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10
11 **UNITED STATES DISTRICT COURT**
12 **NORTHERN DISTRICT OF CALIFORNIA**
13 **SAN FRANCISCO DIVISION**

14 PRABHDEEP CHEHAL, VIRAL PATEL,
15 CHAIM LEVI, MICHAEL GAYED, and
16 JEFFREY NGAFUA, individually and on
17 behalf of all others similarly situated,

18 Plaintiffs,

19 vs.

20 ROBINHOOD MARKETS, INC. and
21 ROBINHOOD DERIVATIVES, LLC,

22 Defendants.

23 : Civil Action No.

24 : **CLASS ACTION COMPLAINT**

25 : CLASS ACTION

26 : DEMAND FOR JURY TRIAL

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1 Plaintiffs Prabhdeep Chehal, Viral Patel, Chaim Levi, Michael Gayed, and Jeffrey Ngafua
2 (collectively “Plaintiffs”), individually and on behalf of all others similarly situated, bring this class
3 action against Defendants Robinhood Markets, Inc., and Robinhood Derivatives, LLC (collectively
4 “Robinhood” or “Defendants”) to recover billions of dollars in wagers from Robinhood’s unlawful
5 operation of an unlicensed sports gambling platform and related deceptive and misleading business
6 practices. Plaintiffs bring this action by and through their attorneys and allege, based upon personal
7 knowledge as to their own actions and based upon information and belief and reasonable investigation
8 by their counsel as to all other matters, as follows.

9 **NATURE OF THE ACTION**

10 1. Defendant Robinhood facilitates the sale of illegal and unregulated sports event gaming
11 contracts to its customers through its mobile app and website. The event contracts are listed by non-
12 party Kalshi, Inc. (“Kalshi”) on its designated contract market (“DCM”). Through a partnership with
13 Kalshi, Robinhood facilitates the sale of Kalshi’s sports event contracts to Robinhood’s customers,
14 who are led to believe that sports event contracts are a modern, sophisticated form of investing on a
15 federally regulated commodities exchange that can be accessed on a phone. In reality, the sports event
16 contracts Robinhood sells are old-fashioned wagers on the outcomes of sporting events (i.e., gaming).
17 By operating an unlicensed sports gambling operation, Robinhood has violated state gambling laws
18 and regulations, engaged in deceptive conduct, and unjustly enriched itself at the expense of millions
19 of consumers.

20 2. Robinhood began selling event contracts on October 28, 2024, to anyone over the age
21 of 18 in all 50 states, even in states where gambling in casinos and making bets through sportsbooks
22 is restricted to individuals who are 21 or older, like New Jersey. Robinhood aggressively markets
23 prediction markets—through push notifications from its app, television commercials, and ads on the
24 internet—to potential users and accepts payments through financial systems widely accessible to
25 consumers.

26 3. According to Robinhood, “[a]n event contract is a type of financial derivative that
27 allows traders to speculate on a specific event. These contracts are generally structured around ‘Yes’
28 or ‘No’ positions, and fluctuate in price based on the projected occurrence of the event. Event contracts

1 then pay out if the position held matches the correct occurrence of the event; otherwise, they expire
2 with no value.”¹ Event contracts are priced between one cent and 99 cents with each cent representing
3 a 1% probability of the event occurring. As described by Robinhood, “if a contract is priced at 53
4 cents, this can be interpreted as a 53% probability that it will occur according to that market.”²

5 4. Robinhood’s first event contracts allowed users to trade on the outcome of the 2024
6 presidential election by offering a contract for Kamala Harris and a contract for Donald Trump. On
7 March 17, 2025, Robinhood expanded its prediction market gaming offerings to illegal sports betting
8 through its partnership with Kalshi while continuing to maintain the fiction that users were trading
9 event contracts on its “Prediction Markets Hub.”³

10 5. In offering sports gambling to consumers, Robinhood creates a misleading impression
11 either actively or by omission that Kalshi’s prediction markets have the approval of state gambling
12 control authorities and are legal when, in fact, they do not and are illegal under state law.

13 6. Persons who are prone to gambling compulsions and avoid gambling websites, and
14 who maintain brokerage accounts with Robinhood, are exposed to gambling-related communications
15 and at times succumb to the abuses of compulsory gambling.⁴

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18 ¹ Robinhood Markets, LLC, SEC Form 10-K/A, p. 13 (Dec. 31, 2025). Available at
19 [https://www.sec.gov/ix?doc=/Archives/edgar/data/0001783879/000178387926000029/hood-](https://www.sec.gov/ix?doc=/Archives/edgar/data/0001783879/000178387926000029/hood-20251231.htm)
20 [20251231.htm](https://www.sec.gov/ix?doc=/Archives/edgar/data/0001783879/000178387926000029/hood-20251231.htm).

21 ² <https://robinhood.com/us/en/support/articles/robinhood-event-contracts/> (last accessed April 2,
22 2026).

23 ³ Robinhood Markets, LLC, SEC Form 10-K/A, p. 13 (Dec. 31, 2025) (Robinhood’s SEC Form 10-K
24 states, “[o]ur customers can trade event contracts on a regulated exchange using out Prediction
25 Markets Hub, for which we charge a commission for each contract traded.”). Available at
26 [https://www.sec.gov/ix?doc=/Archives/edgar/data/0001783879/000178387926000029/hood-](https://www.sec.gov/ix?doc=/Archives/edgar/data/0001783879/000178387926000029/hood-20251231.htm)
27 [20251231.htm](https://www.sec.gov/ix?doc=/Archives/edgar/data/0001783879/000178387926000029/hood-20251231.htm).

28 ⁴ A review of sports wagering and gambling addiction studies conducted by the National Council on
Problem Gambling shows that “[t]he rate of gambling problems among sports bettors is at least twice
as high as among gamblers in general... [and] the rate of problems is even higher” when sports
wagering takes place online, “with one study of online sports gamblers indicating that 16% met clinical
criteria for gambling disorder and another 13% showed some signs of gambling problems. *A Review
of Sports Wagering & Gambling Addiction Studies Executive Summary*, NAT’L COUNCIL ON
PROBLEM GAMBLING,
[https://www.ncpgambling.org/wpcontent/uploads/2023/09/Spmisgambling_NCPGLitRvwExecSum-](https://www.ncpgambling.org/wpcontent/uploads/2023/09/Spmisgambling_NCPGLitRvwExecSummary.pdf)
[mary.pdf](https://www.ncpgambling.org/wpcontent/uploads/2023/09/Spmisgambling_NCPGLitRvwExecSummary.pdf).

1 7. Most perniciously, unlike traditional gambling sites that require cash deposits for
2 gambling, Robinhood enables brokerage clients to gamble against margin on security positions,
3 exposing customers to substantial losses on their stock portfolios.

4 8. Regulators in Michigan, New York, and New Jersey, among others, have sent cease-
5 and-desist letters to operators of online prediction markets. In addition, New York State Attorney
6 General Letitia James issued a Consumer Alert on February 2, 2026, ahead of the 2026 Super Bowl,
7 in which she noted, “[p]rediction markets may appear as modern, high-tech platforms for speculation
8 or ‘forecasting,’ but in practice, many operate as unregulated gambling without the basic protections
9 New York consumers both deserve and expect from properly licensed operators.”⁵

10 9. Plaintiffs bring this class action on behalf of themselves and the classes of all others
11 similarly situated persons (defined below) to seek relief from Robinhood’s unlawful sports gambling
12 operations.

13 **PARTIES**

14 10. Plaintiff Prabhdeep Chehal is a resident and citizen of California. Plaintiff Chehal
15 wagered and lost money trading sports event contracts through Robinhood’s Prediction Markets Hub.

16 11. Plaintiff Viral Patel is a resident and citizen of California. Plaintiff Patel wagered and
17 lost money trading sports event contracts through Robinhood’s Prediction Markets Hub.

18 12. Plaintiff Chaim Levi is a resident and citizen of New Jersey. Plaintiff Levi wagered
19 and lost money trading sports event contracts through Robinhood’s Prediction Markets Hub.

20 13. Plaintiff Michael Gayed is a resident and citizen of New York. Plaintiff Gayed wagered
21 and lost money trading sports event contracts through Robinhood’s Prediction Markets Hub.

22 14. Plaintiff Jeffrey Ngafua is a resident and citizen of Michigan. Plaintiff Ngafua wagered
23 and lost money trading sports event contracts through Robinhood’s Prediction Markets Hub.

