

SECRETARY OF THE DEPARTMENT
OF REVENUE, STATE OF LOUISIANA

NUMBER _____ SECTION _____
19TH JUDICIAL DISTRICT COURT

VERSUS

PARISH OF EAST BATON ROUGE

MW SERVICES, LTD D/B/A WOW VEGAS STATE OF LOUISIANA

PETITION TO COLLECT TAXES

NOW INTO COURT, through undersigned counsel, comes Richard Nelson, acting in his official capacity as the Secretary of the Department of Revenue, State of Louisiana (“Department” or “Plaintiff”), who respectfully represents the following:

PLAINTIFF

1.

The plaintiff is the duly appointed Secretary of the Louisiana Department of Revenue and is officially domiciled in East Baton Rouge Parish, State of Louisiana.

DEFENDANT

2.

Made defendant herein is MW SERVICES, LTD d/b/a WOW VEGAS (“Defendant”).

3.

Upon information and belief, MW SERVICES, LTD (hereinafter, “MW SERVICES”) is a company located in Gibraltar that owns and operates the website: www.wowvegas.com. Defendant sells online gaming services to Louisiana residents, among others. MW SERVICES also offer applications (commonly referred to as “apps”), which can be downloaded to tablets and phones, called the “Wow Vegas App,” which offers in-app enhancements to Louisiana residents who purchased virtual coins (known as “Wow Coins”) and other digital goods (ex. “Sweep Coins”) to upgrade their online gaming experience and win cash and prizes. MW SERVICES has been doing business in Louisiana since at least 2021 and at all relevant times herein.

4.

Defendant, MW SERVICES is a foreign corporation with a registered office at 5-9 Main Street, Gibraltar GX11 1AA, bearing company number 120828.

JURISDICTION AND VENUE

5.

Jurisdiction is proper pursuant to Article V, Section 16 of the Louisiana Constitution and La. R.S. § 13:3201 and Article 42 of the Louisiana Code of Civil Procedure. This Court has personal

jurisdiction over the Defendant because it regularly transacted business in the State of Louisiana through its website and/or applications.

6.

Further, this Court has personal jurisdiction over MW SERVICES because Defendant's sales within the State of Louisiana create sufficient economic nexus to subject it to the collection and remission of state sales tax.¹ While the *Wayfair* decision dealt specifically with minimum contacts sufficient to satisfy the Commerce Clause of the United States Constitution, the Supreme Court has previously stated that the Commerce Clause test under *Complete Auto*² "encompasses as well the due process requirement", which suggest that every tax that survives Commerce Clause scrutiny also is valid under the Due Process Clause of the United States Constitution.³

7.

The Louisiana Supreme Court has held that software is tangible personal property. See *South Central Bell Telephone Co. v. Barthelemy*, 94-0499 (La. 10/17/94); 643 So.2d 1240. The Defendant's games and applications constitute software that is downloaded onto computers and phones in Louisiana, thereby, placing Defendant's tangible personal property in Louisiana, which provides more than sufficient minimum contacts with the State of Louisiana for purposes of both the Commerce Clause and the Due Process Clause of the United States Constitution. The United States Supreme Court has explained that:

[A] company with a website accessible in South Dakota may be said to have a physical presence in the State via the customers' computers. A website may leave cookies saved to the customers' hard drives, or customers may download the company's app onto their phones. Or a company may lease data storage that is permanently, or even occasionally, located in South Dakota.

South Dakota v. Wayfair, Inc., 585 U.S. 162, 181, 138 S. Ct. 2080, 2095, 201 L. Ed. 2d 403 (2018).

¹ Following the U.S. Supreme Court's landmark decision in the *Wayfair* case, nexus can be established by eliciting sales that exceed economic thresholds *South Dakota v. Wayfair, Inc.*, 138 S. Ct. 2080, 201 L. Ed. 2d 403 (2018). All states that impose sales tax have economic nexus standards, including Louisiana. Defendant surpasses Louisiana's minimum sales thresholds of \$100,000 of gross sales within the year. See La. R.S. 47:301(k)(i).

² *Complete Auto Transit, Inc. v. Brady*, 430 U.S. 274, 97 S.Ct. 1076, 51 L.Ed 2d 326.

