twitch.

322. Like millions of other adolescents, he was initially drawn to the platform for competitive video gaming content including *Counter-Strike: Global Offensive* (“CSGO”), where Twitch’s “Partner Program” Streamers such as PhantomL0rd, Syndicate, m0E, and FaZe Banks mixed gaming with the use of in-game “skins.”

323. However, Twitch’s recommendation algorithms—designed to maximize

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<sup>21</sup> Press Release, NY St Dept of Fin Servs, *Superintendent Adrienne A. Harris Announces \$100 Million Settlement with Coinbase, Inc. after DFS Investigation Finds Significant Failings in the Company’s Compliance Program* (Jan. 4, 2023), available at [https://www.dfs.ny.gov/reports\\_and\\_publications/press\\_releases/pr202301041](https://www.dfs.ny.gov/reports_and_publications/press_releases/pr202301041) [last accessed April 3, 2025]

engagement—soon began serving him high-stakes gambling streams alongside his gaming feed.<sup>22</sup>

324. Plaintiff watched "Verified" Twitch partners—influencers such as Trainwrecks, Adin Ross, Roshtein, ClassyBeef, and others—win large and rapidly fluctuating sums of money on Stake.com. Many of these streamers also streamed content related to videogames popular with children like Plaintiff.

325. These streams normalized the use of cryptocurrency for gambling and explicitly instructed viewers on how to bypass geographic restrictions.

326. As Twitch's recommendation algorithms transitioned Plaintiff from competitive gaming content to high-stakes gambling streams, Plaintiff was unaware that these "Verified" influencers were paid promoters under contract with Defendant Stake.

327. Despite FTC guidelines requiring clear disclosures for paid endorsements, these streams—featuring extreme sums of money on Stake.com—frequently lacked mandatory indicators such as '#ad' tags or responsible gambling banners.

328. Because Twitch actively served these streams via its 'Recommended' pages, Plaintiff reasonably believed the activities—including the use of cryptocurrency and the bypassing of geographic restrictions—were lawful and safe platform-approved content, rather than undisclosed paid advertisements.

329. After being recruited through gambling-content marketing on Twitch and instructed on how to access Stake.com, Plaintiff began taking the steps promoted by the streamers he watched.

330. Stake.com purported to restrict U.S.-based users through rudimentary geoblocking.

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<sup>22</sup> Many of these CSGO skins streamers were later exposed for owning or promoting unregulated jackpot-style gambling websites without disclosing their affiliations. *In re CSGO Lotto, Inc., Trevor Martin, and Thomas Cassell*, FTC File No. 162 3184 (Dec. 8, 2017) (final order).

331. On or about September 27, 2018, following the instructions he learned from Twitch gambling-content, Plaintiff downloaded a VPN to mask his New York-based IP address—an easy workaround well-known to users and foreseeable to Defendants.

332. By simply selecting a permitted jurisdiction from a dropdown menu, Plaintiff was able to bypass this barrier instantly.

333. This is a trivial workaround well-known to the Operator Defendants. Indeed, as noted above, Defendant Tehrani has publicly admitted that Stake’s systems can and do track VPN use, which Stake uses for business purposes but not to comply with the law.

334. Plaintiff, like countless other viewers, understood VPN use as a routine and accepted part of accessing Stake.com’s platform and encountered no barriers when he followed the same steps.

335. Plaintiff also needed a mechanism to convert U.S. dollars into the cryptocurrency required to fund wagers on Stake.com.

336. On or about October 20, 2018, Plaintiff created a Coinbase account for that purpose.

337. Plaintiff was born on April 26, 2005. Accordingly, on October 20, 2018, Plaintiff was 13 years of age at the time he opened the Coinbase account.

338. Upon information and belief, the Coinbase account-opening process in or about October 2018 required a user to complete an online registration flow (via Coinbase’s website and/or mobile application) and to take one or more steps indicating assent to a “User Agreement” and/or “Terms” as a condition of proceeding.

339. At the time Plaintiff opened the account, Coinbase did not display the full contractual terms on the registration screen; instead, the terms were presented, at most, through one or more hyperlinks within the registration interface, without requiring the user to open the

terms, scroll through them, or separately acknowledge any dispute-resolution terms before proceeding.

340. Plaintiff clicked assent while still a minor.

341. The click was a general step to proceed with account creation and did not constitute knowing assent to arbitration or to any waiver of litigation rights, and, in any event, Plaintiff was a minor at the time of account creation.

342. Plaintiff did not view, open, or read any arbitration provision during account creation.

343. The registration interface did not require Plaintiff to scroll through arbitration terms, click any arbitration-specific disclosure, or separately acknowledge an arbitration clause or class-action waiver as a condition of creating the account.

344. Coinbase's current onboarding flow requires a user to (i) certify that the user is eighteen or older and agree to hyperlinked terms during registration, and (ii) complete additional identity verification steps, including document upload, as part of account setup.

345. Even with those steps, Coinbase does not display any arbitration provision on the registration screen itself or require any arbitration-specific disclosure or separate acknowledgment at the point where the user is required to indicate assent to the User Agreement.

346. Plaintiff alleges on information and belief that Coinbase's 2018 onboarding flow used the same basic structure—hyperlinked clickwrap terms and age attestation followed by identity-verification steps—though Coinbase's acceptance logs and archived terms versions will confirm the precise flow and operative agreement.

347. On information and belief, Coinbase maintains business records reflecting the specific terms presented to a user at the time of account creation, including the date/time of any

purported assent, the version of the User Agreement then in effect, and the manner by which Coinbase recorded that assent (e.g., clickwrap acceptance event logs and associated user-interface flow records).