24 15. Defendant Robinhood Markets, Inc., is a Delaware corporation with its principal place
25 of business located in Menlo Park, California. Defendant Robinhood Markets, Inc. conducts business
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28 ⁵ <https://ag.ny.gov/press-release/2026/consumer-alert-and-industry-alert-attorney-general-james-warns-new-yorkers>.

1 in California and throughout the United States. Robinhood Markets, Inc., is the parent company of
2 Robinhood Derivatives, LLC.

3 16. Defendant Robinhood Derivatives, LLC, is a Delaware limited liability company with
4 its principal place of business in Menlo Park, California. Robinhood Derivatives, LLC, is a wholly
5 owned subsidiary of Robinhood Markets, Inc. and conducts business in California and throughout the
6 United States. According to Robinhood Markets, Inc.'s SEC Form 10-K, Robinhood Derivatives
7 "facilitate[s] trading of futures contracts, event contracts, and options on futures contracts for our
8 customers."⁶ In its SEC Form 10-K, Robinhood Markets, Inc. refers to itself and its subsidiaries,
9 including Robinhood Derivatives, LLC as "we," "us," "Robinhood," or the "Company," and states
10 that "[o]ur corporate headquarters are located in Menlo Park, California."⁷ Each of Robinhood
11 Derivatives, LLC's Head of Engineering, Assistant General Counsel (Regulatory), and Deputy
12 General Counsel conduct business within this District.

13 17. Robinhood Markets, Inc., is generally responsible for all of Robinhood's operations,
14 including prediction markets, whereas Robinhood Derivatives, LLC, is specifically responsible for
15 facilitating the sale of gaming event contracts. Because of their similarity in function, Robinhood
16 Markets and Robinhood Derivatives are referred to globally herein as "Robinhood."

17 JURISDICTION AND VENUE

18 18. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C § 1332,
19 because the proposed class consists of 100 or more potential class members; the amount in controversy
20 exceeds the sum or value of \$5,000,000, exclusive of interest and costs; and minimal diversity exists.

21 19. This Court has personal jurisdiction over Defendants because Robinhood's principal
22 place of business is within this District and Robinhood conducts substantial business in this District.

23 20. Venue properly lies in this District pursuant to 28 U.S.C. § 1391 because Defendants
24 reside within this District within the meaning of 28 U.S.C. § 1391 and a substantial part of the events
25 giving rise to Plaintiffs' claims occurred in this District.

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27 ⁶ Robinhood, SEC Form 10-K/A, p. 30 (Dec. 31, 2026). Available at
[https://www.sec.gov/ix?doc=/Archives/edgar/data/0001783879/000178387926000029/hood-
28 20251231.htm](https://www.sec.gov/ix?doc=/Archives/edgar/data/0001783879/000178387926000029/hood-20251231.htm).

⁷ *Id.* at 4, 97.

DIVISIONAL ASSIGNMENT

21. Pursuant to Northern District of California Civil Local Rules 3-2(c), 3-2(d), and 3-5(b), assignment to the San Francisco or Oakland Division of this District is proper because Robinhood’s principal office is located in San Mateo County, California, and a substantial part of the events giving rise to the claim occurred in San Mateo County.

FACTUAL ALLEGATIONS

I. Robinhood Markets Offers Sports Betting, which Robinhood Refers to as Sports Event Contracts

22. Robinhood Markets was founded in 2013 with the mission to “democratize finance for all.” Robinhood Markets was the first U.S. retail broker to offer commission-free stock trading with no account minimums, which was subsequently adopted by the industry. Robinhood Markets began by offering equity trading on its mobile-first platform.

23. On October 28, 2024, Robinhood introduced its first prediction market, the “Presidential Election Market.”⁸ Robinhood stated, “customers will be able to trade based on their prediction for ‘who will win the 2024 presidential election.’ There will be two contracts to choose from—one for Kamala Harris and one for Donald Trump.”

24. Robinhood describes event contracts as “allow[ing] customers to trade on the outcome of specific events,” and further stated, “[w]e believe event contracts give people a tool to engage in real-time decision-making, unlocking a new asset class that democratizes access to events as they unfold.”⁹

25. On February 3, 2025, Robinhood announced the launch of event contracts for Super Bowl LIX, which was Robinhood’s first attempt to offer sports-related event contracts.¹⁰ The event

⁸ <https://robinhood.com/us/en/newsroom/introducing-the-presidential-election-market/> (dated October 28, 2024; last accessed April 13, 2026).

⁹ *Id.*

¹⁰ Robinhood has removed this post from its website. However, the announcement was reported by various news sources. See <https://www.investopedia.com/robinhood-launches-pro-football-championship-contracts-super-bowl-kansas-city-chiefs-philadelphia-eagles-8785040> (dated February 3, 2025; last accessed April 2, 2025); <https://frontofficesports.com/robinhood-to-offer-super-bowl-betting/> (dated February 3, 2025; last accessed April 2, 2025); <https://fortune.com/2025/02/03/robinhood-super-bowl-bets/> (dated February 3, 2024; last accessed

1 contracts were made available “in all 50 states through KalshiEx, LLC, a regulated exchange,” and
 2 “allow[ed] eligible customers to place trades on the outcome of the ... showdown between Kansas
 3 City and Philadelphia.” The announcement stated that “[e]vent contracts for the Pro Football
 4 Championship leverage the power and rigor of financial market structure to facilitate greater liquidity,
 5 transparency, and price discovery[.]” The announcement further stated, “Robinhood’s mission is to
 6 democratize finance for all. With an emerging asset class like event contracts, we recognize an
 7 opportunity to better serve our customers as their interests converge across the markets, news, sports,
 8 and entertainment.” A Robinhood spokesperson stated that partnering “with Kalshi was the best way
 9 for us to offer the Pro Football Championship contract in time for the game.”

10 26. The next day, on February 4, 2025, Robinhood announced that it had suspended the
 11 event contracts for Super Bowl LIX following the CFTC’s request that Robinhood ““not permit
 12 customers to access’ sports event contracts.””¹¹ In response, Robinhood posted on X:

13 We are disappointed by this outcome, especially given that we had been in regular
 14 communication with the CFTC about our intent and plans to offer this product. We will
 15 continue to collaborate with the CFTC as we work to roll out a more comprehensive
 event contracts platform later this year.

16 27. On March 17, 2025, Robinhood launched its Prediction Markets Hub and began
 17 offering sports event contracts, which became available across the U.S. through KalshiEX, LLC.¹²
 18 Robinhood stated that “the hub will allow customers to trade contracts for what the upper bound of
 19 the target fed funds rate will be in May, as well as the upcoming men’s and women’s College
 20 Basketball Tournaments.” In connection with this launch, JB Mackenzie, the Vice President and
 21 General Manager of Futures and Prediction Markets at Robinhood Markets, stated, “[w]e believe in
 22 the power of prediction markets and think they play an important role in the intersection of news,
 23 economics, politics, sports, and culture. We’re excited to offer our customers a new way to participate
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 26 April 2, 2025); <https://closingline.substack.com/p/the-early-line-florida-tells-offshore-sportsbooks-to-leave> (dated February 2, 2025; last accessed April 2, 2025).

27 ¹¹ <https://robinhood.com/us/en/newsroom/robinhood-receives-formal-request-from-the-cftc-to-roll-back-the-pro-football-championship-market/> (dated February 4, 2025; last accessed April 13, 2026).

28 ¹² <https://robinhood.com/us/en/newsroom/robinhood-prediction-markets-hub/> (dated March 17, 2025; last accessed April 13, 2026).

1 in prediction markets and look forward to doing so in compliance with existing regulations.” That
2 same day, event contracts related to the NCAA college basketball tournaments became available.

3 28. On August 19, 2025, Robinhood added professional and college football event
4 contracts to its Prediction Markets Hub.¹³ Mackenzie stated, “[a]dding pro and college football to our
5 prediction markets hub is a no-brainer for us as we aim to make Robinhood a one-stop shop for all
6 your investing and trading needs.” Robinhood stated, “[u]nlike sports betting, where the firm sets a
7 line, event contracts leverage the power and rigor of financial market structure and are offered in a
8 marketplace where buyer and sellers interact to set the price.”

