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**ENDORSED FILED**  
Clerk of the Superior Court

MAR - 5 2019

A. JEAN

By \_\_\_\_\_  
DEPUTY CLERK

*Pursuant to Government Code § 6103,  
the State of California is Exempt from  
Filing Fees.*

SUPERIOR COURT OF THE STATE OF CALIFORNIA  
COUNTY OF SOLANO

**PEOPLE OF THE STATE OF CALIFORNIA,**

Plaintiff,

v.

**PONG GAME STUDIOS CORPORATION; TALK N WIN, INC.; PREPAID TELCONNECT, INC.; PHONE-SWEEPS, LLC; FERNANDO DI CARLO; MICHAEL STRAWBRIDGE; JULIUS KISS; and DOES 1-50, inclusive,**

Defendants.

Case No. FCS047090

**SECOND AMENDED COMPLAINT FOR PERMANENT INJUNCTION, CIVIL PENALTIES, RESTITUTION, AND OTHER EQUITABLE RELIEF**

**(Bus. & Prof. Code, § 17200 et seq., § 17500 et seq., & § 17539.1)**

Dept: 10, Courtroom III  
Judge: Honorable Michael C. Mattice  
Trial Date: January 28, 2020  
Action Filed: 05/20/16

Plaintiff the People of the State of California (the People) bring this action (Second Amended Complaint) by and through: Xavier Becerra, Attorney General of the State of California; Diana Becton, District Attorney of Contra Costa County; Lisa A. Smittcamp, District

1 Attorney of Fresno County; Cynthia J. Zimmer, District Attorney of Kern County; Larry Morse  
2 II, District Attorney of Merced County; Michael A. Hestrin, District Attorney of Riverside  
3 County; Summer Stephan, District Attorney of San Diego County; Krishna A. Abrams, District  
4 Attorney of Solano County; Jill R. Ravitch, District Attorney of Sonoma County; Timothy Ward,  
5 District Attorney of Tulare County; and Michael N. Feuer, Los Angeles City Attorney. The  
6 People are informed and believe and, therefore, allege:

7 **INTRODUCTION**

8 1. The American Gaming Association estimates that the sweepstakes café “industry,”  
9 earns more than \$10 billion a year, through unlawful gambling operations that are located in  
10 storefronts in strip malls and commercial districts of cities and towns across the United States.

11 2. In California, before January 1, 2015, these sweepstakes cafés became synonymous  
12 with illegal local gambling dens operating under the guise of lawful promotional sweepstakes.  
13 Utilizing sweepstakes gambling software (Sweepstakes Gambling System(s)), these cafés preyed  
14 upon unsuspecting consumers who were led to believe that the games played at computer stations,  
15 in an integrated system designed and developed to mimic casino-style slot machine games, were  
16 legal promotional sweepstakes when, in fact, they were gambling games operated on illegal  
17 gambling devices.

18 3. Lured by the interactive gameplay of casino-style games, patrons paid money for the  
19 opportunity to win cash prizes. Generally, under these Sweepstakes Gambling Systems, patrons  
20 purchased an ostensible product, such as Internet time or prepaid telephone cards, and received  
21 sweepstakes entries for every dollar spent on the product. The results of the sweepstakes entries  
22 were unpredictable to the patrons and could not be altered by them. Patrons opened their  
23 sweepstakes entries to reveal, and receive cash prizes by playing the casino-style games at  
24 computer stations.

25 4. Police agencies have documented that crime rates increased in neighborhoods where  
26 these internet gambling cafes were located. Many frequenters of these cafés are on criminal  
27 probation.

28





1 either directly, or by aiding, abetting, or ratifying the acts of the employees of Pong, or by aiding,  
2 abetting, or ratifying the acts of the other defendants herein, participated in, and is responsible for,  
3 the unlawful practices set forth herein.

4 19. The defendants identified in paragraphs 12 through 18, above, may be referred to  
5 herein collectively as “Defendants.”

6 20. Whenever reference is made in this Second Amended Complaint to any act of any of  
7 the Defendants, that allegation shall mean that each of the Defendants acted individually and  
8 jointly with the other Defendants.

9 21. Any allegation about acts of any limited liability company, corporation, or other  
10 business shall mean that the limited liability company, corporation, or other business did the acts  
11 alleged through its managers, officers, directors, employees, agents, or representatives while they  
12 were acting within the actual or ostensible scope of their authority.