348. Those records are in Coinbase’s exclusive possession and will be obtained through discovery.

349. After turning eighteen, Plaintiff did not knowingly or voluntarily reaffirm any Coinbase contract or any arbitration agreement.

350. Any brief post-majority account access occurred during a continuing period of gambling-related impairment, was not accompanied by any updated-terms clickwrap or other renewed manifestation of assent tied to arbitration or dispute-resolution terms, and ended when Plaintiff became sober and stopped using Coinbase for any gambling-related activity on or about December 17, 2024, when Plaintiff was younger than 21 years old.

351. Plaintiff seeks damages from Defendants only for injuries incurred as a result of Defendants’ conduct while Plaintiff was under eighteen.

352. Plaintiff registered the Coinbase account using his adult father’s identification to bypass age restrictions.

353. However, Plaintiff funded the digital wallet by linking and transferring funds from a debit card issued in his own name.

354. Coinbase linked Plaintiff’s Coinbase account to a Chase debit card and associated checking account labeled “**High School Checking**” (ending \*\*\*\*9351), and repeatedly processed withdrawals from Plaintiff’s Coinbase account to that same “High School Checking” account.

355. Chase markets and labels “Chase High School Checking” as a teen checking

product for students ages 13–17 opened with a parent/guardian as co-owner.<sup>23</sup>

356. The Coinbase interface identified Plaintiff's linked payment method and withdrawal destination as "Chase – HIGH SCHOOL CHECKING," which—at minimum—flagged the account as youth-associated and presented a need for heightened onboarding scrutiny and age/identity verification before Coinbase processed additional purchases or withdrawals.

357. The "High School Checking" designation did not reflect a user-selected nickname.

358. On information and belief, Chase assigns that label as the product name for its teen checking accounts.

359. The label therefore identified the linked funding and withdrawal account as a teen-branded product associated with minors (ages 13–17 at opening) and parent/guardian co-ownership.

360. That designation—combined with Coinbase's ability to require additional verification or restrict use—created an objectively foreseeable risk that a minor or minor-associated account funded and controlled the cryptocurrency purchases and withdrawals at issue.

361. Plaintiff also funded Coinbase cryptocurrency purchases using the same Chase debit card and checking account identified in Coinbase's interface as "Chase – HIGH SCHOOL CHECKING" (ending \*\*\*\*9351).

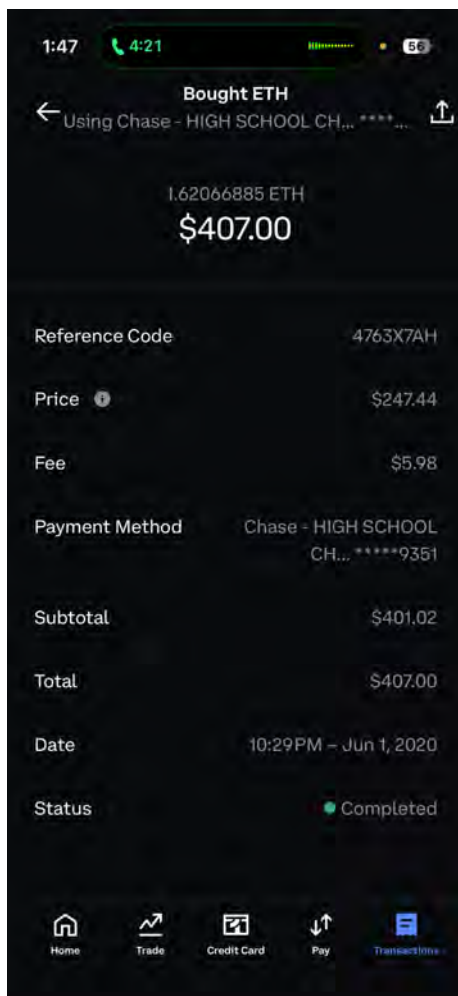
362. For example, on or about June 1, 2020, Coinbase processed a purchase of cryptocurrency funded by that "High School Checking" payment method and charged a transaction fee on the purchase.

363. Coinbase thus processed repeated transactions while its own interface displayed a

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<sup>23</sup> Chase High School Checking, JPMorgan Chase & Co., <https://www.chase.com/personal/checking/high-school-checking> [last accessed Jan. 3, 2026]

teen-branded checking label for the linked payment method, despite Coinbase's own policy limiting its services to users aged eighteen and older.



*(Above: Screenshot of Plaintiff's Coinbase transaction dated June 1, 2020, displaying "Chase - HIGH SCHOOL..." as the Payment Method, confirming Coinbase processed cryptocurrency purchases funded by a teen-branded checking account.)*

364. The combination of (i) a mismatch between the identity used to open the Coinbase account and the name on the linked funding instrument, and (ii) Coinbase's repeated processing of purchases and withdrawals through a payment method labeled "High School Checking," presented obvious indicators warranting heightened verification and review.

365. Coinbase nevertheless continued to process the conversion-and-transfer cycle without interruption—collecting fees on each such transaction—thereby providing the liquidity that

enabled Plaintiff's gambling activity.

366. Using the combined workflow—VPN-based access and cryptocurrency funding—Plaintiff accessed Stake.com and registered an account on or about November 26, 2018. Plaintiff also used Defendants' Primedice online casino.

367. Stake.com knew or should have known VPN evasion was widespread because its systems routinely record indicators such as physically impossible travel patterns and repeated logins inconsistent with true location.

368. At no point during this sign-up process did the Stake Defendants require Plaintiff to verify his age or identity.

369. The Stake Defendants' security systems knowingly accepted his connection despite obvious indicators of "impossible travel"—a standard cybersecurity alert triggered when a user's geolocation shifts between physically incompatible locations (e.g., New York to Singapore) in a timeframe that defies the laws of physics.