9 29. On December 16, 2025, Robinhood announced the launch of new types of sports event
10 contracts, including “preset combos,” “custom combos,” and “player contracts,” which mirror
11 traditional forms of sports wagering such as point spreads, totals, player props, and parlays:

12 **Preset Combos:** Customers will be able to trade preset combos for individual Pro
13 Football games, giving them another way to turn their nuanced sports knowledge into
14 an investing opportunity. These will be a combination of the outcomes, totals, and
15 spreads within a single game. Like any event contract, these combos will pay \$1 dollar,
but only if each of the outcomes in the contract resolves correctly.

16 **Custom Combos:** Early next year, we’ll add support for custom combos, which will
17 allow customers to combine up to ten outcomes into one new contract across Pro
Football games.

18 **Player Contracts:** Starting today, customers can track and trade individual Pro
19 Football player performances like Anytime TD, Passing Yards, Receiving Yards,
20 Rushing Yards, and more in real time, all in one place. Player contracts for more sports
will be rolling out soon as well.¹⁴

21 30. The announcement stated, “[t]hese tools give traders greater precision, control, and
22 access to the events they care about most. Expanding our prediction markets is an important step
23 forward in our goal to enable anyone to trade, invest or hold any financial asset and conduct any
24 financial transaction through Robinhood.” The announcement also reported that Robinhood’s
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27 ¹³ <https://robinhood.com/us/en/newsroom/pro-and-college-football-prediction-markets/> (dated
August 19, 2025; last accessed April 13, 2026).

28 ¹⁴ <https://robinhood.com/us/en/newsroom/robinhood-presents-yes-no-event/> (dated December 16,
2025; last accessed April 2, 2026).

1 Prediction Markets Hub was “Robinhood’s fastest-growing product line by revenue ever, with 11
2 billion contracts traded by more than 1 million customers” since its launch.

3 31. On November 19, 2025, Robinhood invested in Rothera, a joint venture with
4 Susquehanna International Group, to advance the development of an independent, CFTC-licensed
5 exchange and clearinghouse for its prediction markets. In connection, on January 20, 2026, Rothera
6 acquired a 90% majority stake in MIAXdx, renamed Rothera E&C, a CFTC-licensed designated
7 contract market, derivatives clearing organization, and swap execution facility. Robinhood Markets’
8 investments in Rothera and MIAXdx was intended to allow Robinhood Markets to operate prediction
9 markets independently of Kalshi.

10 32. Currently, Robinhood’s Prediction Markets Hub offers event contracts across fifteen
11 (15) different sports, including in racing, Esports, and cricket.¹⁵ Recently, on February 8, 2026, an
12 estimated \$285 million was traded on Robinhood’s platform on the winning team of Super Bowl LX
13 alone.¹⁶

14 33. Robinhood describes this expanded offering of event contracts as “unlocking a new
15 asset class.” However, unlike with its other offerings, Robinhood charges a commission of \$0.01 for
16 each event contract bought or sold on its Prediction Markets Hub. Robinhood may also charge an
17 exchange fee depending on the exchange the contract is traded on, which is typically \$0.01 per
18 contract. Because Robinhood’s contracts are historically sourced from Kalshi, its Prediction Markets
19 Hub is substantially identical to the prediction market platform Kalshi offers on its own website.

20 34. California law governs the Customer Agreement between Robinhood and its users and
21 all transactions made in customer accounts.

22 35. Under the terms of its agreement with Kalshi, Robinhood shares in Kalshi’s
23 “transaction fee” and earns interest on consumer funds each time an event contract is purchased on its
24 platform. It is therefore a “winner” for all the same reasons and in the same way that Kalshi is a
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27 ¹⁵ Robinhood, <https://robinhood.com/us/en/prediction-markets/>.

28 ¹⁶ MarketWatch, <https://www.marketwatch.com/story/in-a-coming-out-party-for-prediction-markets-and-sports-people-just-traded-nearly-1-5-billion-on-the-super-bowl-winner-86613100>.

1 “winner.” And it acts in concert and in privity with Kalshi to secure Kalshi’s winnings at the expense
2 of individual gamblers.

3 36. According to Robinhood, more than 12 billion event contracts were traded on
4 Robinhood in 2025, including a record 8.5 billion traded in the fourth quarter alone.¹⁷

5 37. Customers who maintain Robinhood brokerage accounts and who recognize their own
6 susceptibility to compulsive gambling were exposed to Robinhood’s ubiquitous promotional material
7 concerning prediction markets (i.e., gambling).

8 38. Robinhood enables customers to place gaming wagers against margin on their
9 securities portfolios, exposing customers to the loss of their securities portfolios through unregulated
10 and potentially compulsive gaming activities.

11 39. In its fiscal year ending December 31, 2025, Robinhood collected \$302 million in
12 “other transaction-based revenue,” a 260% increase from the previous year, which was “primarily
13 driven by increased user activities in Prediction Markets and instant withdrawals.”¹⁸

14 **II. Plaintiffs Lost Money On Robinhood’s Sports Event Contracts**

15 40. Plaintiff Ngafua lost \$25,263.80 wagering on Robinhood’s Prediction Markets Hub in
16 2025 (including on sports event contracts) and incurred an additional \$11,267.84 in fees and
17 commissions. In 2026, Plaintiff Ngafua lost \$8,087.27 on wagering on Robinhood Prediction Markets
18 Hub (including on sports event contracts) and incurred an additional \$7,367.75 in fees and
19 commissions.

20 41. Plaintiff Patel lost \$29,209.02 wagering on Robinhood’s Prediction Markets Hub in
21 2025 (including on sports event contracts) and incurred an additional \$21,388.50 in fees and
22 commissions.

23 42. On March 16, 2026, Plaintiff Levi, among other wagers, purchased two sports event
24 contracts on Robinhood’s Prediction Markets Hub and experienced losses on those wagers of
25 \$6,243.59 and \$11,518.59, respectively.

26 ¹⁷ <https://www.wsj.com/finance/stocks/robinhood-earnings-q4-2025-hood-stock-fd4f6c37>.

27 ¹⁸ Robinhood Markets, Inc. Annual Report on Form 10-K/A at 110 (Feb. 20, 2026), available at
28 <https://www.sec.gov/ix?doc=/Archives/edgar/data/0001783879/000178387926000029/hood-20251231.htm>.

1 43. Plaintiff Gayed lost \$111,382 on wagering on Robinhood’s Prediction Markets Hub in
2 2025 (including on sports event contracts) and incurred an additional \$43,257.4 in fees and
3 commissions.

4 44. Plaintiff Chehal lost \$1,071 wagering on Robinhood’s Prediction Markets Hub in
5 March 2026 (including on sports event contracts) and incurred an additional \$6,448 in fees and
6 commissions.

7 **III. Robinhood’s Prediction Markets Hub Is an Illegal Gambling Operation**

8 45. In 1992, the federal government passed the Professional Amateur Sports Protection Act
9 (“PASPA”), which effectively outlawed sports betting nationwide, with the exception of a few states.

10 46. In 2018, the Supreme Court struck down PASPA in *Murphy v. National Collegiate*
11 *Athletic Association*, 584 U.S. 453 (2018), holding that it violates the Constitution’s
12 “anticommandeering” principle by preventing the states from modifying or repealing its laws
13 prohibiting sports gambling. In *Murphy*, the Supreme Court made clear that states, not the federal
14 government, have the right to regulate sports betting.

15 47. According to CBS Sports, since *Murphy* was decided, thirty-nine (39) states and
16 Washington D.C. have legalized some form of sports betting as of April 6, 2026. Thirty (30) of those
17 states have legalized online sports betting through smartphone apps or websites.¹⁹

18 48. Despite Robinhood’s performative sleight of hand in repackaging sports wagers as
19 event contracts, these offerings are nothing more than unlawful online sports bets. Robinhood’s users
20 place bets on the outcome of events they do not control and have no relationship to economic markets
21 or events. A prediction market that offers sports event contracts is no different than a sports gambling
22 book that lacks a license from any state gambling authority.

