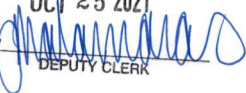


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**FILED/ENDORSED**  
Clerk of the Superior Court  
**OCT 25 2021**  
By   
DEPUTY CLERK

SUPERIOR COURT OF THE STATE OF CALIFORNIA  
COUNTY OF SOLANO

**PEOPLE OF THE STATE OF CALIFORNIA,**  
  
Plaintiff,  
  
v.  
  
**PONG MARKETING AND PROMOTIONS, INC.; TALK N WIN, INC.; PREPAID TELCONNECT, INC.; PHONE-SWEEPS, LLC; PHONE-SWEEPS, INC.; FERNANDO DI CARLO; MICHAEL STRAWBRIDGE; JULIUS KISS; and DOES 1-50, inclusive,**  
  
Defendants.

Case No. FCS047090  
Related Case Nos.: FCS047091, FCS04517, FSC047518, FSC046309, FCS048447

**~~PROPOSED~~ STIPULATED FINAL JUDGMENT**

Date: October \_\_, 2021  
Time: 9:30 a.m.  
Dept: 104  
Judge: Honorable E. Bradley Nelson  
Action Filed: May 20, 2016

WHEREAS, plaintiff, the People of the State of California (People), through their attorneys of record, and defendants, Pong Game Studios Corporation, fka Pong Marketing and Promotions, Inc., Phone-Sweeps, Inc., Talk N Win, Inc., Prepaid Telconnect, Inc., Phone-Sweeps, LLC, Fernando Di Carlo (Di Carlo), Michael Strawbridge (Strawbridge), and Julius Kiss (Kiss) (collectively, Defendants and, individually, Defendant), each represented by counsel, entered into a Stipulation for Settlement and Entry of Final Judgment (Stipulation for Settlement), agreeing, among other things, to the entry of this Final Judgment.

1 WHEREAS, through the previously issued Stipulation for Settlement, the parties consented  
2 to entry of this Final Judgment without the presentation of any evidence and without trial or  
3 adjudication of any issue of law or fact herein.

4 AND WHEREAS, the parties agree that this Final Judgment resolves all matters in dispute  
5 between the People and Defendants arising from the conduct alleged in the Second Amended  
6 Complaint for Permanent Injunction, Civil Penalties, Restitution, and Other Equitable Relief,  
7 filed on March 5, 2019 (Complaint), in this action.

8 NOW, THEREFORE, upon consideration of the Stipulation for Settlement, and good cause  
9 appearing, IT IS HEREBY ORDERED, ADJUDGED AND DECREED that the People have  
10 judgment against the Defendants as follows:

11 **FINDINGS AND BACKGROUND**

12 1. The People filed this action under Business and Professions Code sections 17200 et  
13 seq. (Unfair Competition Law) and 17500 et seq. (False Advertising Law). The Complaint seeks  
14 permanent injunctive relief, consumer redress, and civil penalties for Defendants' alleged  
15 manufacture, distribution, and use of illegal gambling devices in California, and deceptive acts or  
16 practices in connection with the marketing and licensing of those devices in California. The  
17 People, through their attorneys, have authority under the Unfair Competition Law and under the  
18 False Advertising Law to seek the relief requested.

19 2. This Court has jurisdiction over the subject matter and the parties of this case, and  
20 each of the Defendants has appeared in the action. Venue in this Court is proper.

21 **SETTLEMENT, WAIVERS, AND ADMISSIONS**

22 3. Pursuant to the Stipulation for Settlement, the Defendants waived hearing on the  
23 allegations of the Complaint; will be bound by the terms of this Final Judgment; and waive any  
24 rights to attempt to set aside, vacate, or otherwise attack, directly or collaterally, this Final  
25 Judgment. Each party waives any right to trial or any right to appeal from this Final Judgment.

26 4. Upon entry of this Final Judgment, this action and the relief awarded herein settle all  
27 disputes, and only those disputes, between the parties as asserted in the Complaint as to conduct  
28 that occurred before entry of this Final Judgment. The relief awarded in this action and under this

1 Final Judgment is not in lieu of criminal remedies, if applicable and also is not in lieu of remedies  
2 provided to any state bar association or regulator. The People, however, acknowledge that the  
3 statute of limitations for criminal actions under the California Penal Code against Defendants  
4 based on the acts described in the Complaint have expired and criminal prosecution in California  
5 for those acts is time-barred.

6 5. Defendants admit to the facts necessary to establish jurisdiction set forth in  
7 paragraphs 10 and 11 of the Complaint and to the truth of the allegations contained in the  
8 following paragraphs of the Complaint: 49, 51, and 53. Nothing in this Final Judgment or these  
9 proceedings shall be construed to mean that the People have approved or authorized any of  
10 Defendants' acts, practices, or conduct, and neither Defendants nor anyone acting on their behalf  
11 shall state or imply that such endorsement or approval has been given.

