

Is Roblox a gambling platform? New lawsuit will find out

By  Lindsey Schutters

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A group of parents allege that Roblox allows third-party websites to offer gambling games using its digital currency Robux, which can be bought with real money and exchanged back into fiat currency with a 30% fee. The [lawsuit claims](#) that this scheme violates the US Racketeer Influenced and Corrupt Organisations Act (RICO), a US federal law that punishes organised crime activities.



Roblox is the largest online gaming platform. Source: Roblox Blog

Roblox denies any legal connection with the gambling websites and says it will fight any entities that breach its policies or harm its community. It also says it bans simulated gambling on its platform. The lawsuit seeks a jury trial and could have serious implications for Roblox's legal status and reputation.

Satozuki Limited BV, Studs Entertainment Ltd, and RBLXWild Entertainment LLC are additional defendants in the lawsuit, which accuses them of making their third-party gambling websites available to users on Roblox, the majority of which are children younger than 18.



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While the company is clear that it actively moderates the over 50 million listed digital experiences (Roblox speak for games on its platform), the filing can list specific games that could be argued to violate the law.

More legal claims

These allegations are not the only complaints parents have with the wildly popular platform; Roblox recently agreed to pay \$10m to settle a lawsuit that accused it of deleting purchased content without offering refunds. The lawsuit claimed that Roblox used moderation policies as a pretext to profit from users who bought content that was later removed.

Users who had their content deleted before 11 May 2023 can claim part of the settlement either as cash or as Robux, the platform's digital currency.

Roblox also came under scrutiny in 2022 for hosting advergames that promote brands and products such as Nike, Hot Wheels, Nerf, and Hyundai.

In a [letter to the US Federal Trade Commission](#) (FTC), an advertising ethics advocacy group, Truth in Advertising (tina.org), complained that these advergames are often immersive and interactive, and may offer incentives or rewards for playing, like exclusive items or access to new features.

In 2020 *Adopt Me!*, a pet simulator and the most popular Roblox game of all time, launched its *Scoob* event - a collaboration between promoting the movie of the same name - where players could get a Scooby-Doo pet and a Mystery Machine vehicle for a limited time. Tina.org highlighted the campaign for its lack of discernible advertising content disclosure.

The platform's influencer collaborations were also called into question with a focus on the disclosure of material connections with Roblox or the brands they promote - the allegations are that these influencers do not disclose it clearly or conspicuously to their audience.

This may create a false impression that the influencers are impartial or independent and may influence the purchasing decisions of their fans.

Misleading claims

Roblox and its influencers make various earnings claims that suggest developers and creators can make money by creating games and items on Roblox. However, these claims are often exaggerated, misleading, or unsubstantiated, and do not reflect the typical or realistic earnings of most developers and creators.

Roblox claimed in its first quarter 2023 earnings report that its community developers (the company says there are 9.5 million developers on the platform) earned around \$623m in 2022, but it does not reveal how many developers received this amount, or what the average or median earnings were.

Tina.org is asking that the FTC intervenes to stop Roblox from what it calls "deceiving its users, especially children, with covert and manipulative marketing practices".

Roblox has grown to a platform with over 66 million daily active users, of which 80% are under the age of 16, and it is understandable that it would face scrutiny. The world will be watching how this latest court case plays out to see how it will affect the future of the platform.

ABOUT LINDSEY SCHUTTERS

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