



NEW YORK STATE SENATOR

Joseph P. Addabbo Jr.

Addabbo Will Push to Address the Sweepstakes Gaming Loophole

JOSEPH P. ADDABBO JR. January 21, 2025

Queens, NY (January 21, 2025): During the taping of a podcast series on New York State gaming with political news organization City and State, Senator Joseph P. Addabbo, Jr., Chair of the NYS Senate Racing, Gaming, and Wagering Committee discussed an existing loophole for online sweepstakes casino operators that appeal to individuals, especially older teens and young adults.

“One of my primary objectives as Gaming chair is ensuring New Yorkers are protected from gambling operations that have the potential of becoming more problematic without proper legislative action, such as unregulated sweepstakes casino operators,” stated Addabbo. “Many sweepstakes' operators are located offshore making enforcement limited or impossible, and our most vulnerable populations, youth and elderly, are most often targeted, which is why I want to act to address this existing loophole,” Addabbo added. The Senator expressed that the sweepstakes operators are allowing individuals to pay for virtual coins and win more coins that can be redeemed for cash prizes. “The use of money to play a game and win more money is simple gambling and should be safely regulated,” Addabbo noted.

Sweepstakes operators entice customers with a platform to play casino-like games for free. These operators use sites that mimic casinos and video games to promote the sale of Gold Coins in exchange for Sweepstakes Coin tokens so players can enter Sweepstakes for cash

prizes and gifts. Since Sweeps Coins are never purchased directly and have no inherent value, their operations remain unregulated, hence the loophole.

Currently, sweepstakes casinos are allowed in most states, including New York. These sites permit visitors to play slots, table games, and even live dealer games online for free with opportunities to purchase coins that can be redeemed for cash prizes and more.

Sweepstakes casinos use a dual-currency system – Gold Coins and Sweeps Coins – to remain compliant with the law while taking advantage of an existing loophole. Both forms of currency are given away for free by a sweepstakes casino, but Gold Coins can also be purchased. Neither has cash value but Sweeps Coins can be redeemed for cash prizes.

A sweepstakes casino account shows how many Sweepstakes and Gold coins a player has acquired. The difference between Sweepstakes casino sites and online casinos is that with Sweepstakes casinos, a player won't directly "deposit" or "withdraw" funds through an account. Instead, players purchase coins, if desired, to later redeem for prizes.

When individuals play Sweepstakes Coins games, they can win more, and when they accumulate a required minimum amount of Sweepstakes Coins, they can be redeemed for cash prizes. The process of turning your winnings into prizes like gift cards or even cash prizes can differ from site to site but often involves a similar path. Ultimately, individuals are spending money to purchase coins in exchange for a prize.

"To close this loophole, I will work to ban or incorporate Sweepstakes Casinos in the state, akin to current laws in Michigan, Idaho, and Washington, and I will push for iGaming as a safe, effective alternative for online casino enthusiasts," Addabbo explained. "By addressing the Sweepstakes Casinos issue and allowing a regulated iGaming casino option, we are

demonstrating our commitment to protecting New Yorkers, dealing with gaming addiction, while adding tax revenue beneficial to all state residents,” Addabbo explained. “Without an option for safe, regulated online gaming, many individuals will fall victim to sweepstakes casinos that entice customers through free play advertising with the potential for prizes through the purchase of gold coins,” added Addabbo. “I encourage my colleagues and the Governor to take action against unregulated sweepstakes casinos, while reconsidering the benefits of allowing legal iGaming operators to provide sanctioned services in a popular and ever-growing industry,” concluded Addabbo.