#### 12 PERMANENT INJUNCTION

13 6. Pursuant to Business and Professions Code sections 17203 and 17535, the Court  
14 permanently enjoins Defendants as set forth in paragraphs 7 through 11 below.

15 7. As used herein, the term "Gambling Product or Service" means any game, contest,  
16 machine, apparatus, device, software, or computer system that (a) provides or potentially provides  
17 to the user any money, credit, allowance, or thing of value and (b) involves any element of  
18 hazard, chance, or other outcome of operation unpredictable by the user. "Gambling Product or  
19 Service" includes, but is not limited to, Pong's Sweepstakes Gambling System, Pong's Seasonal  
20 Gambling System, and Pong's New Gambling System, as those gambling systems are described  
21 in paragraphs 26 through 47 of the Complaint.

22 8. Defendants, and each of them, from the date of entry of this Final Judgment shall be,  
23 and are, permanently enjoined and restrained from the following:

24 (a) Directly or indirectly licensing, renting, selling, distributing, or giving to any  
25 person, business, or entity any Gambling Product or Service that is, or is to be, used,  
26 operated, or possessed in the State of California;

27 (b) Transporting, or causing to be transported, any Gambling Product or Service to,  
28 or within, the State of California;

1 (c) Manufacturing, designing, using, operating, or possessing any Gambling  
2 Product or Service that is, or is to be, used, operated, or possessed in the State of  
3 California.

4 (d) Owning, controlling, working for (either as an employee, contractor, or in any  
5 other capacity), or serving as an officer, director, or manager of any business (regardless of  
6 form) that, either on its own behalf or on behalf of others, offers, provides, sells, or  
7 advertises (via any medium, including the internet) any Gambling Product or Service from  
8 within the State of California or to consumers located within the State of California;

9 (e) Violating Penal Code sections 320, 321, 322, 330.1, 330a, 330b, 331, and 337a;

10 (f) Violating Business and Professions Code section 17539.1; and

11 (g) Aiding or abetting any other person, business, or entity in the acts or conduct  
12 described in paragraphs 8(a) through 8(f) above.

13 9. To ensure that such proposed gaming devices or gaming systems comply with state  
14 and local laws, Defendants shall provide written notice to the Office of the California Attorney  
15 General, and obtain an order of authorization from the Court prior to operating, licensing,  
16 distributing, and/or assisting, aiding, or abetting in the operation of any electronic gaming devices  
17 or gaming systems that pay anything of value to anyone in the State of California.

18 10. Failure to comply with this permanent injunction may result in punishment, including  
19 the imposition of additional civil penalties under Business and Professions Code sections 17207  
20 and 17535.5.

21 11. This permanent injunction applies to:

22 (a) Defendants and each of their agents, employees, officers, directors,  
23 representatives, successors, subsidiaries, parent companies, divisions, assigns, and all other  
24 persons and entities who act in concert with Defendants and who have actual or  
25 constructive notice of this Final Judgment; and

26 (b) Any other business or entity that manufactures, designs, markets, distributes,  
27 offers, provides, sells, or advertises (via any medium, including the internet) any Gambling  
28 Product or Service and in which any Defendant or any individual Defendant's spouse owns

1 (either individually or collectively with any other Defendant, and either directly or  
2 indirectly) a majority or controlling interest.

3 **COSTS, ATTORNEY FEES, AND CIVIL PENALTIES**

4 12. Defendants shall pay the People, and the People shall have judgment, jointly and  
5 severally, against Defendants other than Kiss and Phone-Sweeps, LLC<sup>1</sup> for \$15 million  
6 (\$15,000,000). Of that amount, \$1.5 million (\$1,500,000) are costs and attorney fees. The  
7 balance of \$13.5 million (\$13,500,000) is civil penalties. In the Stipulation for Settlement,  
8 Defendants acknowledged, understood, and agreed that the civil penalty portion of this Final  
9 Judgment is a non-dischargeable debt under section 523(a)(7) of title 11 of the United States  
10 Code as a fine or penalty payable to and for the benefit of a governmental unit that is not  
11 compensation for actual pecuniary loss.

12 13. In the Stipulation for Settlement, the parties agreed that defendants Kiss and Phone-  
13 Sweeps, LLC shall not be liable for any of the monetary portion of this Final Judgment.

14 14. In the Stipulation for Settlement, the People agreed to accept payments totaling \$3.5  
15 million (\$3,500,000) as full satisfaction of the obligation to pay the civil penalties, costs, and  
16 attorney fees, including any interest thereon, if and only if Monetary Judgment Defendants satisfy  
17 each of the payment terms set forth in paragraphs 14(a) through 14(l) below. The terms for  
18 payment shall be as follows:

19 (a) Actually deliver to the People via a wire transfer a payment of \$250,000 on or  
20 before January 2, 2022;

21 (b) Actually deliver to the People via a wire transfer a payment of \$250,000 on or  
22 before July 1, 2022;

23 (c) Actually deliver to the People via a wire transfer a payment of \$250,000 on or  
24 before January 2, 2023;

25 (d) Actually deliver to the People via a wire transfer a payment of \$250,000 on or  
26 before July 1, 2023;

27 <sup>1</sup> For purposes of paragraphs 12 through 16, Defendants other than Kiss and Phone-  
28 Sweeps, LLC that are liable for the monetary portion of the Final Judgment are referred to  
collectively as "Monetary Judgment Defendants."