13 22. At all relevant times, each of the Defendants committed the acts, caused or directed  
14 others to commit the acts, or permitted others to commit the acts alleged in this Second Amended  
15 Complaint. Additionally, some or all of the Defendants acted as the agent of the other  
16 Defendants, and all of the Defendants acted within the scope of their agency, if acting as an agent  
17 of another.

18 23. At all relevant times, each of the Defendants knew or realized that the other  
19 Defendants were engaging in or planned to engage in the violations of law alleged in this Second  
20 Amended Complaint. Knowing or realizing that other Defendants were engaging in or planning  
21 to engage in unlawful conduct, each of the Defendants nevertheless facilitated the commission of  
22 those unlawful acts. Each of the Defendants intended to and did encourage, facilitate, or assist in  
23 the commission of the unlawful acts, and thereby aided and abetted the other Defendants in the  
24 unlawful conduct.

25 24. At all relevant times, Defendants have engaged in a conspiracy, common enterprise,  
26 and common course of conduct, the purpose of which is and was to engage in the violations of  
27 law alleged in this Second Amended Complaint. This conspiracy, common enterprise, and  
28 common course of conduct continue to the present.



1 other gambling games. The patrons selected, based on available increments (such as 25, 50, or  
2 100), how many points to risk on each play. The patron either lost the points played, or was  
3 awarded winning points, which the system tracked and displayed on the screen. If the patron  
4 finished with a positive number of winning points, the points were redeemable at \$1 per 100  
5 points at the register. For example, 2,400 winning points would result in a cash prize of \$24  
6 being paid to the patron. Within each pool of sweepstakes entries, prizes ranged from \$0.01 to  
7 \$4,200 (based on redeemable points won). Patrons could not predict whether they would win  
8 redeemable points. Patrons not wishing to play the sweepstakes games could ask the cashier at  
9 the sweepstakes café register to reveal an immediate result, and pay any cash prizes to the patron.

10 29. Pong's Sweepstakes Gambling System was an integrated system using a private  
11 network of computers and servers. The main server was located in Canada and was electronically  
12 connected to the servers in the sweepstakes cafés. The server in each sweepstakes café was, in  
13 turn, electronically connected to each of the numerous computer terminals that patrons used at the  
14 sweepstakes café to play the gambling-themed sweepstakes games.

15 30. Throughout California, under Pong's Sweepstakes Gambling System, patrons of  
16 sweepstakes cafés paid money, operated computers at the cafés, and by element of hazard or  
17 chance or other unpredictable outcome to the user, became entitled to receive money, credit or  
18 other valuable prizes in violation of Penal Code sections 330a, 330b, 330.1, 320, 321, 322, and,  
19 after January 1, 2015, were clearly an unlawful practice under, *inter alia*, Business and  
20 Professions Code section 17539.1. Defendants, each and all of them, have directly received  
21 revenues from these illegal activities or have a received percentage a percentage of the net profit  
22 of California sweepstakes cafes operating Pong's Sweepstakes Gambling System.

23 **B. Pong's Seasonal Gambling System**

24 31. On January 1, 2015, Business and Professions Code section 17539.1, subdivision  
25 (a)(12) came into effect, prohibiting the use of any method intended to be used by a person  
26 interacting with an electronic video monitor, "to simulate gambling or play gambling-themed  
27 games in a business establishment that . . . implements the predetermination of sweepstakes cash  
28

1 . . . or otherwise connects a sweepstakes player or participant with sweepstakes cash, cash-  
2 equivalent prizes, or other prizes of value.”

3 32. Business and Professions Code section 17539.1, subdivision (a)(12), however,  
4 exempts game promotions or sweepstakes that are conducted, “on a limited and occasional basis  
5 as an advertising and marketing tool that are incidental to substantial bona fide sales of consumer  
6 products or services and are not intended to provide a vehicle for the establishment of places of  
7 ongoing gambling or gaming.”

8 33. Beginning on or about January 1, 2015, and continuing until approximately March  
9 31, 2015, in response to the new legislative enactment described above, Defendants rebranded  
10 their gambling operations by claiming that Pong’s Sweepstakes Gambling System was now being  
11 conducted on a limited and occasional basis (Seasonal Gambling System).

12 34. Defendants misled patrons into believing the Seasonal Gambling System complied  
13 with all applicable laws through, *inter alia*, posting the sweepstakes rules in cafés.

14 35. Defendants created their Seasonal Gambling System to provide the perception of  
15 legal compliance while Defendants continued to maintain and operate ongoing unlawful gambling  
16 and gaming operations.

