

Cause No. _____

| | | |
|-----------------------------------|---|-------------------------|
| GEORGE M. LONG, KAREN F. | § | IN THE DISTRICT COURT |
| RACUTT, TOM ARTLE, JIMMY | § | |
| AIELLO, THOMAS E. LONG, MAY | § | |
| WOO LEI, BRAD BERGSTROM, | § | |
| ANDREW POHAN, CHI (JERRY) SUN, | § | |
| | § | |
| Plaintiffs | § | |
| | § | |
| V. | § | HARRIS COUNTY, TEXAS |
| | § | |
| DAVID T. LA, HO JUN SIN, JIE WANG | § | |
| MIKE DANIELS, AND JJJ VISION, LLC | § | |
| DBA 52 SOCIAL | § | |
| Defendants | § | _____ JUDICIAL DISTRICT |

PLAINTIFF’S ORIGINAL PETITION

GEORGE M. LONG, KAREN F. RACUTT, TOM ARTLE, JIMMY AIELLO, THOMAS E. LONG, MAY WOO LEI, BRAD BERNSTEIN, ANDREW POHAN, CHI (JERRY) SUN referred to as “Plaintiffs”, complain of DAVID T. LA, HO JUN SIN, MIKE DANIELS, and JJJ VISION LLC dba 52 Social, jointly referred to as “Defendants”, and would respectfully show as follows:

Parties

1. Plaintiff George M. Long (“Plaintiff Long”) is an individual residing in Las Vegas, Nevada.
2. Plaintiff Karen F. Racutt (“Plaintiff Racutt”) is an individual residing in Las Vegas, Nevada.
3. Plaintiff Tom Artle (“Plaintiff Artle”) is an individual residing in Incline Village, California.

4. Plaintiff Jimmy Aiello (“Plaintiff Aiello”) is an individual residing in Pinole, California.

5. Plaintiff Thomas E. Long (“Plaintiff Thomas Long”) is an individual residing in Glen Ellyn, Illinois.

6. Plaintiff May Woo Lei (“Plaintiff Lei”) is an individual residing in Boston, Massachusetts.

7. Plaintiff Brad Bernstein (“Plaintiff Bernstein”) is an individual residing in Incline Village, California.

8. Plaintiff Andrew Pohan (“Plaintiff Pohan”) is an individual residing in Albany, California.

9. Plaintiff Chi (Jerry) Sun (“Plaintiff Sun”) is an individual residing in El Cerrito, California.

10. Plaintiff Adel Saadeh (“Plaintiff Saadeh”) is an individual residing in Brentwood, California.

11. Defendant David T. La (“Defendant La”) is an individual and may be served with citation at 9275 Richmond Ave., Suite 101, Houston, TX 77063, or any other place where Defendant may be found.

12. Defendant Ho Jun Sin (“Defendant Sin”) is an individual and may be served with citation at 2400 South I-35 Frontage Rd., Ste 160, Round Rock, TX 78681 or any other place where Defendant may be found.

13. Defendant Jie Wang (“Defendant Wang”) is an individual and may be served with citation at 5655 Loma Avenue, Temple City, California 91780 or any other place where Defendant may be found.

14. Defendant Mike Daniels (“Defendant Daniels”) is an individual and may be served with citation at 11130 Gulf Fwy, Ste 900, Houston, TX 77034 or any other place where Defendant may be found.

15. Defendant JJJ Vision, LLC dba 52 Social (“Defendant Company”) is a Texas limited liability company that did business as 52 Social at 9371 Richmond Avenue, Houston, Texas and may be served with citation through its registered agent, Joanne Lee, at 24521 Meadowthorn Crest Lane, Katy, Texas 77494 or through the Texas Secretary of State.

16. References to “Defendants” shall be referring to all the above-listed Defendants.

Discovery Plan

17. Discovery shall be conducted pursuant to Texas Rules of Civil Procedure 190.3.

Jurisdiction and Venue

18. This is a suit for damages within the jurisdictional and monetary limits of this Court. Pursuant to Texas Rules of Civil Procedure 47(c), Plaintiff seeks monetary relief over \$1,000,000.