1 (e) Actually deliver to the People via a wire transfer a payment of \$250,000 on or  
2 before January 2, 2024;

3 (f) Actually deliver to the People via a wire transfer a payment of \$250,000 on or  
4 before July 1, 2024;

5 (g) Actually deliver to the People via a wire transfer a payment of \$250,000 on or  
6 before January 2, 2025;

7 (h) Actually deliver to the People via a wire transfer a payment of \$250,000 on or  
8 before July 1, 2025;

9 (i) Actually deliver to the People via a wire transfer a payment of \$250,000 on or  
10 before January 2, 2026;

11 (j) Actually deliver to the People via a wire transfer a payment of \$250,000 on or  
12 before July 1, 2026;

13 (k) If Monetary Judgment Defendants are unable to deliver the payments set forth  
14 in in paragraphs 14(a) through 14(j), above, via a wire transfer, Monetary Judgment  
15 Defendants shall deliver the payments via cashiers' checks by the deadlines set forth in this  
16 Final Judgment to the following address:

17 **Attorney General of California**  
18 **Attn.: Paras Hrishikesh Modha**  
19 **1300 I Street, Suite 125**  
20 **P.O. Box 944255**  
21 **Sacramento, CA 94244-2550**

22 (l) If Monetary Judgment Defendants make the payments set forth in paragraphs  
23 14(a) through 14(j), above, the People agree to file a notice of satisfaction of the monetary  
24 judgment for all Defendants.

25 (m) If any of the payments in paragraphs 14(a) through 14(j) are due on a date the  
26 Court is not in session, the payment will be due on the next date the Court is in session.

27 15. Upon entry of this Final Judgment, the payments delivered to the Court by  
28 Defendants in April 2021 and October 2021, in the total amount of \$1 million (\$1,000,000) shall  
be credited against the total monetary portion of this Final Judgment and transferred by the Court

1 to the California Attorney General's office either via wire transfer or check to the following  
2 address:

3 **Attorney General of California**  
4 **Attn.: Paras Hrishikesh Modha**  
5 **1300 I Street, Suite 125**  
6 **P.O. Box 944255**  
7 **Sacramento, CA 94244-2550**

8 16. If Monetary Judgment Defendants fail to make timely any of the payments required  
9 pursuant to paragraphs 14(a) through 14(j), the entire \$15-million judgment, minus any  
10 previously made payments, shall become immediately due and payable to the People. Monetary  
11 Judgment Defendants shall be granted a single, and no other, 30-day notice and cure period as to  
12 a missed payment set forth in paragraphs 14(a) through 14(j). After that single 30-day notice and  
13 cure period, the People, in their sole discretion, may accelerate and seek collection of the entire  
14 Final Judgment plus interest at the post-judgment legal rate of interest calculated from the date of  
15 entry of this Final Judgment less any credit for any payments made. Monetary Judgment  
16 Defendants shall be jointly and severally liable for all of the payments set forth in paragraphs  
17 14(a) through 14(j) of this Final Judgment. For failure to make any of the payments set forth in  
18 paragraphs 14(a) through 14(j), the People agree to file a renewal of this Final Judgment(s) no  
19 more than one time.

20 17. The People may appear in, and communicate with, the Court ex parte and without  
21 notice to Defendants in connection with the arrangement of the transfer of the funds described in  
22 paragraph 15 above.

#### 23 **DISMISSAL OF CERTAIN RELATED CASES**

24 18. After entry of this Final Judgment, the People in the following Solano County  
25 Superior Court cases, will file requests for dismissal with prejudice: *People of the State of*  
26 *California v. California Calling Cards Group, et al.*, case no. FCS047091; and *People v. LM*  
27 *Connexions, Incorporated, et al.*, case no. FCS048447.  
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**MISCELLANEOUS TERMS**

19. Except as expressly provided otherwise in this Final Judgment, each party in this action and in the suits included in paragraph 18 above shall bear his, her, or its own costs and expenses, including attorney fees.

20. Jurisdiction is retained, including under Code of Civil Procedure section 664.6 and at the request of the parties, for the purpose of enabling any party to this Final Judgment to apply to the Court at any time for such further orders and directions as may be necessary and appropriate for the construction, implementation, modification, and enforcement of this Final Judgment, including imposing sanctions or other punishment for any violations of this Final Judgment.

21. If any provision of this Final Judgment is held to be unenforceable or invalid by any court of competent jurisdiction, that holding does not affect the remainder of this Final Judgment, which is to be given full force and effect without regard to the invalid or unenforceable provision.

22. The clerk shall enter this Final Judgment immediately.

IT IS SO ORDERED.

Dated: October 19, 2021



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HONORABLE E. BRADLEY NELSON  
Judge of the Superior Court