370. By permitting play despite these high-fidelity fraud signals, Defendants demonstrated willful blindness to the obvious use of illicit tools to bypass their own geo-blocking protocols.

371. Once inside, Plaintiff transferred the cryptocurrency he had acquired via Coinbase directly to his unique Stake deposit address.

372. These transactions were validated by the blockchain and, upon information and belief, swept into the Stake Defendants' central hot wallet, thereby surrendering exclusive custody and control of Plaintiffs assets to Stake.

373. Plaintiff often gambled on Stake.com by playing proprietary 'Stake Originals' including Blackjack, Roulette, Crash, Mines, Plinko, Limbo, and Hilo.

374. Additionally, he heavily utilized third-party live and slot games hosted on the platform, including Monopoly, CrazyTime, Gates of Olympus, Fruit Party, Floating Dragon, Sugar Rush, Chaos Crew, Dog House, Gems Bonanza, and the candy-themed slot game, 'Sweet Bonanza.'



(Above: 'Sweet Bonanza', a candy-themed slot game hosted on Stake.com)

375. The visual design of 'Sweet Bonanza' employs a 'gamification' strategy that deliberately blurs the line between adult gambling and juvenile entertainment. The interface utilizes a hyper-saturated, neon color palette and cartoonish typography, mirroring the aesthetic of popular mobile puzzle games marketed to children, such as *Candy Crush Saga*.

376. By replacing traditional gambling iconography with symbols like swirly lollipops, fruits, and heart-shaped candies, the game lowers the psychological barrier to entry and creates a visual lure that is uniquely attractive to a minor demographic. These design choices augmented

the Stake Defendants' choice to promote their addictive gambling product through videogame streamers popular with children, making the Stake online casino more attractive to children.

377. When Twitch finally restricted gambling streams in late 2022 following public outcry, the Stake and Kick Defendants executed their migration strategy to ensure Plaintiff remained hooked.

378. On or about December 14, 2022, following his favorite Streamers who had announced their move to the new platform, Plaintiff created an account on Kick.com.



*(Above: Email from Stake.com to Plaintiff dated December 14, 2022, announcing Drake's migration to Kick.com as part of the Stake and Kick Defendant's user conversion strategy)*

379. Kick served as the Stake Defendant's "retention valve."

380. By offering a nearly identical user interface to Twitch but with zero restrictions on gambling content, Kick allowed the Stake Defendants to continue broadcasting to Plaintiff without interruption.

381. Plaintiff continued consuming gambling content on Kick and gambling on Stake.com until treatment for his gambling addiction, sustaining the financial losses and psychological injuries detailed *infra*.

382. While watching gambling streams on Twitch and Kick, Plaintiff frequently observed prominent Streamers appearing to win large sums of money on the Stake.com platform.

383. These broadcasts portrayed gambling as easy, exciting, and lucrative, often showing continuous wins and lavish rewards.

384. Plaintiff reasonably believed that the Streamers were gambling with their own funds and that their results reflected genuine outcomes.

385. In reality, many of these Streamers were under undisclosed promotional contracts with Stake.com, funded by the company itself to gamble with house money and to promote the platform to their audiences.

386. Plaintiff was unaware of these financial relationships or that the outcomes were manipulated for marketing purposes, leading him to believe that similar success was attainable through his own play.

#### **IV. CHOICE OF LAW**

387. Coinbase is headquartered in New York and all decisions related to the maintenance and operations of its ecommerce websites emanate from New York.

388. The remaining Defendants all purposefully direct their business and advertisements at New York residents and target those residents for their online gambling sites and platforms.

389. Plaintiff is, and at all relevant times has been, a resident of New York and all of his gambling was done on a computer and phone located in New York.

## V. TOLLING OF STATUTE OF LIMITATIONS

390. During a significant portion of the events alleged herein, Plaintiff was a minor under the age of 18.

391. At the time of the filing of this Complaint, Plaintiff has not yet turned 21. Pursuant to N.Y. CPLR § 208, all claims alleged herein are timely.

## VI. VOIDING OF CONTRACTUAL PROVISIONS

### *A. No Enforceable Arbitration / Forum-Selection / Choice-of-Law Provisions With the Coinbase Defendants*

392. No valid arbitration agreement was formed with Plaintiff as to the Coinbase Defendants.

393. Coinbase's User Agreement expressly conditions eligibility on the user being at least eighteen years old.

394. Plaintiff was under eighteen at the time of the clickwrap. Because that express eligibility condition was not satisfied, no agreement was formed between Plaintiff and Coinbase, including any agreement to arbitrate or to delegate questions of arbitrability. (Coinbase User Agreement § 1.1 (Eligibility).)

395. Alternatively, even if a contract could be deemed formed, New York law treats contracts entered into by minors as voidable at the minor's election under the common-law Infancy Doctrine and N.Y. Gen. Oblig. Law § 3-101.

396. Plaintiff has exercised that right by disaffirming any purported agreement entered into while he was a minor, including any arbitration, delegation, forum-selection, or choice-of-law provision, through the filing of this Complaint.

397. Plaintiff does not seek to enforce any contractual benefit under the purported agreement and limits his claims to conduct occurring while he was a minor.

398. Plaintiff specifically disaffirms any delegation clause separate and apart from any other contractual terms.

399. Because Plaintiff lacked capacity to contract, no agreement to delegate authority to an arbitrator was ever formed.

400. Coinbase Defendants may contend that an arbitrator must decide these issues under a delegation clause. Absent a valid agreement formed with Plaintiff—or in light of Plaintiff’s disaffirmance—no enforceable delegation clause binds Plaintiff.

