

## Unpacking Recent Loot Box Updates

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As we have previously [reported](#), as loot boxes have become increasingly popular in high-profile video games, they have come under greater legal scrutiny. Several jurisdictions have indicated they are not illegal gambling, but other jurisdictions have found some implementations to be illegal gambling. Even in the jurisdictions where loot boxes are not deemed gambling, regulators have raised concerns about whether loot boxes raise other issues. One alleged concern is the potential impact on children and the potentially addictive nature of loot boxes, though little, if any, hard evidence to date supports this.

In the U.S., these issues were recently raised in a November 27, 2018, Congressional oversight committee [hearing](#). During this hearing, Senator Maggie Hassan (D-N.H.) described loot boxes as “endemic in the video game industry,” adding that “children may be particularly susceptible to engaging with these in-game purchases, which are often considered integral components of video games.” In response, FTC Chairman Joe Simons assured Sen. Hassan that the FTC would “investigate these mechanisms to ensure that children are being adequately protected and...[would] educate parents about potential addiction.” In response to Sen. Hassan’s inquiry whether the FTC would “commit to undertaking this project and keeping [the] committee informed,” FTC Chairman Simons replied with a simple, “yes.”

However, because no further updates had been released by the FTC by late January 2019, in an apparent attempt to increase the political pressure, Sen. Hassan sent a [letter](#) to the FTC chairman, requesting a status update “as soon as practicable.” Sen. Hassan also requested a timeline for such an investigation, and a proposal of next steps. Sen. Hassan reemphasized the urgency of the FTC investigation of loot boxes, describing it as a necessary step to “adequately protect children and other vulnerable people who play video games, as well as to better educate parents and players about the possibility of addiction and other negative behaviors resulting from loot box exposure.”

According to [reports](#), the FTC Chairman responded to Sen. Hassan’s letter by declining to comment on the timeline of such an investigation, or whether one is currently taking place. FTC Chairman Simons described these details as “nonpublic law enforcement efforts.” Simons did make clear, however, that the FTC is taking steps to address the issues surrounding loot boxes. Specifically, the FTC is planning a public workshop on loot boxes, scheduled for “later this year,” to “provide a forum for stakeholders representing wide-ranging perspectives including consumer advocacy organizations, parent groups, and industry members.” According to the FTC Chairman, such a public workshop could “also help elicit information to guide subsequent consumer outreach, which could include a

consumer alert.”

This is the first indication of definitive steps taken by the FTC to address loot boxes, and a clear indication that it plans to hear from various stakeholders on this increasingly controversial topic. Check back for more updates as we track developments in the industry.

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