19. Venue is proper in Harris County because all or a substantial part of the events or omissions giving rise to the claims in this Petition occurred in Harris County, Texas or at least one of the Defendants is a resident of Harris County, Texas or is a business that maintains a principle place of business in Harris County, Texas.

20. The Court has jurisdiction over the parties and the subject matter of this controversy, as all of the Defendants either reside in Texas or did business in Texas during the time period during which the events occurred.

Facts

21. On October 3, 2019, Defendant JJJ Vision was formed to operate a business known as 52 Social (“Defendant Company”), a poker room, at 9371 Richmond Avenue, Houston, Texas.

Defendant Company's organizational documents list the managing members as Defendant La, Defendant Sin and Defendant Wang.

22. The owners of Defendant Company included Defendant La, Defendant Sin, Defendant Wang, Don Nguyen and a group of investors referred to as "the California Group" which includes Plaintiff Long, Plaintiff Racutt, Plaintiff Artle, Plaintiff Aiello, Plaintiff Thomas Long, Plaintiff Lei, Plaintiff Bernstein, Plaintiff Sun, Plaintiff Pohan and Plaintiff Saadeh. The Plaintiffs shall be jointly referred to as either "the California Group" or "Plaintiffs".

23. The California Group invested \$950,000.00 in Defendant Company. Although their ownership was not properly reflected in Defendant Company books and records, Defendants acknowledged the California Group's ownership in Defendant Company. The actual investments of Defendant Sin and Defendant Wang in Defendant Company have never been verified. However, Defendant Sin has claimed an investment of around \$1.8 million.

24. Defendant Company was managed by Defendants La and Sin and Defendant Daniels worked under the supervision and instruction of Defendants La and Sin.

25. Defendant Company was quite successful – earning monthly revenues of approximately \$500,000 generated from \$10 daily entry fees for all members, hourly fees charged to each poker player, and food and beverage sales. A substantial part of these monies was not distributed to Plaintiffs or members of the California Group.

26. Defendants failed and refused to provide Plaintiffs and/or other owners with tax information and/or financial information indicating the amount of money earned and explaining how the money earned was being spent. Additionally, cash would be collected and removed from the premises without any accounting to Plaintiffs and/or other owners.

27. Defendant JJJ Vision distributed hundreds of thousands of dollars monthly to employees categorized as “house players” and these players used the free money to play in poker games, either keeping the winnings or kicking them back to one or more of the Defendants. Such activity, depending on how the money was used, was possibly a violation of the Texas Penal Code.

28. Defendant Company funds were used by Defendant La and Defendant Sin to pay themselves unreasonable salaries and purchase things for Defendants such as the purchase of a car for Defendant Sin.

29. Defendant Company employees also saw Defendant Sin and/or Defendant La or agents for Defendant Sin and/or Defendant La remove cash from Company premises. Such cash was not deposited in Defendant Company bank accounts. Additionally, Defendant Sin claimed money from a Defendant Company Paycheck Protection Program as his own.

30. In December of 2020, Plaintiff Long began communicating with Defendant La regarding the questionable operation of Defendant JJJ Vision. Plaintiff Long and Defendant La discussed removing Defendant Sin as manager and replacing him with Plaintiff Long and/or an entity managed by Plaintiff Long to stop the mismanagement and misappropriation of company assets. Plaintiff Long provided Defendant La with company minutes voting Defendant Sin out as manager and appointing Plaintiff Long. The minutes were to be signed by Defendant La and Defendant Wang as managing members.

31. In March of 2021, Plaintiffs were informed that there was a potential purchaser, Staten Bridge, LLC, offering approximately \$2.6 million to purchase all of the assets of Defendant Company. After negotiations, the purchase price was reduced to \$2.34 million.