401. The Court therefore retains authority to determine whether any agreement to arbitrate exists.

402. Accordingly, Plaintiff cannot be compelled to arbitrate or litigate in any contractual forum based on a purported agreement that was never formed or, alternatively, is unenforceable as to Plaintiff due to infancy and disaffirmance.

***B. No Enforceable Arbitration / Forum-Selection / Choice-of-Law Provisions With the Non-Coinbase Defendants***

403. Plaintiff is informed and believes that the non-Coinbase Defendants will contend that Plaintiff is bound by one or more online “Terms of Service,” “User Agreements,” “Community Guidelines,” “Arbitration Agreements,” “Forum Selection” clauses, “Choice of Law” clauses, “Class Action Waiver” provisions, “Limitation of Liability” provisions, or similar purported contracts.

404. No such provisions are enforceable against Plaintiff for at least the following independent reasons.

405. First, Plaintiff was a minor and lacked legal capacity at the time of any purported assent to any such terms, and any such agreement is voidable at Plaintiff’s election under New York’s common-law Infancy Doctrine and N.Y. Gen. Oblig. Law § 3-101.

406. Plaintiff has exercised that right by expressly disaffirming any purported agreement entered into while he was a minor through the filing of this Complaint.

407. Second, Plaintiff did not knowingly and voluntarily assent to any arbitration agreement, delegation clause, forum selection clause, choice-of-law clause, class-action waiver, or limitation-of-liability provision. To the extent any non-Coinbase Defendant relies on browsewrap or hyperlink-only terms, or contends that mere use of a website, app, or stream constitutes assent, such purported assent is ineffective as a matter of contract formation—particularly as to a minor.

408. Third, to the extent any non-Coinbase Defendant invokes a delegation clause requiring an arbitrator to decide arbitrability, no enforceable delegation agreement exists because Plaintiff lacked capacity to contract and has disaffirmed any purported agreement; accordingly, the Court must decide whether any agreement to arbitrate exists.

409. Plaintiff does not seek to enforce or accept any benefits under any purported Terms of Service or similar agreement, and Plaintiff's claims are based on Defendants' unlawful and tortious conduct directed at Plaintiff while he was a minor.

## **VII. CAUSES OF ACTION**

### **COUNT I Violation Of New York GBL § 349 (Against All Defendants)**

410. Plaintiff hereby incorporates by reference the allegations contained in all preceding paragraphs of this complaint.

411. New York's General Business Law § 349 prohibits deceptive acts or practices in the conduct of any business, trade, or commerce.

412. In their provision of online services throughout the State of New York, Defendants conduct business and trade within the meaning and intendment of New York's General Business Law § 349.

413. Plaintiff is a consumer who conducted transactions with Defendants for his personal use.

414. As set forth above, Defendants engaged in deceptive acts and practices in the conduct of their businesses and in the furnishing of their services, including unlawfully advertising and promoting online gambling to minors, failing to develop or implement any functional means of determining a users' age or location, and thus the laws applicable to that user, failing to provide various statutorily-required notices and disclaimers, and failing to prevent their assets from being used in unlawful ways, including online gambling by minors.

415. **As to Coinbase**, Plaintiff's §349 claim is based on Coinbase's consumer-facing representations that its platform is limited to users 18 and over, that it restricts prohibited activity (including unlawful gambling-related use), and that it employs risk-based onboarding and monitoring with the ability to place holds, require additional verification, restrict transfers, or suspend accounts. These representations and omissions were materially misleading because Coinbase nonetheless onboarded and serviced Plaintiff while he was a minor and continued to process and profit from a repeated conversion-and-outbound-transfer pattern consistent with prohibited gambling funding, without meaningfully applying the safeguards it represented it used. Plaintiff was injured as a result, including through Coinbase fees and spreads charged on these transactions and through the continuation and escalation of the funding cycle while Plaintiff was under eighteen.

416. By the acts and conduct alleged herein, Defendants have engaged in deceptive, unfair, and misleading acts and practices.

417. The foregoing deceptive acts and practices were directed at consumers and, thus, constituted “consumer-oriented conduct” under § 349.

418. Defendants' conduct was not unique to the Plaintiff but was part of a broad, standardized scheme affecting consumers at large. Upon information and belief, Defendants' failure to implement effective age and location verification was a systemic design choice intended to onboard thousands of similarly situated New York residents. By allowing the "VPN workaround" to remain widely known and functional, and by promoting their platforms through influencers who normalized these evasion techniques to a mass audience, Defendants engaged in a pattern of deceptive conduct that had a broad impact on the public interest of the State of New York.

419. Furthermore, the deception was material to the public. Defendants created a false “vener of legitimacy” by securing sponsorships with prominent celebrities (e.g., Drake, Adin Ross, etc.) and obtaining “Verified” status on Twitch. This branding misled reasonable consumers, including Plaintiff and the public at large, into believing that the Stake gambling ecosystem was a safe, regulated, and lawful marketplace, when in reality it was an illegal offshore operation targeting users who could not legally play elsewhere.

420. The foregoing deceptive acts and practices are misleading in a material way because they fundamentally misrepresent the legality of Defendants' activities and promote and facilitate the unlawful participation in those illegal activities.

421. By reason of this conduct, Defendant engaged in deceptive conduct in violation of GBL § 349.

422. Defendant's actions are the direct, foreseeable, and proximate cause of the damages that Plaintiff has sustained.

423. Defendants' violations of GBL § 349, set out above, have directly and proximately injured Plaintiff, including but not limited to: (i) actual damages and economic losses; and (ii) noneconomic damages to be determined.