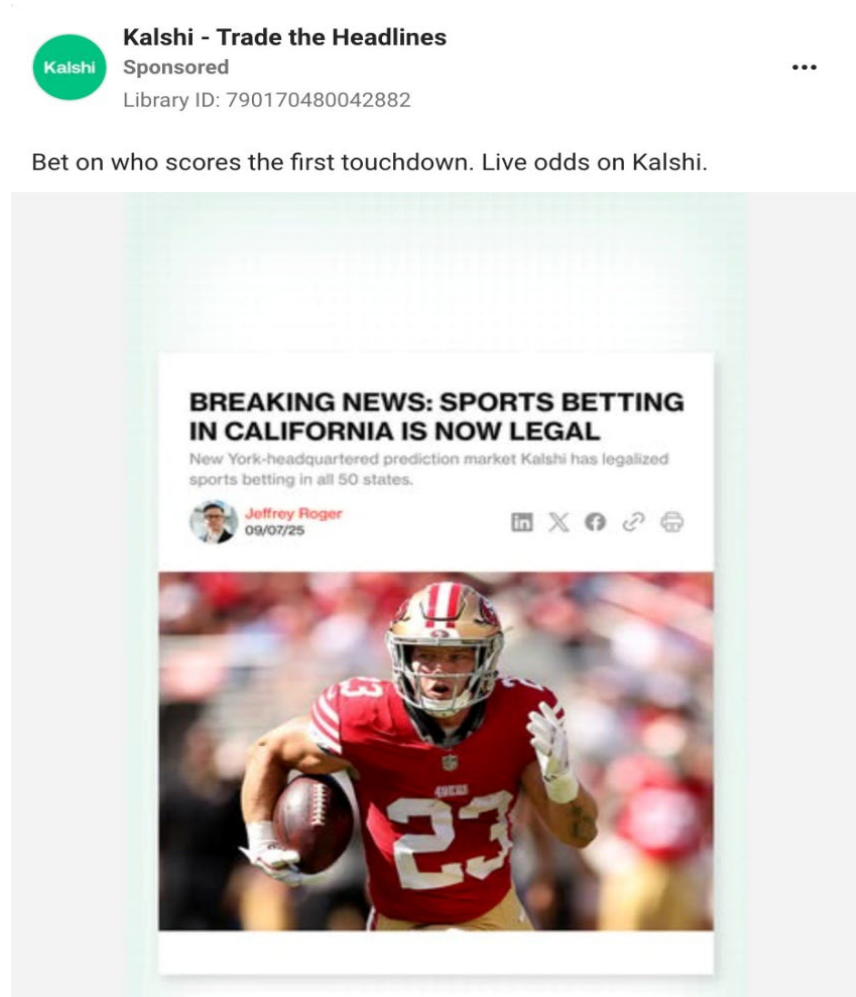
23 49. Indeed, Robinhood offers sports event contracts that are functionally identical to sports
24 bets found in traditional sportsbooks like DraftKings and FanDuel.²⁰ As stated above, Robinhood

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26 ¹⁹ <https://www.cbssports.com/betting/news/u-s-sports-betting-where-all-50-states-stand-on-legalizing-online-sports-betting-sites-proposed-legislation/>.

27 ²⁰ See *KalshiEX, LLC v. Flaherty*, 2026 U.S. App. LEXIS 9948, *20 (3d Cir. Apr. 6, 2026) (Roth, J.,
28 dissenting) (Kalshi’s offerings “are virtually indistinguishable from the betting products available on
online sportsbooks, such as DraftKings and FanDuel.”).

1 offers sports event contracts that mirror Moneyline bets, point spreads, totals, player props, and
 2 parlays. Moreover, Robinhood offers odds and payouts that are nearly identical to the odds and
 3 payouts offered by traditional sportsbooks.

4 50. Kalshi, Robinhood’s prediction markets partner, has referred to its prediction markets
 5 as a gambling enterprise, advertising to consumers that they can make a “bet” on sporting events:



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22 51. Kalshi acknowledged before the D.C. Circuit Court of Appeals that “Congress did not
 23 want sports betting to be conducted on derivatives markets.” Brief for Appellee KalshiEX LCC at 41,
 24 *KalshiEX LLC v. CFTC*, No. 24-5205 (D.C. Cir. Nov. 15, 2024).

25 52. Similarly, Robinhood’s Prediction Market Hub is an illegal gambling operation.

26 53. In California, gambling activities and establishments are regulated by the California
 27 Gambling Control Act (“C.A. GCA”), Cal. Bus. & Prof. Code §§ 19800 *et seq.*, which prohibits
 28 unregulated commercial gambling operations, except where expressly permitted by California law.

1 See Cal. Bus. & Prof. Code §§ 19801(d). The California Gambling Control Commission (“C.A.
2 Commission”) is the official regulatory body over the operation of gambling establishments in
3 California. Neither Robinhood nor Robinhood is licensed to conduct sports betting in California.

4 54. In New York, “sports wagering” is defined as:
5 wagering on sporting events or any portion thereof, or on the individual performance
6 statistics of athletes participating in a sporting event, or combination of sporting events,
7 by any system or method of wagering, including, but not limited to, in-person
8 communication and electronic communication through internet websites accessed via
9 a mobile device or computer, and mobile device applications; provided however that
sports wagers shall include, but are not limited to, single-game bets, teaser bets, parlays,
over-under bets, money line, pools, in-game wagering, in-play bets, proposition bets,
and straight bets[.]

10 N.Y. Pari-Mutual Law §§ 1367(1)(x).

11 55. Neither Robinhood nor Kalshi is licensed by the New York State Gaming Commission
12 (the “NY Commission”) to engage in sports wagering in New York. Indeed, on October 25, 2025, the
13 NY Commission sent Kalshi, Robinhood’s partner, a cease-and-desist letter for offering illegal sports
14 bets under the guise of prediction markets. On October 27, 2025, Kalshi sued the NY Commission in
15 federal court injunctive and declaratory relief. Kalshi’s request for an injunction is fully briefed and
16 awaiting a decision from the court.

17 56. Neither Robinhood nor Kalshi is licensed by the Michigan Gaming Control Board to
18 engage in sports wagering in Michigan. Indeed, on March 5, 2026, the Attorney General of Michigan,
19 Dana Nessel, filed a lawsuit against KalshiEX alleging that its platform violated Michigan’s Lawful
20 Sports Betting Act (MI LSBA) for offering illegal sports bets under the guise of prediction markets,
21 the same conduct alleged against Robinhood herein. KalshiEX removed the action to federal court.
22 On March 18, 2026, the Michigan Attorney General moved to remand the case. The motion to remand
23 is in the process of being briefed.

24 57. Neither Robinhood nor Kalshi is licensed by the N.J. Division of Gaming Enforcement
25 to engage in sports wagering in New Jersey. Indeed, on March 27, 2025, the N.J. Department of Law
26 and Public Safety, Division of Gaming Enforcement, sent Kalshi a cease-and-desist letter for offering
27 illegal sports bets under the guise of prediction markets, the same conduct by Robinhood alleged here.
28 On April 6, 2026, the Court of Appeals for the Third Circuit affirmed the District Court’s order

1 entering a preliminary injunction against the New Jersey Division of Gaming Enforcement from
2 enforcing state law against Kalshi’s sports-related event contracts. *See KalshiEX, LLC v. Flaherty, et*
3 *al.*, No. 25-1922 (3d Cir. Apr. 6, 2026). Plaintiffs anticipate that the New Jersey Division will seek
4 *certiorari* and that the United States Supreme Court will ultimately consider and overrule the Third
5 Circuit. Thus, Plaintiffs have included a claim under New Jersey law as a protective measure to toll
6 the statute of limitations.

7 58. Despite offering sports betting in various states, Robinhood has not registered for or
8 obtained a license with any state gaming commission. In doing so, Robinhood makes unlawful sports
9 gambling widely available through its platform, without any safeguards mandated for licensed sports
10 wagering operations and without oversight by any state gaming commission, exposing users to the
11 harms of unregulated gambling.

12 59. Several states, including New Jersey, New York, and Michigan allow individuals to
13 recover funds lost in connection with an illegal gambling operation from any “winner,” “stakeholder,”
14 or “person” who received their wagers under state laws modeled after the Statute of Anne – a British
15 law passed in 1710 during the reign of Queen Anne that made certain gambling debts unenforceable.

16 60. Robinhood’s sports wagering operations also violate federal law. The Dodd-Frank Act
17 granted the CFTC discretionary power to review and prohibit six categories of derivative contracts if
18 it concludes the contracts are “contrary to the public interest.” 7 U.S.C. §§ 7a-2(c)(5)(C), (C)(i).
19 Those categories include contracts involving “gaming” or “other similar activity determined by the
20 [CFTC], by rule or regulation, to be contrary to the public interest.” 7 U.S.C. §§ 7a-2(c)(5)(C)(i)(V)-
21 (VI).