32. An Asset Purchase Agreement providing for the purchase of the assets of Defendant Company was presented to Defendant Sin, Defendant La, Defendant Wang, Don Nguyen, and the California Group, including Plaintiffs.

33. Defendant Sin would not agree to the sale without the execution of an Owners Agreement, setting out the distribution of the sales proceeds among the owners of Defendant Company.

34. The Owners Agreement set out the distribution of the proceeds from the sale of Defendant Company assets as follows:

- Defendant Sin \$1,000,000
- Defendant La \$ 160,000
- Don Nguyen \$ 180,000
- Jie Wang \$ 200,000
- California Group, including Plaintiffs \$ 800,000

35. Plaintiff Long did not originally agree to the sale and Owner's Agreement and refused to sign the documents. Without Plaintiff Long's agreement, the sale could not proceed.

36. In order to coerce Plaintiff Long into signing the Owner Agreement and Asset Purchase Agreement, Defendant La told Plaintiff Long that he and Defendant Wang had signed the minutes described above in paragraph 28. Plaintiff Long requested the signed minutes and Defendant La told Plaintiff Long that the signed minutes were given to Defendant Daniels. Plaintiff Long contacted Defendant Daniels and asked for the signed minutes. Defendant Daniels stated that he had the signed minutes and that he would send the minutes to Plaintiff Long.

37. Based on Defendant La and Defendant Daniels' representations, Plaintiff Long signed the Owners Agreement and the Asset Purchase Agreement. Without the representations from Defendant La and Defendant Daniels, Plaintiff Long never would have signed the documents.

38. Plaintiff Long contacted Defendant La and Defendant Daniels numerous times after signing the Owner and Purchase Agreements requesting the signed minutes. Defendant La and Defendant Daniels never delivered the signed minutes to Plaintiff.

39. Per the Asset Purchase Agreement, Purchaser agreed to make 3 payments to Defendant Company: an initial payment of \$500,000, a second payment of \$1,000,000 and a final payment of \$840,000. Per the Owners Agreement, payments were to be distributed to the owners.

40. Purchaser paid the initial payment of \$500,000.00. The sum of \$200,000 was paid to Plaintiffs. Plaintiffs do not know what amounts were paid to the other owners.

41. Purchaser paid the second payment of \$1,000,000 but no portion of these funds were distributed to Plaintiffs. Plaintiffs do not know how the \$1,000,000 was distributed among the other owners.

42. Purchaser's final payment to Defendant Company was supposed to be \$840,000. However, this sum was decreased to \$41,000 because of a shortfall in the "Cage" (an area where cashiers exchange cash for chips and vice versa, collect IOUs and handle other transactions with players) of approximately \$771,000 – in other words, the Cage owed \$771,000 more for outstanding poker chips than it had in funds. Therefore, the sum of \$771,000 was deducted from the final payment made by Purchaser in accordance with the Purchase Agreement.

43. Apparently, because there was a shortfall in the Cage, on May 8, 2021, Defendant Sin and Defendant La entered into an agreement entitled "Agreement Regarding The Cage" with Defendant Daniels and allegedly with Plaintiff Artle, a member of the California Group. Such agreement basically provided that Defendant La, Defendant Daniels and Plaintiff Artle would be responsible for any deficiency in the Cage. The Agreement also provided that Defendant Sin agreed to reduce his share of the sale proceeds to \$880,000 rather than \$1,000,000 and agreed to

assign the balance of \$120,000 to Plaintiff Artle. The agreement also provided that Defendant Sin could withdraw \$612,000 from a Company bank account for his “exclusive enjoyment” once the sale was finalized.

44. A copy of this agreement was not disclosed to Plaintiffs until August 2021. Although the agreement is allegedly “signed” by Plaintiff Artle, Plaintiff Artle did not sign this agreement and his signature was forged. Additionally, the agreement did not include the other Plaintiffs.

