



Monday, April 22, 2019

Commissioners Simons, Chopra, Phillips, Slaughter and Wilson
Federal Trade Commission
600 Pennsylvania Avenue, NW
Washington, DC 20580

In re: Inside the Game: Unlocking the Consumer Issues Surrounding Loot Boxes

Dear Chair Simons and Commissioners:

The National Council on Problem Gambling would like to submit a topic and suggest participants for August 7, 2019 Federal Trade Commission public workshop on Consumer Issues Surrounding Loot Boxes. Our suggested topic is: Loot Boxes or Slot Machines? Similarities & Solutions From the Gambling Addiction Prevention Field. Participants with specific expertise in loot boxes, social gaming and gambling addiction prevention, treatment and responsible play are: Keith Whyte, Executive Director, National Council on Problem Gambling; Julie Hynes, Director of Responsible Gambling, Massachusetts Council on Compulsive Gambling; Christopher Hansford, Political Engagement Director, Consumers for Digital Fairness; and Cam Adair, Founder, GameQuitters. In particular we are concerned that many features of loot boxes are similar to those of slot machines. Players who pay to play a slot machine or unlock a loot box are risking something of value to them for the chance of winning a prize or reward that is also of value. Factors common to many loot boxes and slot machines include random distribution of prizes, variable value of the prizes plus visual and sound cues associated with participation and reward. These features are well known to trigger urges to play along with increased excitement and faster play. For some users this leads to the development of problems. These problems include financial harm, emotional difficulties, poor work or school performance, poor mental and physical health, higher rates of depression and substance abuse. The gambling addiction field has developed a variety of innovative responsible play policies and programs that may be applicable to better inform consumers, prevent gambling-related problems, facilitate treatment seeking, support recovery and increase the evidence base. Panelists will discuss the gambling-related loot box research to date (summarized below) and practical solutions and next steps.

We base our position on our 47 years of experience in gambling addiction prevention, education, treatment, enforcement, research and recovery as well as our work with gambling operators, vendors, regulators and players themselves on responsible gaming. While the research on loot boxes and gambling problems is still in its infancy, the published reports have all shown cause for concern. These concerns include:

- Gambling addiction-type risks (people spending too much time and money)
- Transitional risks (increased participation in real money gambling, especially in relation to young people)
- Consumer protection-type risks (lack of transparency, no regulation)

The most recent research in this area concluded that paying for loot boxes is linked to problem gambling.¹ An earlier large study of more than 7,000 gamers found evidence for a link between the amount that gamers spent on loot boxes and the severity of their gambling problems.² In March 2019 a law review article reviewed specific case studies and regulatory responses, proposed solutions and identified difficulties with industry-based solutions.³ The scientific journal *Nature* published an editorial urging the scientific community to “engage actively in the debate regarding the status of video game loot boxes and the potential risks they present for vulnerable populations and the authors also found that nearly half of the loot boxes they reviewed met psychological criteria for gambling even though those games are rated as appropriate for adolescent players under 18.”^{4,5} Noted gambling researcher Dr. Mark Griffiths noted loot boxes meet almost any definition of gambling currently used in the field of social sciences.⁶

We also believe an approach to loot boxes, particularly concerning potential negative impacts on youth, should be based on a precautionary principle. We believe “The precautionary approach rejects the notion that risks are acceptable until harm has been proven or that risks can continue unmitigated until such time as the effectiveness of a harm minimization measure is proven.”⁷ Therefore the FTC workshop is particularly appropriate as there is a reasonable concern that gambling-related harm may occur. Please feel free to contact us directly with any comments or questions.

Sincerely,



Keith S. Whyte, Executive Director

Cc: Cam Adair
Christopher Hansford
Julie Hynes

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The National Council on Problem Gambling was founded in 1972 and is neutral on legalized gambling. We serve as the national advocate for programs and services to assist problem gamblers and their families. We improve health and wellness by leading state and national stakeholders in the development of comprehensive policy and programs to reduce the personal, social and economic costs of problem gambling.

¹ Zendle, David, et al. *Paying for Loot Boxes Is Linked to Problem Gambling, Regardless of Specific Features Like Cash-out and Pay-to-win: A Preregistered Investigation*. *PsyArXiv*, 12 October 2018.

² Zendle, David and Cairns, Peter *Video game loot boxes are linked to problem gambling: Results of a large-scale survey*. *PsyArXiv*, August 2018.

³ Andrew Moshirnia, *Precious and Worthless: A Comparative Perspective on Loot Boxes and Gambling*, 20 *Minn. J.L. Sci. & Tech.* 77 (2018).

⁴ *Editorial: Gaming or Gambling?* *Nature: Human Behavior*, Vol 2, August 2018

⁵ Aaron Drummond and James Sauer, *Comment: Video game loot boxes are psychologically akin to gambling*. *Nature: Human Behavior*, Vol 2, August 2018.

⁶ Griffiths, Mark, *Is the Buying of Loot Boxes In Video Games A Form of Gaming or Gambling?* GLRE 2018.

⁷ Massachusetts Gaming Commission, *Responsible Gaming Framework*, Version 2.0, May 2018.