22 61. In 2011, the CFTC promulgated 17 C.F.R. § 40.11, which states, in relevant part, “[a]
23 registered entity shall not list for trading or accept for clearing on or through the registered entity . . .
24 [a]n agreement, contract transaction, or swap based upon an excluded commodity . . . that involves,
25 relates to, or references gaming, or an activity that is unlawful under any State or Federal law[.]” 17
26 C.F.R. § 40.11(a)(1). This Rule’s prohibition of gaming contracts remains in place, rendering
27 Robinhood’s sports wagering offerings illegal under federal law.

28

1 65. Excluded from the Class are Robinhood, Robinhood’s executives and officers, and any
2 person, firm, trust, corporation, or other entity related to or affiliated with Robinhood’s partners,
3 subsidiaries, affiliates, or joint ventures. Plaintiffs reserve the right to modify, change or expand the
4 Class definition after conducting discovery.

5 66. The members of the Class are so numerous and dispersed that it would be impracticable
6 to join them individually. At all relevant times, there were thousands or more of persons who lost
7 money trading one or more sports event contracts on Robinhood. The precise number of Class
8 members and their identities are unknown to Plaintiffs at this time but can be determined through
9 discovery.

10 67. Common questions of law or fact exist as to all members of the Class and predominate
11 over any questions affecting solely individual members of the Class. Among the questions of law or
12 fact common to Class and/or Subclasses are:

- 13 a. Whether, and to what extent, Robinhood’s Prediction Markets Hub constitutes an
14 illegal gambling operation;
- 15 b. Whether Robinhood violated the laws referenced in the causes of action herein;
- 16 c. Whether Robinhood’s conduct was unfair, deceptive, and/or misleading in violation of
17 state consumer protection statutes alleged herein;
- 18 d. Whether Robinhood’s wrongful conduct caused loss or damages to Plaintiffs and the
19 Class, and if so,
- 20 e. The amount of such loss or damages;
- 21 f. Whether Robinhood’s conduct caused Robinhood to be unjustly enriched; and
- 22 g. Whether Plaintiffs and the Class are entitled to a reasonable award of attorneys’ fees,
23 interest, and costs of suit.

24 68. Plaintiffs’ claims are typical of the claims of the members of the Class they seek to
25 represent because they all wagered and lost money on Robinhood’s platform, which operates the same
26 as to Class members.

27 69. Plaintiffs will adequately represent and protect the interests of the Class and have no
28 interests that conflict with or are antagonistic to the interests of Class members. Plaintiffs have retained

1 attorneys who are experienced and capable of prosecuting class actions and complex litigation.
2 Plaintiffs' attorneys will actively conduct and be responsible for prosecuting this litigation, and have
3 adequate resources, experience, and commitment to litigate this matter.

4 70. A class action is superior to any other method available for the fair and efficient
5 adjudication of this controversy because it would be impractical and unduly burdensome for each of
6 the individual Class members to bring a separate action. Since the damages suffered by individual
7 Class members may be relatively small, the expense and burden of individual litigation make it
8 virtually impossible for the respective Class members to seek redress for the wrongful conduct alleged.
9 Plaintiffs know of no difficulty that will be encountered in the management of this litigation that would
10 preclude its maintenance as a class action. Moreover, individual litigation has the potential to result
11 in inconsistent or contradictory judgments. A class action in this case presents fewer management
12 problems and provides the benefits of a single adjudication, economies of scale, and comprehensive
13 supervision by a single court.

14 71. Defendants have acted on grounds that apply generally to the Class, such that final
15 injunctive relief or corresponding declaratory relief is appropriate respecting the Class as a whole.

16 72. Class certification is also appropriate because there is a readily identifiable class on
17 whose behalf this action can be prosecuted. Class members are readily ascertainable from Robinhood's
18 records. A notice of pendency or resolution of this class action can be provided to Class members by
19 direct mail, email, publication notice, or other similar means.

20 73. To the extent reliance is an element of any of the claims asserted herein, Plaintiffs and
21 all Class members uniformly have relied on Robinhood's conduct.

22 **CAUSES OF ACTION**

23 **COUNT I**

24 **Violations of the California Unfair Competition Law,**

25 **Cal. Civ. Code §§ 17200, *et seq.***

26 **On Behalf of Plaintiff Chehal, the Class, and California Subclass**

27 74. Plaintiffs, including Prabhdeep Chehal, allege and incorporate all other factual
28 allegations set forth herein.

1 75. Robinhood and Plaintiffs are “persons” within the meaning of the California UCL.
2 Plaintiffs assert this cause of action against Defendants for unlawful, unfair and fraudulent business
3 practices; and unfair, deceptive, untrue and misleading advertising, as defined by California’s Unfair
4 Competition Law, Cal. Bus. & Prof. Code §§ 17200, et seq. (the “UCL”). The UCL prohibits any
5 “unlawful, unfair or fraudulent business act or practice,” each of which is separately actionable.

6 76. Defendants’ conduct violates the UCL, as the acts and practices of Defendants
7 constitute a common and continuing course of conduct by means of “unlawful” “unfair” and
8 “fraudulent” business acts or practices within the meaning of the UCL.

9 77. The UCL prohibits any “unlawful, unfair or fraudulent business act or practice,” each
10 of which is separately actionable.

11 78. Robinhood has violated the UCL’s proscription against engaging in “unlawful”
12 conduct by virtue of its violations of, inter alia, the following laws:

- 13 a. California’s Gambling Control Act (Cal. Bus. & Prof. Code §§ 19800, et seq.): Sections
14 19801 and 19850 of the Gambling Control Act provide that unless licensed, state law
15 prohibits commercially operated gambling facilities; that no new gambling
16 establishment may be opened except upon affirmative vote of the electors; that all
17 gambling operations and persons having significant involvement therein shall be
18 licensed, registered, and regulated; and that all persons who deal, operate, carry on,
19 conduct, maintain or expose for play any gambling game shall apply for and obtain a
20 valid state gambling license. Neither Robinhood nor Kalshi has applied for or obtained
21 any state gambling license, and therefore Robinhood violates California’s Gambling
22 Control Act. As the California legislature reaffirmed in 2008, “no person in this state
23 has a right to operate a gambling enterprise except as may be expressly permitted by
24 the laws of this state.” Cal. Bus. & Prof. Code § 19801(d).
- 25 b. California Penal Code Section 330, which provides in relevant part that “[e]very person
26 who ... conducts, either as owner or employee ... any banking or percentage game
27 played with ... any device, for money, checks, credit, or other representative of value
28 ... is guilty of a misdemeanor.” CAL. PENAL CODE § 330. A “banking game” refers

1 to a situation where the “House” is a participant in the game, taking on all contestants,
2 paying all winners, and collecting from all losers. See *Sullivan v. Fox*, 189 Cal. App.
3 3d 673, 678 (1987). And a “percentage game” refers to a situation where the house
4 collects a portion of the bets or wagers made by contestants, but is not directly involved
5 in game play. See *id.* at 679. Robinhood operates both illegal banking games when it
6 trades through Kalshi and illegal percentage games when it takes fees on bets made by
7 consumers.

8 c. California Penal Code Section 337a, which prohibits additional conduct, including: i)
9 “Pool selling or bookmaking, with or without writing, at any time or place.” CAL.
10 PENAL CODE § 337a(a)(1); (ii) “[R]eceive[ing], hold[ing], or forward[ing] . . . in any
11 manner whatsoever, any money . . . staked, pledged, bet or wagered, or to be staked,
12 pledged, bet or wagered, or offered for the purpose of being staked, pledged, bet or
13 wagered, upon the result, or purported result, of any trial, or purported trial, or contest,
14 or purported contest, of skill, speed or power of endurance of person or animal, or
15 between persons, animals, or mechanical apparatus, or upon the result, or purported
16 result, of any lot, chance, casualty, unknown or contingent event whatsoever.” *Id.* at
17 (a)(3). “[A]t any time or place, record[ing], or register[ing] any bet or bets, wager or
18 wagers, upon the result, or purported result, of any trial, or purported trial, or contest,
19 or purported contest, of skill, speed or power of endurance of person or animal, or
20 between persons, animals, or mechanical apparatus, or upon the result, or purported
21 result, of any lot, chance, casualty, unknown or contingent event whatsoever.” *Id.* at
22 (a)(4). Robinhood acts as a bookmaker, and accepts pooled bets on the results of sports
23 events.