³ *Trinova Corp. v. Michigan Dept. of Treasury*, 498 U.S. 358, 11 S.Ct. 818, 828; see also, *Quill Corp. v. North Dakota By and Through Heitkamp*, 504 U.S. 298, 313, 112 S.Ct. 1904, 1914, at FN 7 (overruled on other grounds) ("such comments might suggest that every tax that passes contemporary Commerce Clause analysis is also valid under the Due Process Clause...."); *Glob. Hookah Distributors, Inc. v. Dept. of Revenue*, 24 Or. Tax 562, 592 (Or. Tax 2021) ("The Court in *Quill* suggested that the Commerce Clause test under *Complete Auto* "encompasses" Due Process requirements, such that every tax that survives Commerce Clause scrutiny also is valid under the Due Process Clause.).

8.

This court also has specific jurisdiction over the Defendant by virtue of Louisiana's long-arm statute, which provides that a "court may exercise personal jurisdiction over a nonresident, who acts directly or by an agent, as to a cause of action arising from any one of the following activities performed by the nonresident: (1) Transacting any business in this state.... In addition... a court of this state may exercise personal jurisdiction over a nonresident on any basis consistent with the constitution of this state and of the Constitution of the United States." La. R.S. 13:3201. "Louisiana's long-arm statute extends personal jurisdiction to the fullest limits allowed by constitutional due process." *Robinson v. Jeopardy Production Inc.*, 2019-1094, p. 5 (La. App. 1 Cir. 10/21/20); 315 So.3d 273, 278. The Louisiana Supreme Court has explained the following:

Since the 1987 amendments to LSA-R.S. 13:3201, the sole inquiry in Louisiana into jurisdiction over a nonresident is whether the assertion of jurisdiction complies with constitutional due process. (citation omitted) The limits of the Louisiana long arm statute and limits of constitutional due process are coextensive and therefore, if the assertion of jurisdiction meets the constitutional requirements of due process, the assertion of jurisdiction is authorized under the long arm statute.

Fox v. Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, 576 So.2d 978 (La. 1991); see also *Broussard v. Diamond Aircraft Industries, Inc.*, 2010-1611, p. 4 (La. App. 1 Cir. 5/3/11); 65 So.3d 187, 189-90. As explained above, the constitutional requirements of due process have been met by the Defendant's specific, targeted and continuous contacts with the State of Louisiana.

9.

There is no tax treaty nor any other treaty that exempts Defendant from Louisiana sales tax.

10.

Upon information and belief, the Defendant specifically targets and compels Louisiana residents to download their applications / games and then purchase tangible personal goods from the Defendant.

11.

Upon information and belief, the Defendant keeps records of each individual user of their site. To create an account and to play the games, the Louisiana residents were required to verify their identity and address, and provide a copy of a government-issued photo identification, such as a driver's license or passport. At that point, the Defendant was made aware that its customers were located in Louisiana. Nevertheless, the Defendant repeatedly prompted and compelled Louisiana

residents to purchase more “WOW Coins” and “Sweeps Coins” to continue playing the games. The Defendant’s contacts with Louisiana are far more than random, fortuitous, or attenuated. The Defendant purposefully target Louisiana residents, through which it makes sales of tangible personal property, which are delivered digitally into Louisiana through its applications.

12.

Venue is proper in this Court as the Defendant regularly transacted business through its website sales to Louisiana citizens across the State of Louisiana. Further, La. C.C.P. art. 42(5) provides, “A foreign corporation or a foreign limited liability company not licensed to do business in the state, or a nonresident who has not appointed an agent for the service of process in the manner provided by law, shall be brought in the parish of the plaintiff’s domicile or in a parish where the process may be, and subsequently is, served on the defendant except when service is made pursuant to R.S. 22:335.”

CAUSE OF ACTION

13.

This action is brought pursuant to La. R.S. 47:1561(A)(3), which provides for the Plaintiff’s authority to proceed to enforce the collection of any state tax due by means of ordinary suit under the provisions of the general laws regulating actions for the enforcement of obligations before this Court.

FACTUAL BACKGROUND

14.

The Defendant’s website describes the Defendant as “America’s favorite social casino” with over 2 million players of over 2,000 games. It requires players to be 18 years of age or older.⁴

15.

The Louisiana Department of Revenue submits that the Defendant actively promotes and operates gaming websites and applications that primarily target the U.S. market, including targeting the citizens of Louisiana.

16.