45. Defendants were in control of the finances of Defendant Company, including the Cage, and Defendants took actions prior to the consummation of the sale to increase the monies in the bank accounts and thus, increasing the amount of the cage shortfall. Such actions were taken at the expense of Plaintiffs and other Company owners.

46. Likewise, Defendants La and Defendant Sin failed to properly operate Defendant Company by also making questionable expenditures, by failing to notify the owners of Defendant Company of the actions of Defendant Sin among other things, by failing to properly account for money, by improperly paying employees, vendors and others from the Cage and by removing cash from the premises and failing to deposit such cash in the Defendant Company bank accounts.

47. Defendant La and Defendant Sin failed to pay Plaintiffs the amount that they were entitled to under the Owner Agreement. However, Defendant Sin received over \$1,000,000 from the sale of Defendant Company assets and from Defendant Company accounts. Plaintiffs have received a total payment of only \$200,000 from the sale.

48. In addition to the above, Plaintiffs were not advised that Defendant La’s license to operate a casino in California was revoked for five (5) years.

49. On October 28, 2013, the California Department of Justice, Bureau of Gambling Control filed a complaint styled *In the Matter of the Accusation Against: Normandie Club, et al.* BGC Case No. HQ2013-00001PC (OAH No. 201320253) against several respondents, including Defendant La, complaining of state law violations in connection with the operation of the casino. Defendant La was the Chief Operating Officer of a casino in California. A stipulated settlement agreement was reached between Defendant La and the California Gambling Control Commission effective August 29, 2019, whereby Defendant La's license was revoked, and he was ineligible to hold any license, registration or work permit related to gambling issued by the Bureau of Gambling Control or the California Gambling Control Commission for a period of five (5) years from effective date.

50. Plaintiffs would not have invested in Defendant Company if this information had been disclosed.

First Cause of Action – Declaratory Action

51. Plaintiff realleges and incorporates by reference the factual allegations contained in this Petition.

52. Pursuant to Tex. Civ. Prac. & Rem. Code §37.001 *et seq.*, Plaintiff requests a declaration that the Owners Agreement, Purchase Agreement and Agreement Regarding the Cage are void. Plaintiffs also request a declaration that Defendants provide an accounting of the

53. Pursuant to Tex. Civ. Prac. & Rem. Code §37.009, Plaintiff seeks recovery of costs and reasonable attorney fees.

Second Cause of Action - Breach of Contract

54. Plaintiff realleges and incorporates by reference the factual allegations contained in this Petition.

55. In order to obtain the \$950,000 investment from the California Group, including Plaintiffs, Defendants La, Sin and Wang made representations to the California Group, including Plaintiffs, regarding the payoff of their investments and monies to be paid pursuant to the Owners Agreement and the Agreement Regarding the Cage.

56. In addition to or in the alternative, Plaintiffs allege that Defendants breached the agreements with Plaintiffs, including but not limited to terms of their investment, Owner Agreement, Asset Purchase Agreement and/or Agreement Regarding the Cage.

57. There were valid contracts between Defendants and Plaintiffs, Plaintiff tendered their investment of \$950,000, executed the Owners Agreement and Purchase Agreement. Defendants have breached the agreements, including but not limited to their failure to pay Plaintiffs the amounts set out under the agreements and intentionally not paying Plaintiffs from the second and third payments made by Purchaser and as a result of such breaches, Plaintiffs have suffered damages proximately caused by Defendants.

Third Cause of Action – Breach of Fiduciary Duty

58. Plaintiff realleges and incorporates by reference the factual allegations contained in this Petition.

59. In addition to or in the alternative, Plaintiffs allege that Defendants breached their fiduciary duty to Plaintiffs.

60. Defendants had a fiduciary relationship with Plaintiffs as managing members of Defendant Company. Defendant breached their fiduciary duty to Plaintiffs by intentionally failing to keep Plaintiffs informed, by spending Company monies for Defendants' personal gain, by intentionally failing to give information regarding the operation of Defendant Company and by failing to account for and deposit cash into Defendant Company bank accounts. Defendants'

breach resulted in: (a) injury the Plaintiffs and/or benefit to the defendant. Defendants' breach has proximately caused Plaintiffs' damages.

