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**STATE OF WASHINGTON
GAMBLING COMMISSION**

In the Matter of:

NO. 07-2019-GMB-00104
& 07-2019-GMB-00105

MACAU CASINO

License Nos. 00-20428, 05-20181
& 00-22573

SETTLEMENT AGREEMENT

Licensee.

The Washington State Gambling Commission (Commission) through David Trujillo, Director, and Licensee Macau Casino, LLC as represented by its attorney, Dave Malone, enter into this stipulation and settlement agreement for Case Numbers 07-2019-GMB-00104 and 07-2019-GMB-00105.

I. INTRODUCTION

1. The Washington State Gambling Commission issued the Licensee, Macau Casino, L.L.C. (referred to herein as Macau Casino-Lakewood) gambling licenses, License No. 05-20181, authorizing Punch Board and Pull Tab, and License No. 00-20428, authorizing Social and Public Card Room Activity in the State of Washington. These licenses expire on March 31, 2020.

2. The Washington State Gambling Commission also issued the Licensee Macau Southcenter, L.L.C. (referred to herein as Macau Casino – Tukwila) a gambling license, License No. 00-22573, authorizing Social and Public Card Room Activity in the State of Washington. This license expires September 30, 2019.

SETTLEMENT AGREEMENT

IN RE: MACAU CASINO
NO.: 07-2019-GMB-00104 &
07-2019-GMB-00105

Washington State Gambling Commission
4565 7th Avenue S.E., Lacey, WA 98503
P.O. Box 42400
Olympia, WA 98504

1 3. In addition to the above-referenced Licensees, the principals of Macau Casino --
2 Lakewood and Macau Casino -- Tukwila, Herbert A. Lampert and Michael J. Marquess, are also
3 the principals of three additional Licensees: Caribbean Cardroom -- Kirkland, Casino Caribbean
4 -- Kirkland, and Casino Caribbean -- Yakima.

5 4. On May 10, 2019, the Commission issued administrative charges against the
6 Licensees in the above-reference case numbers.

7 5. In Case No. CR 2018-00545, the Commission alleges Licensee Macau --
8 Lakewood committed numerous violations including: Providing Illegal Extensions of Credit to
9 players, Failing to Properly File Currency Transaction Reports (CTR) and Suspicious Activity
10 Reports (SAR), Failing to Maintain Oversight and Control of the Business, Cashing Checks for
11 Individuals on the Licensee's NSF log, Ignoring Violations of Gambling Rules, Failing to
12 Properly Staff a Separate High Limit Room, and Providing Illegal Gifts to Players. In doing so,
13 the Licensee is alleged to have violated: Washington Administrative Codes, Including WAC
14 230-03-085(3), 230-15-305, 230-06-035(1), 230-06-035(2), 230-15-580(2), 230-15-150(2),
15 230-15-190, 230-15-425, 230-15-440(1), 230-15-155(2)(a) and (c), 230-15-040, and 230-15-
16 460; Revised Code of Washington, Including RCW 9.46.153(3) and 9.46.153(1).

17 6. In Case No. CR 2017-01601, the Commission alleges Licensee Macau -- Tukwila
18 committed numerous violations including: Loansharking, Money Laundering, Offering Illegal
19 Extensions of Credit, Allowing Illegal Sports Gambling, Failing to File CTRs and SARs, Failing
20 to Monitor Activities within the Card Room, and Failing to Maintain Oversight and Control of
21 the Business. In doing so, the Licensee is alleged to have violated: Washington Administrative
22 Codes, Including WAC 230-03-085(3), 230-15-305, 230-096-035(1), 230-06-035(2), 230-15-
23 580(2), 230-15-150(2), 230-15-190, 230-15-550, 230-15-560(1), 230-15-425, 230-15-440(1),
24 230-15-630, 230-06-105(1), 230-15-155(2)(a) and (c), 314-11-085; Revised Code of
25 Washington 9.46.153(3).

1 7. In addition to the above-referenced charges, the Commission has received an
2 additional and separate case report from Commission field agents describing alleged violations
3 occurring at Macau Casino – Lakewood.

4 8. The Commission has yet to formally file additional charges against Macau Casino
5 – Lakewood associated with the case report referenced in paragraph 7, above. In the submitted
6 report, the Commission alleges violations of: Washington Administrative Codes, including
7 WAC 230-06-035(1) & (2), 230-06-030 (1), (2), and (3), 230-15-453(5) & (7), 230-15-425(1)(a),
8 (c), & (f), 230-15-460, 230-03-085(1) & (8); Revised Code of Washington 9.46.075(8).

9 9. The Licensees, and three affiliated cardroom businesses owned by Mr. Lampert
10 and Mr. Marquess, (collectively referred to herein as “the Businesses”) are the subject of a
11 pending asset sale that is scheduled to close on or about September 30, 2019. As a matter of
12 state law, upon closing of the transaction, the current licenses held by the Businesses will become
13 void.

14 10. The Commission and Licensee wish to enter into a settlement agreement to
15 resolve the administrative charges in the above-referenced case numbers, including the
16 administrative charges that have not yet been filed.

17 II. SETTLEMENT AGREEMENT

18 1. The parties enter into this agreement to avoid the time and expense of further
19 litigation.