The Defendant does not simply maintain a website and online games that can passively be accessed by Louisiana residents. MW SERVICES has the ability to, and, in fact does, specifically

⁴ <https://www.wowvegas.com/>

target each state within which they do business to structure its offerings to the state's residents based on that state's laws and regulations. For example, in response to a cease-and-desist letter received from regulators, the Defendant shut down Louisiana resident's access to their online operations in the State of Louisiana effective July 11, 2025.⁵ In June of 2025, MW SERVICES contacted their Louisiana users, via emails associated with the user's account, in order to announce the changes and how long users could continue to play, buy coins and redeem coins.⁶ This e-mail confirms the Defendant was doing business in Louisiana and its efforts to specifically identify and target Louisiana residents for "business factors", including revenue generated by the sales of its WOW coins to Louisiana residents and to comply with the regulatory gaming laws in the State of Louisiana.

17.

MW SERVICES dba WOW Vegas provides players with the ability to play games for free, including jackpots, slots, roulette, baccarat, and Megaways titles (the "Chance Games") for free and to purchase in-game enhancements like virtual coins for additional play. Defendant markets itself as a "social casino" and sold Louisiana residents both "WOW Coins" and "Sweeps Coins" that users could redeem their virtual currency for cash or gift cards.

18.

During the tax periods at issue, Louisiana citizens purchased gaming enhancements and virtual currency to play electronic versions of slot machines, poker, roulette, lottery wheels, and blackjack. Defendant sold over \$100,000 of tangible personal property, including specifically, digital goods, to Louisiana citizens each year since at least 2021, which constitutes doing business in this State.

19.

The Plaintiff was able to estimate the Defendant's monthly Louisiana sales at approximately \$156,988 per month since January of 2021 through December 2024 from methodology developed using comparators from businesses with similar online gaming platforms. The Defendant's resulting sales tax liability is estimated at \$\$7,535,424.00 plus penalties and

⁵ <https://sbcamericas.com/2025/06/24/wow-vegas-cease-desist-order-louisiana/>

⁶ https://www.linkedin.com/posts/howard-glaser-85215a14b_buh-bye-activity-7342993477628018668-WZeR?utm_source=share&utm_medium=member_desktop&rcm=ACoAABGVgtsBmqLbJT_mcnD40rK4euX8ih0WUdM

interest. The Plaintiff, expressly, reserves the right to amend the numbers in the event that additional information is provided and/or obtained.

20.

Under Louisiana law, the State is authorized to collect sales tax on the sale of tangible personal property, including specifically, digital goods. La. R.S. 47:301(16); La. R.S. 47:301(4); La. R.S. 47:301(32).

21.

Defendant is a “dealer” pursuant to Louisiana law as it delivered tangible personal property, including specifically, digital goods, into the State for sale, use, consumption or distribution in taxing jurisdictions. *Id.* While the Defendant does not appear to have a physical location in Louisiana, it had property in the State as it sold tangible personal property to Louisiana residents, for delivery of such property electronically into Louisiana, and with such sales exceeding one hundred thousand dollars for each calendar year at issue here. La. R.S. 47:301(4)(k)(i). As such, during the periods at issue, the Defendant was a “dealer” under Louisiana law with a duty to collect Louisiana general sales tax from its Louisiana customers with respect to its sale of its Coins or any other digital or electronically delivered tangible personal property. See La. R.S. 47:304(B). Because the Defendant failed, neglected, or refused to collect that tax, the Defendant is personally liable for payment of that tax. See La. R.S. 47:304(E).

22.

The Defendant’s digital goods are delivered into Louisiana through electronic means, *viz.*, the Defendant’s website and applications, which allow purchasers to access electronic games on and from the users’ computers and phones in Louisiana.

23.

Under Louisiana sales tax law, digital goods shall be considered tangible personal property and sales tax is levied upon the sale at retail, the use, the consumption, the distribution, or the storage for use or consumption, in Louisiana of each item or article of tangible personal property. La. R.S. 47:302.

24.

Under Louisiana sales tax law, all sales of digital goods are considered tangible personal property and are taxable unless a specific exemption or exclusion is applicable. See La. R.S. 47:301 and 47:302.

25.

Since January 1, 2019, Louisiana has imposed a sales tax on the sale of products transferred electronically, such as the sale of Wow Coins by the Defendant, to Louisiana residents. By Act No. 5 of the 2018 2nd Extraordinary Session of the Louisiana Legislature, the term “dealer”, for Louisiana sales tax purposes, was amended to include “[a]ny person who sells for delivery into Louisiana tangible personal property, products transferred electronically, or services, and who does not have a physical presence in Louisiana....” La. R.S. 47:301(4)(m)(i). By Act No. 10 of the 2024 Third Extraordinary Session of the Louisiana Legislature, Louisiana clarified and limited the application of the sales tax on digital products or products transferred electronically. By Act No. 433 of the 2025 Regular Session of the Louisiana Legislature, the phrase “products transferred electronically” was amended, for clarification, to “digital products”. Furthermore, the definition of “dealer” was further defined to mean “any person who is engaged in business in Louisiana through participation in the retail sales market within the state through any means whatsoever or who otherwise avails himself of the substantial privilege of carrying on business within the state, including through virtual or economic contacts.”