24 d. California Penal Code § 337j(a)(2): Robinhood violates Cal. Penal Code § 337j(a)(2)
25 by “receiv[ing], directly or indirectly, any compensation or reward or any percentage
26 or share of the revenue, for keeping, running, or carrying on any controlled game.”
27 Robinhood directly receives compensation by taking a share of consumers’ bets.
28

1 79. Robinhood’s conduct is “fraudulent” because Robinhood has, through the affirmative
2 misstatements and/or omissions alleged herein, tricked consumers into believing the operation of its
3 gambling website is lawful in California, when it is not, causing Plaintiffs and Class members to lose
4 millions of dollars in the aggregate. Robinhood falsely represented its products as “investments” or
5 “trading” when, in reality, they are unlawful gambling.

6 80. Defendants’ conduct is unfair, because its utility, if any, is greatly outweighed by the
7 harm it causes to Plaintiffs and the Class; and because it is immoral, unethical, oppressive,
8 unscrupulous and substantially injurious to consumers; and because it violates established public
9 policy as alleged herein. As alleged herein, Robinhood makes unlawful sports gambling widely
10 available through its platform without a requisite license from the CA Commission and, in connection,
11 made false representations about the nature of its offering to users.

12 81. As a direct and proximate cause of Defendants’ violations of the UCL, Plaintiffs and
13 the Class suffered an injury in fact and have suffered monetary harm. Defendants, on the other hand,
14 have been unjustly enriched. The Court should require Defendants to make restitution to Plaintiffs
15 and the Class and/or disgorge its ill-gotten profits pursuant to Business & Professions Code § 17203.

16 82. Defendants’ unlawful, unfair, and fraudulent business practices, as described herein,
17 present a continuing threat to Plaintiffs and the general public in that Defendants’ deceptive conduct
18 is ongoing. Plaintiffs further seek an order enjoining Defendant from engaging in any unlawful or
19 inequitable acts and practices as alleged herein.

20 83. Plaintiffs and the Class seek equitable relief because they have no other adequate
21 remedy at law. Legal remedies available to Plaintiffs and Class Members are inadequate because they
22 are not equally prompt and certain and in other ways as efficient as equitable relief. Damages are not
23 equally certain as restitution because the standard that governs restitution is different than the standard
24 that governs damages. Hence, the Court may award restitution even if it determines that Plaintiffs and
25 Class Members failed to sufficiently adduce evidence to support an award of damages. Damages and
26 restitution are not necessarily the same amount. Unlike damages, restitution is not limited to the
27 amount of money the defendant wrongfully acquired plus the legal rate of interest. Equitable relief,
28 including restitution, entitles a plaintiff to recover all profits from the wrongdoing, even where the

1 original funds taken have grown far greater than the legal rate of interest would recognize. Legal
2 claims for damages are not equally certain as restitution because claims under the statutes herein entail
3 few elements. In short, significant differences in proof and certainty establish that any potential legal
4 claim cannot serve as an adequate remedy at law. Due to these differences in proof and certainty,
5 equitable relief is appropriate because Plaintiffs may lack an adequate remedy at law for damages.
6 Even if legal remedies may be available, Plaintiffs seek equitable remedies in the alternative to legal
7 remedies which are as of yet uncertain.

8 84. Legal remedies available to Plaintiffs and Class Members are inadequate because they
9 do not address likely future harms. As of the date of this filing, Robinhood continues to operate its
10 unlawful gambling business. If Robinhood is not enjoined from continuing to operate its unlawful
11 gambling business, Robinhood will continue to injure Plaintiffs and Class Members through the
12 misconduct alleged herein.

13 **COUNT II**

14 **Violations of the California Consumer Legal Remedies Act,**

15 **Cal. Civ. Code §§ 1750, *et seq.***

16 **On Behalf of Plaintiff Chehal, the Class, and the California Subclass**

17 85. Plaintiffs allege and incorporate all other factual allegations set forth herein.

18 86. The conduct of Defendants alleged above constitutes an unfair method of competition
19 or unfair or deceptive act or practice in violation of the Consumers Legal Remedies Act, Cal. Civ.
20 Code §§ 1750, *et seq.* (“CLRA”).

21 87. As described above, while engaging in trade or commerce within the State of California
22 during the time period relevant hereto, Defendants:

- 23 a. Facilitated illegal sports wagering on an online sports gambling platform that has not
24 obtained a license from the C.A. Commission, rendering such operations unlawful;
- 25 b. falsely represented its unlawful online sports gambling platform as legal and in
26 compliance with regulations; and
- 27 c. falsely labeling its illegal gambling platform as “investments” or “trading.”

1 88. Defendants’ conduct constitutes unfair methods of competition and unfair or deceptive
2 acts or practices listed in this subdivision undertaken by any person in a transaction intended to result
3 or that results in the sale or lease of goods or services to any consumer, in violation of the CLRA, as
4 follows:

- 5 a. Cal. Civ. Code § 1770(a)(2) (“Misrepresenting the source, sponsorship, approval, or
6 certification of goods or services.”);
- 7 b. Cal. Civ. Code § 1770(a)(5) (“Representing that goods or services have sponsorship,
8 approval, characteristics, ingredients, uses, benefits, or quantities that they do not have
9 or that a person has a sponsorship, approval, status, affiliation, or connection that the
10 person does not have.”);
- 11 c. Cal. Civ. Code § 1770(a)(7) (“Representing that goods or services are of a particular
12 standard, quality, or grade, or that goods are of a particular style or model, if they are
13 of another.”); and
- 14 d. Cal. Civ. Code § 1770(a)(14) (“Representing that a transaction confers or involves
15 rights, remedies, or obligations that it does not have or involve, or that are prohibited
16 by law.”).

17 89. The misrepresentations and omissions set forth above are material facts that a
18 reasonable person would have considered important in deciding whether or not to purchase event
19 contracts from Defendants. Plaintiffs and the Classes justifiably and uniformly acted or relied upon
20 Defendants’ misrepresentations and omissions to their detriment.

21 90. Plaintiffs and the Class have been, and/or continue to be, injured as a direct and
22 proximate result of Defendants’ violations of the CLRA.

23 91. Plaintiffs are entitled to pursue a claim against Defendants on behalf of themselves and
24 the Class to enjoin Defendants from continuing their unfair or deceptive acts or practices under Cal.
25 Civ. Code § 1780(a) and § 1781, as well as to pursue costs and attorneys’ fees under § 1780(e).

26 92. Pursuant to Cal. Civ. Code § 1782, Plaintiffs are serving on Defendants a CLRA notice
27 letter. If Defendants fail to rectify these issues within the time period specified therein, Plaintiffs will
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1 amend this Complaint to assert claims for additional relief, including damages and punitive damages
2 pursuant to Cal. Civ. Code § 3294.

3 **COUNT III**

4 **Violations of New Jersey’s Statute of Anne, N.J. Rev. Stat. § 2A:40-5 & 6**

5 **On Behalf of Plaintiff Levi and the New Jersey Subclass**

6 93. Plaintiff Levi re-alleges and incorporates all other factual allegations set forth herein.

7 94. In New Jersey, sports gambling operations are subject to regulation and licensing under
8 the New Jersey Sports Wagering Act (“NJ SWA”), which only permits licensed entities to offer sports
9 wagering in New Jersey. *See* N.J. Rev. Stat. § 5:12A-11. The NJ SWA requires entities conducting
10 online sports wagering to hold licenses from the NJ Commission. *See* N.J. Rev. Stat. § 5:12A-10. In
11 particular, the NJ SWA provides that “[n]o sports pool or online sports pool shall be offered or made
12 available for wagering to the public by any entity other than a sports wagering license[.]” N.J. Rev.
13 Stat. § 5:12A-11(c). Online sports wagering is defined as, “a sports wagering operation in which
14 wagers on sports events are made through computers or mobile or interactive devices and accepted at
15 a sports wagering lounge through an online gaming system which is operating pursuant to a sports
16 wagering license issued by the division or racing commission.” N.J. Stat. § 5:12A-10. Indeed, on
17 March 27, 2025, the N.J. Department of Law and Public Safety, Division of Gaming Enforcement,
18 sent Kalshi, Robinhood’s partner, a cease-and-desist letter for offering illegal sports bets under the
19 guise of prediction markets, the same conduct by Robinhood alleged here. Neither Robinhood nor
20 Kalshi is licensed by the New Jersey Division to offer a platform for sports wagering in New Jersey.