17 36. Apart from the claimed limited duration, the actual operation and interactive  
18 gameplay of Pong’s Seasonal Gambling System mirrored that of Pong’s Sweepstakes Gambling  
19 System described in paragraphs 26 through 30, above, and was operated in violation of Penal  
20 Code sections 330a, 330b, 330.1, 320, 321, 322, and Business and Professions Code section  
21 17539.1. Defendants, each and all of them, have directly received revenues from these illegal  
22 activities or have received a percentage of the net profit of California sweepstakes cafés operating  
23 Pong’s Seasonal Gambling System.

#### 24 **C. Pong’s New Gambling System**

25 37. On June 25, 2015, the Supreme Court of California issued its decision in *Grewal*.  
26 The decision analyzed several Sweepstakes Gambling Systems as used at sweepstakes cafés in  
27 Kern County. Two of the sweepstakes cafés at issue used software developed and provided by  
28 Pong. The Court found that all of the sweepstakes gambling systems at issue, including Pong’s



1 Sweepstakes Gambling System, violated Penal Code section 330b. (*Grewal, supra*, 61 Cal.4th at  
2 pp. 549, 566.) In so holding, the Court determined the operation of Pong’s Sweepstakes  
3 Gambling System—and effectively the Seasonal Gambling System—clearly fell “within [Penal  
4 Code] *section 330b, subdivision (d)*’s definition of a slot machine.” (*Ibid.*, italics added.)

5 38. In response to the *Grewal* ruling, Defendants abandoned their pretextual sweepstakes  
6 business model and modified their unlawful Sweepstakes Gambling System and Seasonal  
7 Gambling System by adding a purported skill element after the patron plays Defendants’ slot-  
8 machine style games to create their “New Gambling System.” The “skill element” consists of a  
9 cursor moving horizontally across a color bar that the patron must stop at a position on the color  
10 bar to determine the percentage of cash prizes a patron is to receive prior to cashing out their  
11 gambling winnings.

12 39. Defendants have misled patrons into believing that the New Gambling System  
13 complies with all applicable laws through, *inter alia*, posting a notice in their gambling  
14 establishments falsely asserting that their New Gambling System is in compliance with California  
15 law.

16 40. Under Defendants’ New Gambling System, the purchase of points is no longer tied to  
17 the purchase of another product. Instead, patrons purchase game credits that are provided on a  
18 game account card with a unique PIN number that enables them to play the gambling-themed  
19 games at the computer terminals located throughout the café.

20 41. Defendants’ New Gambling System operates in two parts. Under part one, in a  
21 manner almost identical to the Defendants’ Sweepstakes Gambling System, patrons access the  
22 gambling-themed games by entering their account number and PIN number on the graphical  
23 keypad at a computer terminal. Once their account is accessed, patrons select which gambling-  
24 themed game to play and determine how many credits to wager on the game. The patron either  
25 loses the credits played, or wins credits, which the system tracks and displays on the screen.  
26 Patrons cannot predict whether they will win credits.

27 42. Under Defendants’ New Gambling System, if the patron wins credits playing the  
28 interactive gambling-themed games, he or she goes on to part two of the system to redeem his or

1 her credits for cash. If patrons lose all of their credits in part one, they have nothing to redeem in  
2 part two of the system, and their gambling session is over.

3 43. Under part two of the New Gaming System, if patrons won credits during part one,  
4 they may redeem their cash prizes through a purported “skill” exercise involving a moving cursor  
5 that travels horizontally across several vertical color bars on the computer screen. Each vertical  
6 color bar corresponds to a specific percentage indicating how much of the “potential win” will be  
7 converted into the patron’s “actual win.” To stop the cursor and determine the amount of the  
8 redeemable cash prize, the patron must push a graphical button before the allotted time expires.  
9 Usually, 25 seconds is the allotted time period for this exercise to be performed. If the patron  
10 stops the cursor in the middle area of the color bars, the patron redeems 100% or 110% of the  
11 credits awarded in part one for cash. The minimum percentage of credits that patrons can  
12 redeem, if they simply push the graphical button during the 25-second period, is 55% of the  
13 credits won in part one. If the time expires before the patron pushes the graphical button, the  
14 patron will receive 0% of the “potential win” and is unable to redeem any cash prize.

15 44. Defendants’ New Gambling System is an integrated system using a private network  
16 of computers and servers. The system consists of a local manager server and computer terminals  
17 that patrons use to play the gambling-themed games.