Fourth Cause of Action – Breach of Covenant of Good Faith and Fair Dealing

61. Plaintiff realleges and incorporates by reference the factual allegations contained in this Petition.

62. In addition to or in the alternative, Plaintiffs allege that Defendants breached their covenant of good faith and fair dealing.

63. Under Texas law, a duty of good faith and fair dealing arises where a special relationship of trust exists between the parties. Defendants acted on behalf of Plaintiffs in regards to Defendant Company's dealing and assets. As described above, Defendants have not exercised good faith and fair dealing. As a result of Defendants' actions, Defendant has proximately caused Plaintiff's damages.

Fifth Cause of Action – Fraud

64. Plaintiff realleges and incorporates by reference the factual allegations contained in this Petition.

65. In addition to or in the alternative, Plaintiff Long alleges fraud against Defendants.

66. Defendants made material representations to Plaintiffs regarding monies to be paid to Plaintiffs from the sale of Defendant Company assets and the projected shortfall of the Cage. Defendants knew that without such representations, Plaintiffs would not have signed the Owner and Asset Purchase Agreements. Defendants either knew the representations were false or made the representation recklessly and without knowledge of its truth. Defendants knew that Plaintiffs would not sign the Owner and Purchase Agreement without such representation. Plaintiffs relied

on Defendants' false statements made to their detriment and would not have entered into the Owner Agreement and Purchase Agreement but for those false statements.

67. Additionally, Defendants La, Sin and Daniels claim that Plaintiff Artle signed the Agreement Regarding the Cage which reduced the amount to be paid to Plaintiffs from the sales proceeds. Such Agreement was not presented to Plaintiffs, including Plaintiff Artle, for review or signature. Plaintiffs did not agree to have Plaintiff Artle sign the Agreement. Additionally, Plaintiff Aiello did not sign the Agreement. His "signature" is a forgery.

68. As a result of Defendants' fraud, Plaintiff is entitled to damages plus punitive damages.

69. Plaintiff realleges and incorporates by reference the factual allegations contained in this Petition.

70. In addition to or in the alternative, Plaintiffs allege Defendants committed fraud by nondisclosure.

71. Defendants had a duty to accurately disclose to Plaintiffs the amount of money being collected by Defendant Company whether by cash, check or credit card, how that money was being spent and the amount of the shortfall and/or projected shortfall of the Cage. Defendants failed to make such disclosures and Plaintiffs had no opportunity to discover them. Plaintiffs relied on the non-disclosures and Defendants intended for them to rely on the non-disclosures.

72. Plaintiffs were damaged as a result of Defendants failure to disclose material facts.

Sixth Cause of Action – Fraudulent Inducement to a Contract

73. Plaintiff realleges and incorporates by reference the factual allegations contained in this Petition.

74. In addition to or in the alternative, Plaintiff Long alleges fraudulent inducement by Defendants to a Contract.

75. Defendants La and Daniels made material representations to Plaintiff Long by assuring Plaintiff Long that Defendant Company minutes had been executed. This representation was material since Plaintiff Long would not have signed the Owner and Purchase Agreements without such representations. Defendants either knew the representation was false or made the representation recklessly and without knowledge of its truth. Defendants La and Michaels knew that Plaintiff Long would not sign the Owner and Purchase Agreement without such representation. Plaintiff Long relied on Defendants' false statements made by Defendants to his detriment and would not have entered into the Owner Agreement and Purchase Agreement but for those false statements.

76. In a fraudulent inducement claim, the "misrepresentation" occurs when the defendant falsely promises to perform a future act having no present intent to perform it. The plaintiff's "reliance" on the false promise "induces" the plaintiff to agree to a contract the plaintiff would not have agreed to if the defendant had not made the false promise.

77. As set out above, Plaintiff relied on the Defendants' false promises and would not have entered into agreements with Defendants if false promises had not been made.