26.

In spite of the Defendant’s recent recognition of the State’s regulatory order and actions to withdraw from the State to become compliant with state law, the Defendant failed to ever register with the Department or collect and/or remit any state or local sales tax from its operations in Louisiana. Moreover, the Defendant has taken no actions to resolve their state and local sales tax liability with respect to their taxable sales to Louisiana residents from January 1, 2021 to the present. Upon information and belief, the Defendant has also failed to register with any local tax collectors in Louisiana or the Louisiana Sales and Use Tax Commission for Remote Sellers.

27.

The Defendant had an obligation to keep records pursuant to La. R.S. 47:309, which states in pertinent part as follows:

A.(1) Every dealer required to make a report and pay any tax under this Chapter shall keep and preserve suitable records of the sales, purchases, or leases taxable under this Chapter, and such other books of accounts as may be necessary to determine the amount of tax due hereunder, and other information as may be required by

the secretary; and each dealer shall secure, maintain and keep until the taxes to which they relate have prescribed, a complete record of tangible personal property received, used, sold at retail, distributed, or stored, leased or rented, within this state by the said dealer, together with invoices, bills of lading, and other pertinent records and papers as may be required by the secretary for the reasonable administration of this Chapter, and a complete record of all sales or purchases of services taxable under this Chapter until the taxes to which they relate have prescribed.

* * *

(3) The secretary is authorized to require all dealers who take deductions on their sales tax returns for total sales under the minimum taxable bracket prescribed by him pursuant to R.S. 47:304 to support their deductions by keeping written or printed detailed records of said sales in addition to their usual books and accounts.

28.

If Defendant did not keep and provide suitable records from which the Department is able to determine the amount of the tax, then the Department has the authority to devise a formula to determine the tax assessment using established estimating techniques.⁷

29.

The Defendant had a duty to collect and remit sales tax and failed to do so. Therefore, the Defendant now owes sales and use tax, interest and penalties.

30.

The Louisiana Department of Revenue now seeks to collect the amounts due through this lawsuit. The total amount of liability owed and due is currently estimated to be \$13,551,351.36, which includes tax in the amount of \$7,535,424, interest calculated to December 2024 in the amount of \$1,871,444.16 (which continues to accrue under Louisiana law), a delinquent filing penalty in the amount of \$1,883,856, accuracy related penalty in the amount of \$1,507,084.80, and an understatement of tax penalty in the amount of \$753,542.40. The Department specifically reserves the right to update and amend its determination regarding the total amount of tax, interest, and penalty owed by Defendant as further information is obtained.

31.

Pursuant to La. R.S. 13:5034, et seq., the facts alleged herein are considered prima facie true, constitute a prima facie case, and the burden of proof to establish anything to the contrary shall rest on the Taxpayer. In furtherance thereof, the Department attaches, hereto, and makes a

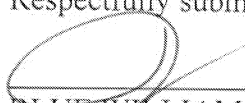
⁷ *Yesterdays of Lake Charles, Inc. v. Calcasieu Parish Sales and Use Tax Dept.*, 190 So.3d 710, 725; 2015-1667 (La. 5/13/16).

part hereof, by reference, an affidavit of verification signed by counsel, which states that, after a review of the Department's files, the facts alleged herein are true to the best of her knowledge and belief.

WHEREFORE, Plaintiff, Richard Nelson, in his capacity as the duly appointed Secretary of the Louisiana Department of Revenue, respectfully prays for the following:

1. That after due proceedings are conducted, there be judgment in favor of the Plaintiff and against the Defendant in the amount of \$13,551,351.36 plus additional interest allowed by law, penalties, and all costs of this lawsuit; and
2. That the Plaintiff receives all other general and equitable relief to which he may be entitled under the facts and circumstances of this case.

Respectfully submitted:



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Please provide a certified copy of Petition and citation for service through the Louisiana long-arm statute on the following Defendant:

MW SERVICES LIMITED
Through its Agent for Service
5-9 Main Street
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