20 2. Subject to the terms and conditions of this Agreement, the Licensees, Macau
21 Casino – Lakewood and Macau Casino – Tukwila, explicitly waive the right of further
22 administrative review of all matters related to the above-referenced Administrative Charges.
23 Effective October 7, 2019, the Licensees hereby agree to voluntarily withdraw their requests for
24 hearings on the above-referenced matters.

25 3. The Licensees do not admit to the facts or violations alleged in the administrative
26 charges. However, the Licensees agree there may be sufficient evidence for a trier of fact to

SETTLEMENT AGREEMENT

1 conclude the Licensee committed the alleged violations if the facts in the administrative charges
2 were proven at a hearing.

3 4. The parties agree the Commission will consider the violations set forth in the
4 administrative charges, as specified above, will become a part of the Licensees' administrative
5 violation history.

6 5. The parties agree the Commission would have the authority to revoke the licenses
7 of Macau Casino – Lakewood and Macau Casino -Tukwila if the above-referenced violations
8 were proven at hearing.

9 6. As part of this Settlement Agreement, the Commission agrees it will not file the
10 newest charges against the Licensee, Macau Casino – Lakewood, as referenced in Sections I.7
11 and I.8 of this Agreement, so long as the Licensees comply with all stated terms.

12 7. Following completion of the terms outlined Section II.12 of this Agreement,
13 Michael Marquess agrees he shall have no future involvement, whether paid or unpaid,
14 including, but not limited to the ownership, operation, management, or financing of any activity
15 regulated by the Washington State Gambling Commission. Mr. Marquess acknowledges that by
16 signing this agreement, he agrees to be permanently barred from performing the above-listed
17 activities, and will not be eligible to legally perform said duties at any point in the future.

18 8. As noted in the Commission's administrative charges and case report materials,
19 Herbert A. Lampert is an absentee-owner "who does not live in Washington State and does not
20 oversee operations of the Licensee's card room." During Mr. Lampert's ownership he relied on
21 Michael Marquess, his minority partner, to serve as the chief executive officer over the card
22 rooms and to oversee regulatory compliance matters. Mr. Lampert recognizes such reliance does
23 not relieve him of responsibility for the Licensees' compliance with all laws, rules and
24 regulations of the state of Washington with respect to the card rooms.

1 9. Mr. Lampert seeking to expedite resolution of the above-referenced pending
2 cases and to facilitate closing of the sale of the Businesses, agrees to the terms identified in this
3 Agreement, including payment of the monetary amount identified below.

4 10. Following completion of the terms outlined Section II.12 of this Agreement, Mr.
5 Lampert agrees he will not serve as a licensee, have any role, whether paid or unpaid, ownership,
6 operation, management, or financing of any activity regulated by the Washington State
7 Gambling Commission , now or in the future.

8 11. The original signed agreement shall be received by the Commission by
9 September 27, 2019.

10 12. The following terms are effective immediately upon the signature of this
11 agreement. In the event that the Licensees are unable, unwilling, or fail to comply with these
12 terms in the timeframe outlined, the entirety of this Agreement is deemed void. If this agreement
13 is deemed void, the Commission may proceed with any and all administrative actions against
14 Licensees, including proceeding forward with the revocation of all licenses card rooms owned
15 by the Licensees.

16 a. Michael Marquess shall step down from the daily operations of all referenced
17 properties, and shall not be authorized to engage in any gambling activities,
18 including, but not limited to the operation, management, or financing of any
19 activity regulated by the Washington State Gambling Commission effective
20 immediately.

21 b. The Licensees agree to pay the Washington State Gambling Commission the sum
22 of \$1,250,000.00, which includes, but is not limited to, reimbursement of the
23 agency's investigative and administrative costs associated with the above-
24 referenced cases, as well as the several administrative cases against individual
25 Card Room Employees that lead to the cases against the Licensees. This lump
26 sum amount shall be by wire transfer, cashier's check, or money order no later

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than October 7, 2019. The parties may sign an amendment to this agreement, only regarding the payment date, in the event an extension is required.

13. This Agreement constitutes the final written expression of all the terms of this Agreement and is a complete and exclusive statement of these terms.

14. The undersigned parties declare the terms of this Agreement are completely read, wholly understood, and voluntarily accepted for the purpose of making a full and final compromise and settlement of any and all alleged violations by Licensees.




HERBERT A. LAMPERT

09/26/2019

DATE

MICHAEL J. MARQUESS

DATE

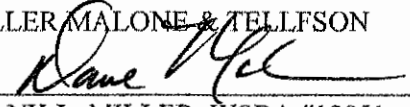


DAVID TRUJILLO
Director
Washington State Gambling Commission

9/26/19

DATE

Approved as to form:

MILLER MALONE & TELLFSON


FRANK L. MILLER, WSBA #12051
DAVE MALONE, WSBA #23435
Attorneys for Licensee

Sept. 26, 2019

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HERBERT A. LAMPERT _____ DATE _____


MICHAEL J. MARQUESS _____ 9-25-19 _____
DATE

DAVID TRUJILLO _____ DATE _____
Director
Washington State Gambling Commission

Approved as to form:
MILLER MALONE & TELLFSON

FRANK L. MILLER, WSBA #12051 _____ DATE _____
DAVE MALONE, WSBA #23435
Attorneys for Licensee