21 95. N.J. Rev. Stat. § 2A:40-5 states:

22 “If any person shall lose any money, goods, chattels or other valuable thing, in violation
23 of section 2A:40-1 of this title, and shall pay or deliver the same or any part thereof to
24 the winner, or to any person to his use, or to a stakeholder, such person may sue for and
25 recover such money, or the value of such goods, chattels, or other valuable thing, from
26 such winner, or from such depository, or from such stakeholder, whether the same has
been delivered or paid over by such stakeholder or not, in a civil action provided such
action is brought within 6 calendar months after payment or delivery.”

27 96. N.J. Rev. Stat. § 2A:40-6 states:
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1 “If the person who shall lose and pay such money, or lose and deliver such thing or
2 things as aforesaid, shall not, within the time aforesaid, without collusion, sue for the
3 money or other thing or things so lost and paid, or delivered, any other person may sue
4 for and recover the same, with costs of suit, from such winner, depository or stakeholder
5 as aforesaid; the one moiety thereof to the use of the person suing for the same, and the
6 other moiety to the use of the state; provided the action is instituted within 6 calendar
7 months from and after the expiration of the time limited in section 2A:40-5 of this title
8 for the loser to sue for the same.”

9 97. Plaintiff Levi qualifies as a “person” authorized to sue for the recovery of losses from
10 Robinhood’s illegal gambling within the Meaning of N.J. Rev. Stat. 2A:40-5 and -6.

11 98. Robinhood is a gambling “winner,” “depository,” and/or “stakeholder” within the
12 meaning of N.J. Rev. Stat. 2A-40-5 and -6.

13 99. Plaintiff Levi and the New Jersey Subclass wagered and lost money on Robinhood’s
14 platform, which was falsely represented as lawful and in compliance with regulations. These trades
15 were executed in New Jersey.

16 100. As stated in Paragraph 56, the Court of Appeals for the Third Circuit affirmed the
17 District Court’s order entering a preliminary injunction against the New Jersey Division of Gaming
18 Enforcement from enforcing state law against Kalshi’s sports-related event contracts. *See KalshiEX,*
19 *LLC v. Flaherty, et al.*, No. 25-1922 (3d Cir. Apr. 6, 2026). Plaintiffs anticipate that the United States
20 Supreme Court will ultimately overrule the Third Circuit. Thus, Plaintiffs have included a claim under
21 New Jersey law to toll the statute of limitations.

22 101. Accordingly, Plaintiff Levi and the New Jersey Subclass seek to recover damages,
23 treble damages, equitable relief, and attorney’s fees and costs to remedy Robinhood’s wrongful
24 conduct.

25 **COUNT IV**

26 **Violations of the New Jersey Consumer Fraud Act, N.J. Stat. Ann. § 56:8-1, et seq.**

27 **On Behalf of Plaintiff Levi and the New Jersey Subclass**

28 102. Plaintiff Levi re-alleges and incorporates all other factual allegations set forth herein.

103. Defendants are each a “person” as defined in the New Jersey Consumer Fraud Act
27 (“NJCFA”). N.J.S.A. § 56:8-1(d).

104. The NJCFA states in pertinent part:

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The act, use or employment by any person of any unconscionable commercial practice, deception, fraud, false pretense, false promise, misrepresentation, or the knowing, concealment, suppression, or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale or advertisement of any merchandise or real estate, or with the subsequent performance of such person as aforesaid, whether or not any person has in fact been misled, deceived or damaged thereby, is declared to be an unlawful practices....

N.J.S.A. § 56:8-2.

105. The NJCFA further defines “merchandise” to include “services or anything offered, directly or indirectly to the public for sale.” N.J. Stat. Ann. § 56:8-1(c).

106. As described above, while engaging in trade or commerce within the State of New Jersey during the time period relevant hereto, Defendants:

- a. facilitated illegal sports wagering on an online sports gambling platform that has not obtained a license from the N.J. Commission, rendering such operations unlawful;
- b. facilitated illegal sports wagering on college sport or athletic events that take place in New Jersey or on a sport or athletic event in which any New Jersey college team participates regardless of where the event took place in violation of N.J. Const. Art. IV, § 7, ¶ 2(D);
- c. falsely represented its unlawful online sports gambling platform as legal and in compliance with regulations; and
- d. falsely represented its products as “investments” or “trading” when, in reality, they are unlawful gambling

107. Plaintiff Levi and the New Jersey Subclass have been and continue to be injured as a direct and proximate result of Defendants’ violations of the NJCFA.

108. Plaintiff Levi and the New Jersey Subclass are entitled to pursue a claim against Robinhood pursuant to N.J.S.A. §§56:8-2.11, 56:8-2.12 and/or 56:8-19 for damages, treble damages, equitable relief, and attorney’s fees and costs to remedy Robinhood’s violations of the NJCFA.

COUNT V

Violations of New York General Business Law, N.Y. Gen. Bus. Law §§ 349, 350

On Behalf of Plaintiff Gayed and the New York Subclass

109. Plaintiff Gayed re-alleges and incorporates all other factual allegations set forth herein.

110. The New York Pari-Mutual Wagering and Breeding Law (“NY PML”) provides, “[n]o entity shall directly or indirectly operate an unlicensed sports wagering platform in the State of New York, or advertise or promote such unlicensed platform to persons located in the state of New York.” N.Y. P.M.L. § 1367-a(4)(b). In connection with mobile sports betting, the NY P.M.L. provides, “[n]o entity shall administer, manage, or otherwise make available a mobile sports wagering platform to persons located in New York state unless licensed with the commission.” N.Y. P.M.L. § 1367-a(2)(a). Aside from wagering offered through licensed entities, New York declares unlawful “[a]ll 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[.]” N.Y. Gen. Oblig. § 5-401.

111. N.Y. Gen. Bus. Law § 349 declares unlawful “[d]eceptive acts or practices in the conduct of any business, trade or commerce or in the furnishing of any service[.]”

112. N.Y. Gen. Bus. Law § 350 further declares unlawful “[f]alse advertising in the conduct of any business, trade or commerce or in the furnishing of any service in this state.”

113. As described above, while engaging in consumer-oriented trade or commerce within the State of New York during the time period relevant hereto, Robinhood:

- a. facilitated illegal sports wagering on an online sports gambling platform that has not obtained a license from the N.Y. Commission, rendering such operations unlawful;
- b. falsely represented its unlawful online sports gambling platform as legal and in compliance with regulations; and
- c. falsely represented its products as “investments” or “trading” when, in reality, they are unlawful gambling.

114. The foregoing deceptive acts and practices were directed at consumers.

1 115. As a result of Robinhood’s false, misleading, and deceptive misrepresentations and
2 omissions, Plaintiff Gayed and the members of the New York Subclass have suffered and continue to
3 suffer economic injury.

4 116. Plaintiff Gayed and members of the New York Subclass suffered an ascertainable loss
5 caused by Robinhood’s misrepresentations.

6 117. On behalf of himself and other members of the New York Subclass, Plaintiff Gayed
7 seeks to enjoin the unlawful facts and practices described herein, to recover actual damages or fifty
8 dollars, whichever is greater, three-times actual damages, and reasonable attorneys’ fees.

9 **COUNT VI**

10 **Violations of New York’s Statute of Anne, N.Y. Gen. Oblig. Law § 5-419**

11 **On Behalf of Plaintiff Gayed and the New York Subclass**

12 118. Plaintiff Gayed re-alleges and incorporates all other factual allegations set forth herein.

13 119. Robinhood operated a sports gambling platform in the State of New York without an
14 applicable license from the NY Commission in violation of N.Y. PML § 1367-a(2)(a).

15 120. Pursuant to New York’s Statute of Anne, N.Y. Gen. Oblig. Law § 5-419, Plaintiff
16 Gayed and the New York Subclass are entitled to recover losses resulting from trading event contracts
17 on Robinhood’s platform.