18 45. Irrespective of the purported skill element in part two of the system, the element of  
19 chance predominates in the New Gambling System. The potential win from part one directly  
20 results from the payment of money to play gambling-themed games with outcomes determined by  
21 chance or other means unpredictable to the patron. Without a potential win of credits from  
22 gambling in part one, no further play can be had, nor can any prizes be won in part two. A  
23 patron’s right to potentially win prizes in part two is itself a thing of value that is awarded in part  
24 one.

25 46. Moreover, almost any patron can easily complete part two’s cursor exercise in the  
26 90% to 110% cash-redemption range. And, if patrons simply push the graphical button during the  
27 25-second period allotted for the cursor exercise, they will redeem a minimum of 55% of the  
28

1 potential win credits from part one as their “actual win” in part two. The cursor exercise  
2 purported to be a skill element in Defendants’ New Gambling System is a sham.

3 47. The introduction of the task of stopping a cursor on a color bar as a purported skill  
4 element in the New Gambling System evidences Defendants’ continued unsuccessful efforts to  
5 circumvent California’s gambling laws. Defendants’ New Gambling System continues to violate  
6 Penal Code sections 330a, 330b, 330.1, 320, 321, 322, 330, and 337a, subdivision (a)(3), (4), and  
7 (6).

8  
9  
10 **FIRST CAUSE OF ACTION**

11 **UNFAIR COMPETITION – SWEEPSTAKES GAMBLING SYSTEM**  
12 **(BUSINESS AND PROFESSIONS CODE SECTION 17200 ET SEQ.)**

13 48. The People re-allege paragraphs 1 through 30 and incorporate these paragraphs by  
14 reference as though they were fully set forth in this cause of action.

15 49. From a date unknown to the People, and continuing to the present, by operating  
16 the Sweepstakes Gambling System Defendants engaged in acts or practices that were unlawful,  
17 unfair, or fraudulent as defined in Business and Professions Code section 17200. Such acts or  
18 practices include, but are not limited to, the following:

19 a. Selling, leasing, licensing, operating, or otherwise  
20 providing computer software for the purpose of converting personal  
21 computers into illegal gambling devices that are prohibited under  
22 Penal Code sections 330a, 330b, and 330.1;

22 b. Installing computer software for the purpose of converting  
23 personal computers into illegal gambling devices that are prohibited  
24 by Penal Code sections 330a, 330b, and 330.1;

24 c. Making or permitting the making of an agreement with  
25 another person regarding any gambling device, by which the user of  
26 the gambling device, as a result of the element of hazard or chance  
27 or other unpredictable outcome, may become entitled to receive  
28 money, in violation of Penal Code section 330b;

1 d. Selling, leasing, licensing, operating, or otherwise  
2 providing computer software for the purpose of conducting  
lotteries, in violation of Penal Code section 320;

3 e. Selling, leasing, licensing, operating, or otherwise  
4 providing computer software for the purpose of providing chances  
5 to win lotteries, in violation of Penal Code section 321;

6 f. Aiding or acting in concert with sweepstakes cafés to  
7 provide lotteries to the general public in California, in violation of  
Penal Code section 322; and

8 g. Violating Business and Professions Code section 17539.1,  
9 subdivision (a)(12), by offering for use a method of playing  
10 sweepstakes intended to be used by patrons interacting with  
11 electronic video monitors to simulate gambling or play gambling-  
12 themed games in sweepstakes cafés that: (i) directly or indirectly  
13 implemented the predetermination of sweepstakes cash, cash-  
equivalent prizes, or other prizes of value, or (ii) otherwise  
connected patrons playing the games with sweepstakes cash, cash-  
equivalent prizes, or other prizes of value.

14 **SECOND CAUSE OF ACTION**

15 **UNFAIR COMPETITION – SEASONAL GAMBLING SYSTEM**

16 **(BUSINESS AND PROFESSIONS CODE SECTION 17200 ET SEQ.)**

17 50. The People re-allege paragraphs 1 through 36 and incorporate these paragraphs by  
18 reference as though they were fully set forth in this cause of action.