424. As a direct and proximate result of Defendants' conduct, Plaintiff has suffered and will continue to suffer other forms of injury and/or harm, including, but not limited to, anxiety, emotional distress, loss of privacy, and other economic and non-economic losses.

425. Plaintiff is entitled to damages in an amount to be proven at trial, and to equitable relief, including injunctive relief.

**COUNT II**  
**Gross Negligence**  
**(As to Defendant Coinbase only)**

426. Plaintiff incorporates by reference the allegations in the preceding paragraphs as if fully set forth herein.

427. At all times relevant, Defendant Coinbase owed Plaintiff a duty to exercise reasonable care in providing its consumer exchange and custodial-wallet services, including in implementing and applying the safeguards and restrictions it publicly represented it used to prevent prohibited and high-risk uses—where the foreseeable misuse of its platform included repeat fiat-to-crypto conversions followed by outbound transfers to offshore gambling endpoints.

428. Coinbase held itself out to consumers as operating a risk-based onboarding and monitoring system, and reserved discretion to restrict or suspend accounts engaging in prohibited use. Having undertaken to operate an 18+ consumer exchange with stated anti-gambling restrictions, Coinbase owed a duty to apply reasonable safeguards consistent with foreseeable,

repeated use of its platform as a gambling-funding rail—especially where Coinbase’s own interface displayed youth-associated indicators tied to the funding source.

429. Defendant Coinbase breached that duty by processing and profiting from a predictable, repeated conversion-and-transfer sequence—fiat-to-cryptocurrency purchases followed by outbound transfers—despite red flags indicating the account was being used to fund offshore gambling.

430. Plaintiff alleges on information and belief that at all times relevant, Defendant Coinbase knew or should have known that the cryptocurrency transactions facilitated by its platform were being used to fund illegal online gambling.

431. Defendant Coinbase controls the onboarding, funding-instrument linking, conversion, and outbound transfer functions on its platform and, consistent with its public policies and risk-based controls, can place holds, request additional verification, restrict transfers, or suspend accounts when activity presents prohibited or high-risk indicators.

432. Despite knowing that its platform serves as the primary workaround for these prohibited transactions, Coinbase failed to apply reasonable safeguards consistent with the risks it publicly acknowledged and the controls it represented it used, despite the foreseeable misuse of its platform as a gambling-funding rail.

433. Despite this actual and constructive knowledge, Defendant Coinbase negligently made no effort to stem the flow of cryptocurrency from New York residents, such as Plaintiff, to the remaining Defendants herein.

434. This failure began at onboarding—where the verified identity and funding instrument did not match—and continued as the account engaged in the same repeated gambling-funding pattern.

435. Coinbase ignored multiple, converging indicators of minor involvement—including a teen-branded payment method displayed in its own interface—and continued to process and profit from the same conversion-and-transfer cycle.

436. The involvement of third-party criminal conduct does not sever proximate cause where the intervening act was a foreseeable consequence of the risk created by Defendant's negligence. Here, Coinbase's negligent onboarding and continued processing of the same high-risk conversion-and-transfer pattern foreseeably enabled the offshore gambling deposits that caused Plaintiff's losses. Defendant cannot rely on the illegality of the transaction as a defense when its own profit model relies on processing those illicit funds.

437. The resulting harm was foreseeable. Coinbase represents that it employs risk-based monitoring and safeguards to detect and interrupt prohibited and high-risk uses. Given the repeated conversion-and-transfer sequence alleged here—together with onboarding red flags—Coinbase either detected, or in the exercise of reasonable care should have detected, that the account activity posed a prohibited/high-risk use case under its own policies and public-facing representations.

438. Defendant Coinbase's breach of its duty set out above has directly and proximately injured Plaintiff, including but not limited to: (i) actual damages and economic losses; and (2) noneconomic damages to be determined.

439. As a direct and proximate result of Defendant's conduct, Plaintiff has suffered and will continue to suffer other forms of injury and/or harm, including, but not limited to, anxiety, emotional distress, loss of privacy, and other economic and non-economic losses.

440. Defendant Coinbase's conduct was willful, wanton, and reckless because it prioritized transaction volume and fee generation over applying the reasonable safeguards it publicly represented it used to restrict prohibited and high-risk activity, despite the foreseeable

harm to consumers. This conscious and reckless disregard for known risks supports an award of punitive damages.

441. Coinbase’s misconduct was not an isolated error affecting only Plaintiff. It reflects a profit-driven policy and systemic failure to apply meaningful safeguards to a foreseeable, repeatable “conversion-and-transfer” misuse pattern, while collecting fees and spreads on the same cycle. Coinbase’s conduct therefore implicates the public interest and warrants punitive damages to punish and deter a business model that externalizes predictable consumer harm—particularly harm to minors ineligible to use the platform at all.

442. Plaintiff is entitled to damages in an amount to be proven at trial, and to equitable relief, including injunctive relief. As to Coinbase, Plaintiff seeks damages only for losses incurred while Plaintiff was under eighteen.

**COUNT III**  
**Negligence**  
**(As to Defendant Coinbase only)**

443. Plaintiff repeats and realleges each and every allegation contained in the preceding paragraphs as if fully set forth herein.

444. At all times relevant, Coinbase operated a consumer-facing cryptocurrency exchange and custodial-wallet platform and invited consumers, including New York residents, to use its services through a New York-directed onboarding flow and ongoing platform access.

445. Coinbase held itself out as operating an 18-and-over consumer platform with policies restricting prohibited activity, and as employing risk-based onboarding and monitoring safeguards, including the ability to request additional verification, place holds, restrict transfers, or suspend accounts when activity presents prohibited or high-risk indicators.