18 121. N.Y. Gen. Oblig. Law § 5-419 provides:

19 Any person who shall pay, deliver or deposit any money, property or thing in action,
20 upon the event of any wager or bet prohibited, may sue for and recover the same of the
21 winner or person to whom the same shall be paid or delivered, and of the stakeholder
22 or other person in whose hands shall be deposited any such wager, bet or stake, or any
part thereof, whether the same shall have been paid over by such stakeholder or not,
and whether any such wager be lost or not.

23 122. Plaintiff Gayed and the New York Subclass wagered and lost money on Robinhood’s
24 platform, which was falsely represented as lawful and in compliance with regulations. These trades
25 were executed in New York.

26 123. Accordingly, Plaintiff Gayed and the New York Subclass seek to recover damages,
27 treble damages, equitable relief, and attorney’s fees and costs to remedy Robinhood’s wrongful
28 conduct.

COUNT VII

Violations of Michigan’s Statute of Anne, Mich. Comp. Laws Serv. § 600.2939

On Behalf of Plaintiff Ngafua and the Michigan Subclass

124. Plaintiff Ngafua re-alleges and incorporates all other factual allegations set forth herein.

125. Michigan law contains a general prohibition against gambling that makes it illegal to accept money, directly or indirectly, with the understanding that money will be paid “contingent upon the result of any race, contest, or game or upon the happening of any event not known by the parties to be certain[.]” Mich. Comp. Laws Serv. § 750.301. Sports gambling operations are subject to regulation and licensing under the Michigan Lawful Sports Betting Act (“MI LSBA”), Mich. Comp. Laws Serv. § 432.401, which requires licenses to offer sports betting through the internet. “Internet sports betting” is defined as “operating, conducting, or offering for play sports betting through the internet.” Mich. Comp. Laws Serv. § 432.403(s). “Sports betting,” in Michigan, “means to operate, conduct, or offer for play wagering conducted under this act on athletic events and other events approved by the board. Sports betting includes, but is not limited to, single-game bets, teaser bets, parlays, over-under, moneyline, pools, exchange betting, in-game betting, proposition bets, and straight bets.” Mich. Comp. Laws Serv. § 432.403(bb). The MI LSBA provides that “[a] person shall not ... [o]ffer internet sports betting in this state if the person is not a sports betting operator” licensed by the state. Mich. Comp. Laws Serv. § 432.404. Robinhood facilitated the operation of a sports gambling platform in the State of Michigan that has not obtained a license from the Michigan Gaming Control Board in violation of Mich. Comp. Laws Serv. § 432.413(1)(a).

126. Pursuant to Michigan’s Statute of Anne, Mich. Comp. Laws Serv. § 600.2939, Plaintiff Ngafua and the Michigan Subclass are entitled to recover losses resulting from trading event contracts on Robinhood’s platform.

127. Mich. Comp. Laws Serv. § 600.2939(1) provides:

In any suit brought by the person losing any money or goods, against the person receiving the same, when it appears from the complaint that the money or goods came to the hands of the defendant by gaming, if the plaintiff makes oath before the court in which such suit is pending, that the money or goods were lost by gaming with the defendant as alleged in the complaint, judgment shall be rendered that the plaintiff recover damages to the amount of the said money or goods, unless the defendant makes

1 oath that he did not obtain the same, or any part thereof by gaming with the plaintiff;
2 and if he so discharges himself, he shall recover of the plaintiff his costs; but the
3 plaintiff may at his election, maintain and prosecute his action according to the usual
4 course of proceedings in such actions at common law.

5 128. Plaintiff Ngafua and the Michigan Subclass wagered and lost money on Robinhood’s
6 platform, which was falsely represented as lawful and in compliance with regulations. These trades
7 were executed in Michigan.

8 129. Accordingly, Plaintiff Ngafua and the Michigan Subclass seek to recover damages,
9 treble damages, equitable relief, and attorney’s fees and costs to remedy Robinhood’s wrongful
10 conduct.

11 **COUNT VIII**

12 **Violations of the Michigan Consumer Protection Act, Mich. Comp. Laws.**

13 **Serv. § 445.901, et seq.**

14 **On Behalf of Plaintiff Ngafua and the Michigan Subclass**

15 130. Plaintiff Ngafua re-alleges and incorporates all other factual allegations set forth herein.

16 131. The Michigan Consumer Protection Act (“Michigan CPA”) provides that “[u]nfair,
17 unconscionable, or deceptive methods, acts or practices in the conduct of trade or commerce are
18 unlawful . . .” Mich. Comp. Laws Serv. § 445.903(1).

19 132. Defendants are each a “person” as defined in the Michigan CPA, Mich. Comp. Laws
20 Serv. § 445.902(1)(d).

21 133. Defendants’ conduct constitutes “trade” or “commerce” as defined in the Michigan
22 CPA, Mich. Comp. Laws Serv. § 445.902(1)(g).

23 134. As described above, while engaging in trade or commerce within the State of Michigan
24 during the time period relevant hereto, Defendants:

- 25 a. facilitated illegal sports wagering on an online sports gambling platform that has not
26 obtained a license from the Michigan Gaming Control Board, rendering such
27 operations unlawful; and
- 28 b. falsely represented its unlawful online sports gambling platform as legal and in
compliance with regulations; and

1 c. falsely represented its products as “investments” or “trading” when, in reality, they are
2 unlawful gambling.

3 135. The aforesaid methods, acts, and practices constitute unfair, unconscionable, or
4 deceptive acts or practices in the conduct of any trade or commerce in violation of the Michigan CPA,
5 including, but not limited to, the following:

6 a. “Representing that goods or services have sponsorship, approval, characteristics,
7 ingredients, uses, benefits, or quantities that they do not have or that a person has
8 sponsorship, approval, status, affiliation, or connection that he or she does not have.”
9 (Mich. Comp. Laws Serv. § 445.903(1)(c));

10 b. “Representing that goods or services are of a particular standard, quality, or grade, or
11 that goods are of a particular style or model, if they are of another.” (Mich. Comp. Laws
12 Serv. § 445.903(1)(e)); and

13 c. “Advertising or representing goods or services with intent not to dispose of those goods
14 or services as advertised or represented.” (Mich. Comp. Laws Serv. § 445.903(1)(g)).

15 136. Plaintiff Ngafua and the other members of the Michigan Subclass have been and
16 continue to be injured as a direct and proximate result of Defendants’ violations of the Michigan CPA.

17 137. Defendants’ conduct constitutes fraud and is gross, oppressive, aggravated, and
18 involves breach of trust or confidence.

19 138. Plaintiff Ngafua, on behalf of himself and the Michigan Subclass, seeks actual
20 damages, injunctive relief, other equitable relief, costs, and attorneys’ fees as permitted by Mich.
21 Comp. Laws Serv. § 445.911.

22 **COUNT IX**

23 **Unjust Enrichment**

24 **On Behalf of the Class**

25 139. Plaintiffs re-allege and incorporate all other factual allegations set forth herein.

26 140. Plaintiffs and the Class conferred a benefit on Robinhood by trading event contracts on
27 Robinhood’s platform and paying commission fees per contract. Robinhood knowingly offered illegal
28 sports bets and unjustly profited on Plaintiffs and the Class.

1 141. In the absence of a contract, Plaintiffs and the Class have no adequate remedy at law.

2 142. Robinhood's unjust enrichment can be remedied by ordering Defendants to provide
3 restitution, and to disgorge into a common fund or constructive trust, for the benefit of Plaintiffs and
4 the Class, all proceeds received from Plaintiffs and the Class as a result of unlawful and/or inequitable
5 conduct described herein.

6 **PRAYER FOR RELIEF**

7 WHEREFORE, Plaintiffs, on behalf of themselves and all others similarly situated, request
8 that the Court award the following relief:

9 143. Certify this action as a class action, appoint Plaintiffs as the Class representatives, and
10 designate the undersigned as Class counsel;

11 144. Declare Robinhood's conduct unlawful;

12 145. Enjoin Robinhood from the unlawful conduct alleged herein;

13 146. Award Plaintiffs and the Class (and Subclasses) damages under common law and/or by
14 statute, including treble and/or punitive damages;

15 147. Award Plaintiffs and the Class (and Subclasses) restitution and/or disgorgement;

16 148. Award Plaintiffs attorney's fees, costs, and pre-judgment and post-judgment interest;
17 and

18 149. Grant such other and further relief as the Court may deem just and proper.

19 **DEMAND FOR JURY TRIAL**

20 Plaintiffs and the Class demand a trial by jury on all triable issues.

21 Dated: April 22, 2026

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