78. Defendants never intended to perform the promises made under the agreements and Plaintiff has suffered damages as a result.

Eighth Cause of Action – Fraud by Omission

79. Plaintiff realleges and incorporates by reference the factual allegations contained in this Petition.

80. In addition to or in the alternative, Plaintiffs allege that Defendants committed fraud by non-disclosure.

81. Defendants deliberately failed to accurately disclose material facts, including but not limited to the amounts earned by Defendant Company, the amounts paid to Defendants from earnings, the amounts paid to Defendants, the amount of the shortfall in the Cage and the amount of monies in the bank accounts. Plaintiffs did not have an equal opportunity to discover this information and relied on the non-disclosure which resulted in injury to Plaintiffs.

Eighth Cause of Action – Conspiracy

82. Plaintiff realleges and incorporates by reference the factual allegations contained in this Petition.

83. In addition to or in the alternative, Plaintiffs allege that Defendants committed a conspiracy.

84. Defendants conspired to withhold Company information, increase the shortfall in the Cage, present a fraudulent “Agreement Regarding the Cage” and fail to distribute monies owed to Plaintiffs from the Defendant Company and/or monies owed to Plaintiffs from the sale of the assets of Defendant Company.

85. Defendants conspired to take the actions set out above causing Plaintiffs to proximately suffer damages.

Ninth Cause of Action – Constructive Trust

86. Plaintiff realleges and incorporates by reference the factual allegations contained in this Petition.

87. In addition to or in the alternative, Plaintiffs allege that Defendants are holding funds received from Defendant Company in a constructive trust for Plaintiffs.

88. Defendants have received monies that rightfully belong to Plaintiffs. Such monies were taken/received by Defendants at the expense of Plaintiffs. Defendants have been unjustly enriched.

Tenth Cause of Action - Exemplary Damages

89. Plaintiff realleges and incorporates by reference the factual allegations contained in this Petition.

90. Plaintiff seeks punitive or exemplary damages pursuant to Texas Civil Practice and Remedies Code §41.001, et. seq.

91. Exemplary damages are necessary to punish and deter the outrageous behavior of Defendant and Defendant's reckless disregard and conscious indifference to the rights and welfare of Plaintiff in violation of Texas law. Defendant's egregious conduct amounts to fraud and/or malice and Plaintiff has suffered damages as a result.

Damages

92. Plaintiffs are seeking damages in excess of the minimum jurisdictional limits of this Court.

Attorney's Fees

93. As a direct and proximate result of Defendants' actions as described above, Plaintiff was required to retain the services of the undersigned attorneys to represent Plaintiff in this matter. Plaintiff is obligated to pay the undersigned attorneys reasonable and necessary fees in connection with the prosecution of this lawsuit, including reasonable and necessary fees necessitated by any appeal from judgment in this lawsuit.

94. Plaintiff brings this suit against Defendants for reasonable and necessary attorney's fees incurred in the prosecution of this lawsuit at the trial level and at the appellate levels, if necessary.

95. Such attorney's fees are recoverable under Tex. Civ. Prac. & Rem. Code §37.009 and §38.001.

Prayer

Wherefore, premises considered, Plaintiff requests that Defendants be cited to appear and answer herein and that upon final hearing of the cause, judgment be entered for Plaintiff against Defendants, for damages in an amount within the jurisdictional limits of the Court, together with pre-judgment interest at the maximum rate allowed by law; post-judgment interest at the legal rate; costs of court; exemplary damages; attorney fees and such other and further relief to which Plaintiff is justly entitled.

Respectfully submitted,

Stephens | Domnitz | Meineke PLLC

By: /s/ Leigh B. Meineke

Leigh B. Meineke
TBA No. 01584600
Direct: 832-706-0244
lmeineke@sdmattorneys.com
2500 Tanglewilde, Suite 320
Houston, Texas 77063
Main: 713-463-6000
Fax: 713-513-5352
Attorney for Plaintiff