19 51. From a date unknown to the People, and continuing to the present, by operating  
20 the Seasonal Gambling System Defendants engaged in acts or practices that were unlawful,  
21 unfair, or fraudulent as defined in Business and Professions Code section 17200. Such acts or  
22 practices include, but are not limited to, the following:

23 a. Selling, leasing, licensing, operating, or otherwise  
24 providing computer software for the purpose of converting personal  
25 computers into illegal gambling devices that are prohibited under  
Penal Code sections 330a, 330b, and 330.1;

26 b. Installing computer software for the purpose of converting  
27 personal computers into illegal gambling devices that are prohibited  
28 by Penal Code sections 330a, 330b, and 330.1;

1 c. Making or permitting the making of an agreement with  
2 another person regarding any gambling device, by which the user of  
3 the gambling device, as a result of the element of hazard or chance  
4 or other unpredictable outcome, may become entitled to receive  
5 money, in violation of Penal Code section 330b;

6 d. Selling, leasing, licensing, operating, or otherwise  
7 providing computer software for the purpose of conducting  
8 lotteries, in violation of Penal Code section 320;

9 e. Selling, leasing, licensing, operating, or otherwise  
10 providing computer software for the purpose of providing chances  
11 to win lotteries, in violation of Penal Code section 321;

12 f. Aiding or acting in concert with sweepstakes cafés to  
13 provide lotteries to the general public in California, in violation of  
14 Penal Code section 322; and

15 g. Violating Business and Professions Code section 17539.1,  
16 subdivision (a)(12), by offering for use a method of playing  
17 sweepstakes intended to be used by patrons interacting with  
18 electronic video monitors to simulate gambling or play gambling-  
19 themed games in sweepstakes cafés that: (i) directly or indirectly  
20 implemented the predetermination of sweepstakes cash, cash-  
21 equivalent prizes, or other prizes of value, or (ii) otherwise  
22 connected patrons playing the games with sweepstakes cash, cash-  
23 equivalent prizes, or other prizes of value.

### 24 **THIRD CAUSE OF ACTION**

#### 25 **UNFAIR COMPETITION – NEW GAMBLING SYSTEM**

#### 26 **(BUSINESS AND PROFESSIONS CODE SECTION 17200 ET SEQ.)**

27 52. The People re-allege paragraphs 1 through 25 and 37 through 47 and incorporate  
28 these paragraphs by reference as though they were fully set forth in this cause of action.

53. From a date unknown to the People, and continuing to the present, by operating  
the New Gambling System Defendants engaged in acts or practices that were unlawful, unfair, or  
fraudulent as defined in Business and Professions Code section 17200. Such acts or practices  
include, but are not limited to, the following:

a. Selling, leasing, licensing, operating, or otherwise  
providing computer software for the purpose of converting personal

1 computers into illegal gambling devices that are prohibited under  
2 Penal Code sections 330a, 330b, and 330.1;

3 b. Installing computer software for the purpose of converting  
4 personal computers into illegal gambling devices that are prohibited  
5 by Penal Code sections 330a, 330b, and 330.1;

6 c. Making or permitting the making of an agreement with  
7 another person regarding any gambling device, by which the user of  
8 the gambling device, as a result of the element of hazard or chance  
9 or other unpredictable outcome, may become entitled to receive  
10 money, in violation of Penal Code section 330b;

11 d. Selling, leasing, licensing, operating, or otherwise  
12 providing computer software for the purpose of conducting  
13 lotteries, in violation of Penal Code section 320;

14 e. Selling, leasing, licensing, operating, or otherwise  
15 providing computer software for the purpose of providing chances  
16 to win lotteries, in violation of Penal Code section 321;

17 f. Aiding or acting in concert with sweepstakes cafés to  
18 provide lotteries to the general public in California, in violation of  
19 Penal Code section 322;

20 g. Actually, or aiding or abetting other in, receiving, holding  
21 or forwarding money, or the equivalent or memorandum thereof,  
22 staked, pledged, bet or wagered, or offered for the purpose of being  
23 staked, pledged, bet or wagered, upon the result of trials or contests  
24 of skill, speed, or power of endurance of persons, or between  
25 persons, or upon the result, or purported result, of any lot, chance,  
26 casualty, unknown or contingent event whatsoever, in violation of  
27 Penal Code section 337a, subdivision (a)(3);

28 h. Actually, or aiding or abetting other in, recording, and  
registering bets or wagers upon the result of trials or contests of  
skill, speed, or power of endurance of persons, or between persons,  
or upon the result, or purported result, of any lot, chance, casualty,  
unknown or contingent event whatsoever, in violation of Penal  
Code section 337a, subdivision (a)(4);

i. Actually, or aiding or abetting other in, making, offering  
or accepting bets or wagers upon the result of trials or contests of  
skill, speed, or power of endurance of persons, or between persons,  
in violation of Penal Code section 337a, subdivision (a)(6);

j. Selling, leasing, licensing, operating, or otherwise  
providing computer software or other items for the purpose of

