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Minnesota federal court denies online sweepstakes casino’s motion to compel arbitration, finding its terms and conditions may be a void gambling contract — but did the court misread the arbitration clause?

by Stephanie N. Bedard

A Minnesota federal court recently denied a motion to compel arbitration brought by an online sweepstakes casino operator, holding that the operator failed to prove the existence of a valid arbitration agreement with the named plaintiff. *Wolters v. Sweepsteaks Ltd.*, No. 25-3280 (JRT/JFD), 2026 WL 1894240 (D. Minn. July 1, 2026). The court’s ruling rested on two independent grounds: (1) the terms and conditions containing the arbitration clause may be void under Minnesota’s gambling statutes, rendering the arbitration clause invalid as well, and (2) the casino operator failed to prove that the plaintiff ever assented to those terms in the first place. The decision is now on appeal to the Eighth Circuit, which may well disagree with the district court’s first ground as inconsistent with the language of the arbitration clause and with the U.S. Supreme Court’s decisions in *Rent-A-Center, West, Inc. v. Jackson*, 546 U.S. 440 (2006), and *Buckeye Check Cashing, Inc. v. Cardegna*, 561 U.S. 63 (2010).

In *Wolters*, the named plaintiff, Chris Wolters, brought a putative class action against Sweepsteaks Limited d/b/a Stake.us (“Stake”), alleging that Stake’s virtual casino operations violated Minnesota’s consumer protection and gambling laws. 2026 WL 1894240, at *1. Stake operates a “real-money internet casino,” a website on which users “buy digital tokens, bet them on games of chance including, for example, virtual slot machines . . . and redeem any gain for cryptocurrency, which can, in turn, be converted to US currency.” *Id.* at *2. Wolters alleged that he gambled on Stake from April 2023 to February 2025, lost over $80,000, and is currently in gambling addiction recovery. *Id.* He asserted five causes of action, including recovery of lost gambling money under a Minnesota state statute, claims under Minnesota’s Consumer Fraud Act, Deceptive Trade Practices Act, and False Statement in Advertising Law, and unjust enrichment. *Id.*

Stake moved to compel arbitration under the Federal Arbitration Act, arguing that Wolters had agreed to Stake’s Terms and Conditions, which contained a clause requiring arbitration of “any and all Disputes, including without limitation any question regarding the existence, validity, enforceability, or termination of these Terms and

Conditions." *Id.* Wolters opposed on multiple grounds, including that the Terms and Conditions were void because they constituted a contract for illegal gambling activity and that Stake had not proven he ever agreed to the Terms and Conditions. *Id.* at *3.

Enforceability of the arbitration agreement. The court first considered whether Wolters's illegality argument attacked the arbitration clause specifically or the contract as a whole, since only the former would be a question for the court rather than an arbitrator. *Id.* (citing *Buckeye*, 546 U.S. at 444 and *Rent-A-Center*, 561 U.S. at 70). Characterizing the language in the arbitration agreement as making assent to arbitrate contingent on the "existence, validity, enforceability, or termination" of the entire Terms and Conditions, the court concluded that Wolters's illegality challenge was grounded in the precise wording of the arbitration provision itself and could therefore support a claim that the provision should not be enforced. *Id.* at *3.

But the arbitration clause language the district court relied upon — "any and all Disputes, including without limitation any question regarding the existence, validity, enforceability, or termination of these Terms and Conditions" — likely will be found to be a delegation provision. 2026 WL 1894240, at *2. It does not make the arbitration agreement "contingent" on the validity of the Terms and Conditions; rather, it expands the scope of arbitrable disputes to include gateway questions about whether the Terms and Conditions are valid or even exist. In other words, the arbitration clause assigns to the arbitrator the very question the district court decided for itself: whether the Terms and Conditions are void under Minnesota gambling law.

In *Rent-A-Center*, the U.S. Supreme Court enforced a delegation provision giving the arbitrator "exclusive authority to resolve any dispute relating to the interpretation, applicability, enforceability or formation of this Agreement including, but not limited to any claim that all or any part of this Agreement is void or voidable." 561 U.S. at 66. The Stake arbitration clause similarly encompasses "any question regarding the existence, validity, enforceability, or termination" of the Terms and Conditions. 2026 WL 1894240, at *2.

The district court's reading also conflicts with *Buckeye*, which addressed analogous facts. In *Buckeye*, the respondents argued that their entire agreement was void *ab initio* because it violated Florida lending and consumer-protection laws — i.e., the contract was allegedly illegal. 546 U.S. at 443. The U.S. Supreme Court held that this illegality challenge went to the contract as a whole and therefore had to be resolved by the arbitrator, not the court. *Id.* at 446, 449. The Court explicitly rejected the argument that the distinction between void and voidable contracts matters for severability purposes, holding that it would "not read 'contract' so narrowly" as to exclude putative contracts that later prove to be void. *Id.* at 448. The district court's conclusion in *Wolters* that an illegality challenge under Minnesota gambling law was "specific to the arbitration-related provision itself" appears to be the same kind of end-run that *Buckeye* foreclosed. 2026 WL 1894240, at *6.

The district court acknowledged that Stake relied on the delegation provision but dismissed the argument by citing a recent Eighth Circuit decision for the proposition that “delegation is contingent on the existence of a valid arbitration agreement.” 2026 WL 1894240, at *4 n.5 (citing *Schlacks v. Chheda*, 174 F.4th 1061, 1066 (8th Cir. 2026)). But in *Schlacks*, the Eighth Circuit refused to enforce a delegation clause against non-signatories who were not parties to the agreement at all, which is a contract formation question. 174 F.4th at 1067. In *Wolters*, by contrast, the court assumed (for purposes of its delegation analysis) that an agreement was formed; the question was whether it was rendered void by illegality. This constitutes a validity question that, under *Buckeye* and *Rent-A-Center*, should have sent to the arbitrator.

Contract Formation. As an independent basis for denial, the court found that Stake failed to prove that Wolters agreed to the Terms and Conditions. *Id.* at *5-6. Stake’s founder attested that users could not create an account without checking a box confirming they had “read and agreed to the terms and conditions,” and submitted a screenshot purportedly reflecting Wolters’s account activity. *Id.* at *6. The court found this evidence insufficient because the screenshot did not “contain Wolters’s name at all, nor prove that he assented to any contract.” *Id.* Because the party seeking to compel arbitration bears the burden of proving the existence of a valid contract, the court concluded that, even setting aside the illegality issue, it would have ordered a trial on contract formation rather than compelling arbitration. *Id.* (citing *Duncan v. Int’l Mkts. Live, Inc.*, 20 F.4th 400, 402 (8th Cir.2021)).

Takeaway**:** *Wolters* is now on appeal to the Eighth Circuit, which we anticipate will have serious questions about the district court’s first ground for denying arbitration (its treatment of the arbitration clause’s delegation language as dependent on the broader contract’s validity). The district court’s reading inverts the function of the clause: language designed to *expand* the arbitrator’s jurisdiction to include questions about the Terms and Conditions’ validity was instead read to *limit* the arbitration agreement’s independence. But the district court’s alternative ground — that Stake failed to prove Wolters ever assented to the Terms and Conditions — may independently sustain the result. Affirmance on this alternative ground would provide yet another reminder to class action defense counsel of the importance of developing adequate plaintiff-specific information demonstrating assent to the arbitration agreement.