446. By undertaking to provide those consumer services in New York while reserving and advertising the ability to apply risk-based safeguards and restrictions, Coinbase owed Plaintiff a duty to exercise reasonable care in onboarding and servicing accounts, including applying reasonable safeguards consistent with its eligibility restrictions, public-facing representations, and foreseeable risk of misuse of its platform as a gambling-funding rail.

447. Coinbase breached that duty by, among other things: (i) permitting an account to be opened and used by Plaintiff while he was a minor (and therefore ineligible under Coinbase's stated eligibility requirement); (ii) failing to apply reasonable onboarding safeguards in light of identity-and-funding inconsistencies alleged herein; (iii) continuing to process repeated fiat-to-cryptocurrency purchases and outbound transfers consistent with a foreseeable, prohibited gambling-funding pattern while collecting fees and spreads; and (iv) failing to require heightened verification, place holds, restrict transfers, or suspend activity despite multiple converging indicators warranting escalation, including youth-associated indicators tied to Plaintiff's funding source and the high-velocity conversion-and-transfer pattern alleged herein.

448. Plaintiff does not allege that Coinbase was required to guarantee compliance with gambling laws or to prevent all unlawful use of cryptocurrency, and Plaintiff does not seek to privately enforce the Bank Secrecy Act, AML regulations, UIGEA, the NYDFS Consent Order, or any other regulatory scheme. Plaintiff alleges ordinary negligence based on Coinbase's common-law duty of reasonable care arising from Coinbase's undertaking, eligibility restrictions, and foreseeable risk to minor consumers.

449. Coinbase's negligence was a substantial factor in causing Plaintiff's injuries and losses incurred while Plaintiff was under eighteen, including enabling the repeated conversion-

and-transfer cycle that funded Plaintiff's offshore gambling deposits and prolonging Plaintiff's loss cycle, and including the fees and spreads Coinbase collected on those transactions.

450. The involvement of third-party misconduct does not sever proximate cause where the intervening conduct was a foreseeable consequence of the risk created by the defendant's negligence. Here, the foreseeable misuse of Coinbase's platform as a gambling-funding rail—particularly by ineligible users including minors—was the very risk that reasonable onboarding and escalation safeguards were intended to address.

451. As a direct and proximate result of Coinbase's negligence, Plaintiff sustained damages, including economic losses and related injuries, in an amount to be proven at trial. Plaintiff seeks damages from Coinbase only for losses incurred while Plaintiff was under eighteen.

452. Plaintiff is entitled to compensatory damages, attorneys' fees where recoverable, costs, interest, and such other and further relief as the Court deems just and proper.

**COUNT IV**  
**Negligence Per Se**  
**(As to Stake Defendants only)**

453. Plaintiff incorporates by reference the allegations in the preceding paragraphs as if fully set forth herein.

454. As alleged above, New York law prohibits most forms of gambling, and specifically the types of gambling promoted and operated by Defendants. And, as relevant here, New York prohibits minors from all forms of gambling. *See, e.g.*, N.Y. Rac. Pari-Mut. Wag. & Breed. Law § 1332(1) (“No person under the age at which a person is authorized to purchase and consume alcoholic beverages shall enter, or wager in, a licensed gaming facility”); N.Y. Comp. Codes R. & Regs. Tit. 9, § 5313.2(b) (“A gaming facility licensee shall post signs that include a statement that is similar to the following: ‘It is unlawful for any individual under 21 years of age

to enter or remain in any area where gaming is conducted. It is unlawful for any individual under 21 years of age to wager, play or attempt to play a slot machine or table game. Individuals violating this prohibition will be removed and may be subject to arrest and criminal prosecution.”); § 5329.19(a) (“No person under 21 years of age may place a wager with a casino sports wagering licensee”); and § 5313.2(c) (“A gaming facility licensee shall identify and remove any person who is under 21 years of age and not otherwise authorized by law to be on the gaming floor and the gaming floor, in areas off the gaming floor where gaming activity is conducted or engaging in gaming-related activities.”)

455. Furthermore, New York prohibits any advertisements that “[d]epict any person under the age of twenty-one engaging in gaming and related activities[.]” N.Y. Rac. Pari-Mut. Wag. & Breed. Law §§ 1363(2)(c).

456. Additionally, New York has several laws requiring gambling providers to conspicuously post signs that tell users how to get assistance with gambling addiction and provide instructions on how to access New York’s Voluntary Self-Exclusion Program. *See, e.g.*, N.Y. Comp. Codes R. & Regs. Tit. 9 § 5325.2(a) (requiring each gaming facility licensee to “submit for commission review and approval a problem gambling plan”); § 5325.4(a) (requiring each gaming facility licensee to “submit to the commission quarterly updates and an annual summary of its problem gambling plan and goals”); § 5325.5 (requiring each gaming facility licensee to “post signs in a size as approved in writing by the commission that include the problem gambling assistance message” approved by the commission); § 5325.6(b) (requiring all advertisements to “contain a problem gambling assistance message comparable to one of the following: (1) If you or someone you know has a gambling problem, help is available. Call (877-8-HOPENY) or text HOPENY (467369); (2) Gambling Problem? Call (877-8-HOPENY) or text HOPENY (467369);

or (3) any other message approved in writing by the commission.”); § 5325.6(c)(4)(i) (“for websites, including social media sites and mobile phone applications, the problem gambling assistance message must be posted on each webpage or profile page and on any gaming-related advertisement posted on the webpage or profile page”); § 5327.1(b) (“Each gaming facility licensee shall exclude from its premises any person who such gaming facility licensee knows meets the exclusion criteria”); § 5327.3 (“The placement of a person on the excluded persons list shall have the effect of requiring the exclusion or ejection of the excluded person from casino sports wagering licensee and sports pool vendor licensee shall comply with the problem gaming, self-exclusion and excluded person requirements.”)

