

Parent Files Unfair Competition Lawsuit Against Chuck E. Cheese

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Parent Denise Keller filed a class action complaint in California against CEC Entertainment, the owner of Chuck E. Cheese, alleging that certain games at these popular children's restaurants violate California gambling laws.

Chuck E. Cheese establishments offer arcade-style game rooms, containing games which are operated by inserting tokens, purchased by customers for \$0.25 each, into the machine. At the conclusion of the game, most of the machines dispense a handful of tickets that can be redeemed for various prizes at a prize center. For example, for 100 tickets earned by playing 25 games, a child might be able to obtain a plastic ring or a piece of candy.

The complaint alleges that certain games are games of chance. For instance, in one game the customer inserts a token at the top of the machine and lets the token drop onto the spinning wheel. The token then randomly bounces off the spinning prongs until it is eventually dropped into one of the buckets at the bottom of the wheel, which determines how many tickets are dispensed. In another game, the customer deposits a token in a slot near the top of the machine and the token slides down a chute where it rolls and bounces to a resting position on a tray below. The machine has an automated pusher arm that sweeps back and forth on the tray. The tray contains hundreds of other tokens that have piled up near a ledge. Based on where the token lands, there is a possibility that the newly-deposited token will cause the pusher arm to push one or more of the other tokens over the ledge and into a collection tray. The number of tokens that fall into the collection tray determine the amount of tickets the player receives. The complaint alleges that these games constitute "slot machines," in violation of California gambling laws. The complaint alleges violations of the California Unfair Competition Law, seeking in excess of \$5 million in damages.

TIP: Companies that wish to offer games that require payment of money or other consideration to play should consider whether the outcome of the game is determined by chance or skill, and should consult legal counsel to examine the legal risks.

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