1 conducting, or aiding and abetting the conduct of, banking games  
2 on devices, in violation of Penal Code section 330; and

3 k. Violating Business and Professions Code section 17539.1,  
4 subdivision (a)(12), by offering for use a method of playing  
5 sweepstakes intended to be used by patrons interacting with  
6 electronic video monitors to simulate gambling or play gambling-  
7 themed games in sweepstakes cafés that: (i) directly or indirectly  
8 implemented the predetermination of sweepstakes cash, cash-  
9 equivalent prizes, or other prizes of value, or (ii) otherwise  
10 connected patrons playing the games with sweepstakes cash, cash-  
11 equivalent prizes, or other prizes of value.

#### 12 **FOURTH CAUSE OF ACTION**

##### 13 **FALSE OR MISLEADING ADVERTISING – SWEEPSTAKES GAMBLING SYSTEM**

##### 14 **(BUSINESS AND PROFESSIONS CODE SECTIONS 17500 ET SEQ.)**

15 54. The People re-allege paragraphs 1 through 53, and incorporate these paragraphs by  
16 reference as though they were fully set forth in this cause of action.

17 55. From a date unknown to the People, Defendants, acting directly or indirectly, with  
18 intent to induce members of the public to purchase illegal gambling software and devices, to pay  
19 for the use of the devices, or to operate the devices to illegally gamble, have made or  
20 disseminated or caused to be made or disseminated to the public and to prospective or actual  
21 licensees of their software, untrue or misleading statements including, but not limited to the  
22 following:

23 The operation of personal computers by the public using  
24 Defendants' Sweepstakes Gambling System at sweepstakes  
25 cafés to pay money to win valuable prizes on the basis of  
26 chance or other unpredictable result was a lawful sweepstakes  
27 to promote the sale of telephone cards;

28 56. At the time the representations set forth in paragraph 55 were made, Defendants  
knew or by the exercise of reasonable care should have known that the representations were  
untrue or misleading.

#### **FIFTH CAUSE OF ACTION**

##### **FALSE OR MISLEADING ADVERTISING – SEASONAL GAMBLING SYSTEM**

##### **(BUSINESS AND PROFESSIONS CODE SECTIONS 17500 ET SEQ.)**

1           57.     The People re-allege paragraphs 1 through 56 and incorporate these Paragraphs by  
2 reference as though they were fully set forth in this cause of action.

3           58.     From a date unknown to the People, Defendants, acting directly or indirectly, with  
4 intent to induce members of the public to purchase illegal gambling software and devices, to pay  
5 for the use of the devices, or to operate the devices to illegally gamble, have made or  
6 disseminated or caused to be made or disseminated to the public and to prospective or actual  
7 licensees of their software, untrue or misleading statements including, but not limited to the  
8 following:

9                     The operation of personal computers by the public using  
10                     Defendants' Seasonal Gambling System at sweepstakes cafés  
11                     to pay money to win valuable prizes on the basis of chance or  
12                     other unpredictable result was a lawful sweepstakes to promote  
13                     the sale of Internet time.

14           59.     At the time the representations set forth in paragraph 58 were made, Defendants  
15 knew or by the exercise of reasonable care should have known that the representations were  
16 untrue or misleading.

17                                     **SIXTH CAUSE OF ACTION**

18                                     **FALSE OR MISLEADING ADVERTISING – NEW GAMBLING SYSTEM**

19                                     **(BUSINESS AND PROFESSIONS CODE SECTIONS 17500 ET SEQ.)**

20           60.     The People re-allege paragraphs 1 through 59 and incorporate these Paragraphs by  
21 reference as though they were fully set forth in this cause of action.

22           61.     From a date unknown to the People, Defendants, acting directly or indirectly, with  
23 intent to induce members of the public to purchase illegal gambling software and devices, to pay  
24 for the use of the devices, or to operate the devices to illegally gamble, have made or  
25 disseminated or caused to be made or disseminated to the public and to prospective or actual  
26 licensees of their software, untrue or misleading statements including, but not limited to the  
27 following:

28                     The operation of personal computers by the public using  
29                     Defendants' New Gambling System at cafés is not illegal  
30                     gambling. Rather, they are games of skill and in compliance  
31                     with California law.