457. Defendants here negligently failed to comply with any of these laws. Defendants had no effective system to determine the age or location of an online user, and thus no way to determine whether that user was or is in New York and whether Defendants needed to comply with New York law with respect to that user. Indeed, Defendants had no competent age verification system at all, rendering their operation illegal in all 50 states.

458. Defendants also directly violated N.Y. Rac. Pari-Mut. Wag. & Breed. Law §§ 1363(2)(c) by actively promoting their gaming platforms to minors and depicting people under the age of 21 engaged in gambling activities.

459. All of the above laws created statutory duties and obligations for Defendants herein.

460. These laws were designed and intended to protect minors from being exposed to gambling promotions and from being allowed to gamble.

461. Plaintiff is among the class of persons these laws were designed to protect. Plaintiff was a minor when he was exposed to Defendants’ relentless marketing and when he started gambling on Defendants’ platforms. And he was also a problem gambler who needed help.

462. Defendants' breach of their statutory duties set forth above has directly and proximately injured Plaintiff, including but not limited to: (i) actual damages and economic losses; and (2) noneconomic damages to be determined.

463. As a direct and proximate result of Defendant's conduct, Plaintiff has suffered and will continue to suffer other forms of injury and/or harm, including, but not limited to, anxiety, emotional distress, loss of privacy, and other economic and non-economic losses.

464. Plaintiff is entitled to damages in an amount to be proven at trial, and to equitable relief, including injunctive relief.

**COUNT V**  
**Negligence**  
**(As to all Defendants except Coinbase)**

465. Plaintiff incorporates by reference the allegations in the preceding paragraphs as if fully set forth herein.

466. At all times relevant herein, Defendants had, and continue to have, a duty to prevent New York residents, and especially minors, from accessing and using any part of Defendants' gambling operations that are illegal under New York law. This duty arises from New York laws and public policies regulating gambling and providing clear age restrictions on who can access and participate in legal gambling operations.

467. Defendants also had, and continue to have, a legal duty not to promote their gambling platforms and facilities to minors or in a way that is designed to attract minors. This duty also arises from New York laws and public policies regulating gambling and providing clear age restrictions on who can access and participate in legal gambling operations.

468. At the very minimum, Defendants' duties required them to design, implement, and maintain proper age and location verification systems for their platforms (and to prohibit the use of VPNs or other similar technology to evade those systems) to prevent illegal underage gambling.

469. Defendants' duties also required them to produce or approve appropriate advertising and promotional materials and to ensure their advertisements, whether created and publicized by Defendants themselves or third-party influencers paid by Defendants, did not target or appeal to minors and were not visible in locations such as the State of New York where Defendants' gambling activities are illegal.

470. Defendants breached their duties of care by, among other things, failing to take any of these actions. As alleged more fully above, Defendants promoted their gambling platforms in the State of New York, used paid influencers and game-like designs to appeal to minors, allowed and, indeed, encouraged access to their platforms by New York residents, including Plaintiff, and failed to employ any viable age verification systems.

471. Defendants' breach of their duties provided the means for Plaintiff and other New York residents to see Defendants' advertisements and promotions, access Defendants' gambling platforms, and evade any restrictions on location or age.

472. Had Defendants adequately designed, employed, and maintained appropriate age and location verification systems and not used promotions aimed at recruiting minor users, Plaintiff would not have known about, or at least would not have been able to access, Defendants' systems.

473. Defendants' breach of their duties has directly and proximately injured Plaintiff, including but not limited to: (i) actual damages and economic losses; and (2) noneconomic damages to be determined.

474. As a direct and proximate result of Defendant's conduct, Plaintiff has suffered and will continue to suffer other forms of injury and/or harm, including, but not limited to, anxiety, emotional distress, loss of privacy, and other economic and non-economic losses.

475. Defendants' conduct was not merely negligent, but gross and wanton, reflecting a reckless disregard for the foreseeable safety and welfare of minors and the public. By structuring and operating an integrated system that facilitated underage access to offshore gambling activity prohibited under New York law, Defendants acted with conscious disregard of known risks, justifying an award of punitive damages.

476. Plaintiff is entitled to damages in an amount to be proven at trial, and to equitable relief, including injunctive relief.

**COUNT VI**  
**Unjust Enrichment**  
**(As to All Defendants)**

477. Plaintiff hereby incorporates by reference the allegations contained in all preceding paragraphs of this complaint.

478. Plaintiff conferred a monetary benefit on Defendants. Specifically, Plaintiff engaged in Defendants' gambling activities using Defendant Coinbase's cryptocurrencies and platform. These transactions provided financial gains to Defendants.

479. Defendants knew that Plaintiff conferred a benefit on Defendants and accepted or retained that benefit. Defendants retained this benefit despite actual or constructive knowledge that the transactions involved were illegal and prohibited by numerous different laws.

480. Under the principles of equity and good conscience, Defendants should not be permitted to retain the money belonging to Plaintiff because Defendants benefitted at the expense of Plaintiff and did so through unlawful means.

481. As a direct and proximate result of Defendants' conduct, Plaintiff has suffered monetary injury in the form of all benefits provided to Defendants.

482. As a direct and proximate result of Defendant's conduct, Plaintiff has suffered and will continue to suffer other forms of injury and/or harm, including, but not limited to, anxiety, emotional distress, loss of privacy, and other economic and non-economic losses.

483. Defendant should be compelled to disgorge and restore to Plaintiff all proceeds and benefits that it unjustly received from Plaintiff, including through a constructive trust or other equitable restitutionary relief.

**COUNT VII**  
**Declaratory Judgment Pursuant to CPLR § 3001**  
**(Against all Defendants)**

484. Plaintiff incorporates by reference the allegations in the preceding paragraphs as if fully set forth herein.

485. An actual, justiciable controversy exists between Plaintiff and Defendants concerning whether any valid and enforceable agreement exists requiring Plaintiff to arbitrate or litigate in a contractual forum, including any arbitration, delegation, forum-selection, or choice-of-law provisions contained in Defendants' Terms of Service or User Agreements (collectively, the "**Disputed Contracts**").

486. Upon information and belief, one or more Defendants—including the Stake Defendants—may assert that Plaintiff assented to online Terms of Service containing arbitration, delegation, forum-selection, or choice-of-law provisions. Plaintiff disputes the existence, scope, and enforceability of any such purported agreements and pleads those issues in the alternative, subject to proof through discovery.

487. Defendants' purported agreements, if any, were presented through online clickwrap or browsewrap processes. The existence, scope, and enforceability of any such agreements—including the manner of assent—are disputed and will be established through discovery.

488. Plaintiff opened and used a Stake account while a minor and, to the extent any Defendant contends those accounts were governed by Terms of Service containing arbitration, delegation, forum-selection, or choice-of-law provisions, Plaintiff disaffirms and voids any such provisions as applied to him based on infancy and lack of capacity, and limits his claims to conduct and injuries incurred while he was a minor, as pleaded herein.

489. As to the Coinbase Defendants, no Disputed Contract was formed with Plaintiff because Coinbase's User Agreement expressly conditions eligibility on the user being at least eighteen years old. Plaintiff was under eighteen at the time of any purported acceptance. Because that express eligibility condition was not satisfied, no agreement—including any agreement to arbitrate or delegate arbitrability—was formed with Plaintiff and the Coinbase Defendants.

490. Alternatively, even if any Disputed Contract could be deemed formed with any Defendant, New York law treats contracts entered into by minors as voidable at the minor's election under the common-law Infancy Doctrine and N.Y. General Obligations Law § 3-101. Plaintiff has exercised that right by expressly disaffirming any purported agreement entered into while he was a minor, including any arbitration, delegation, forum-selection, or choice-of-law provision, through the filing of this Complaint. Plaintiff does not seek to enforce any contractual benefit under the purported agreement and limits his claims to conduct occurring while he was a minor.

491. Defendants contend, or will contend, that an arbitrator must decide these issues pursuant to a delegation clause contained within the purported agreement. Absent a valid

agreement formed with Plaintiff—or in light of Plaintiff’s disaffirmance—no enforceable delegation clause binds Plaintiff, and the Court retains authority to determine whether any agreement to arbitrate exists.

492. Plaintiff therefore seeks a judicial declaration from this Court that:

- (a) no valid and enforceable agreement to arbitrate was ever formed with the Coinbase Defendants;
- (b) alternatively, any purported Disputed Contract with any Defendant was voidable and has been disaffirmed by Plaintiff;
- (c) no arbitration or delegation provision is enforceable against Plaintiff as to any Defendant based on conduct occurring while Plaintiff was a minor; and
- (d) the Court retains jurisdiction to adjudicate Plaintiff’s claims.

493. A judicial declaration is necessary and appropriate to determine the rights and obligations of the parties and to prevent Plaintiff from being compelled to arbitrate or litigate in any contractual forum based on a purported agreement that was never formed or, alternatively, is unenforceable as to Plaintiff.

## **VIII. PRAYER FOR RELIEF**

WHEREFORE, Plaintiff seeks judgment against Defendants, as follows:

### **A. Declaratory Judgment**

1. A declaration that no agreement to arbitrate was formed with Coinbase Defendants due to the express eligibility condition, and that any purported arbitration, delegation, and/or forum-selection provisions asserted by any Defendant are unenforceable as to Plaintiff based on infancy and disaffirmance for conduct occurring while Plaintiff was a minor.

**B. Compensatory Damages (Economic)**

1. An award of damages in an amount to be determined at trial, but no less than the total funds misappropriated from Plaintiff.
2. An award for the costs of Plaintiff's past and future medical care, psychological therapy, and vocational rehabilitation necessary to restore his economic capacity.

**C. Compensatory Damages (Non-Economic)**

1. An award for Plaintiff's pain and suffering, emotional distress, loss of enjoyment of life, and loss of youth caused by the Defendants' willful exploitation and grooming.

**D. Punitive Damages**

1. An award of Punitive Damages against all Defendants in an amount sufficient to punish their willful, wanton, and reckless misconduct, and to deter similar corporate malfeasance. Plaintiff requests an award of Punitive Damages in an amount commensurate with Defendants' revenue to ensure meaningful deterrence.

**E. Statutory Damages**

1. An award of statutory treble damages and reasonable attorney's fees pursuant to N.Y. Gen. Bus. Law § 349(h).

**F. Injunctive Relief**

1. An Order enjoining the Operator Defendants (Stake) from accepting wagers from New York users unless, before any deposit or wagering, the user completes robust age and identity verification, including document verification plus liveness/selfie verification, and prohibiting acceptance of wagers where geolocation controls indicate VPN/proxy use or location inconsistency.

**G. Interest & Costs**

1. Pre-judgment and post-judgment interest on all amounts awarded, as allowed by law.

**H. Such other and further relief as this Court may deem just and proper.**

**IX. JURY TRIAL DEMAND**

Plaintiff demands a trial by jury of all issues so triable pursuant to CPLR § 4102.

Dated: April 7, 2026

Respectfully Submitted,

/s/ David R. Buchanan

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