

**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Securities Act of Washington by:

SK23 Investments LLC d/b/a Hollywood
Cardroom;
Shawn Weintraub,

Respondents.

Order No. S-23-3688-25-FO01

ENTRY OF FINDINGS OF FACT AND
CONCLUSIONS OF LAW AND FINAL ORDER TO
CEASE AND DESIST, TO IMPOSE A FINE, AND TO
CHARGE COSTS

THE STATE OF WASHINGTON TO:

SK23 Investments LLC d/b/a Hollywood
Cardroom
Shawn Weintraub

On January 29, 2025, the Securities Administrator issued a Statement of Charges and Notice of Intent to Enter and Cease and Desist, to Impose Fines, and to Charge Costs, Order No. S-23-3688-25-SC01 (“Statement of Charges”). The Statement of Charges, together with a Notice of Opportunity to Defend and Opportunity for Hearing (“Notice”) and an Application for Adjudicative Hearing (“Application”), were served on Respondents SK23 Investments LLC d/b/a Hollywood Cardroom and Shawn Weintraub on January 30, 2025. The Notice advised Respondents SK23 Investments LLC d/b/a Hollywood Cardroom and Shawn Weintraub that a written application for an administrative hearing on the Statement of Charges must be received within twenty days of the date of service. Respondents SK23 Investments LLC d/b/a Hollywood Cardroom and Shawn Weintraub both failed to request an administrative hearing within twenty days from service.

The Securities Administrator therefore adopts as final the following Findings of Fact and Conclusions of Law as set forth in the Statement of Charges and enters a final order against Respondents

1 SK23 Investments LLC d/b/a Hollywood Cardroom and Shawn Weintraub to cease and desist from
2 violations of the Securities Act, and to impose the fines and costs sought in the Statement of Charges.

3 **FINDINGS OF FACT**

4 **Respondents**

5 1. SK23 Investments LLC d/b/a Hollywood Cardroom (“Hollywood Cardroom”) is a
6 Washington limited liability corporation formed on February 28, 2022, and administratively dissolved on
7 July 3, 2024. Hollywood Cardroom operated a gaming casino in Shoreline, Washington.

8 2. Shawn Weintraub (“Weintraub”), a Washington resident, was the president, activity manager,
9 and majority owner of Hollywood Cardroom.

10 **Nature of the Conduct**

11 *Overview*

12 3. In 2022, Hollywood Cardroom and Shawn Weintraub sold unregistered securities in the form
13 of LLC membership units to 3 Washington investors. Each investor purchased 14 membership units, or
14 9.9% of the company, for \$330,000. While offering and selling the membership units, the Respondents
15 failed to disclose to investors material information related to the investment, including the general and
16 specific risks of investing, and basic information about the company’s financial condition, business,
17 operations, and management.

18 *The Offering*

19 4. On or around May 13, 2022, Hollywood Cardroom applied to the Washington State Gambling
20 Commission (“WSGC”) for a Class F license to operate a card room, an establishment where individuals
21 can gamble on card games. The WSGC approved Hollywood Cardroom’s license on or around July 21,
22 2022.

1 5. Weintraub was the sole owner of Hollywood Cardroom at the company’s inception. He, along
2 with 2 other individuals, served as the company’s officers. Weintraub was a licensed card room employee
3 with the WSGC.

4 6. Even though the WSGC approved Hollywood Cardroom’s license, the agency noted that the
5 business was potentially undercapitalized. Weintraub indicated that he may seek outside investors if the
6 company’s revenue fell short of expectations.

7 7. On or around September 6, 2022, Weintraub entered into an agreement with 3 Washington
8 residents to sell an “equity stake” in Hollywood Cardroom. The purpose of the sale was to inject more
9 operating capital into the business. Weintraub agreed to sell approximately 29% of Hollywood Cardroom
10 for \$990,000. Weintraub did not prepare a prospectus for the business prior to entering into the agreement.

11 8. On or around October 5, 2022, Weintraub entered into a second contract with the 3
12 Washington investors. This Purchase and Sale Agreement (the “Agreement”) was a “final agreement of
13 terms” between Weintraub and the investors. As part of Agreement, Weintraub agreed to sell 14 “units of
14 membership” to each of the investors for \$330,000. The Agreement stipulated that the investors would be
15 eligible for profit-sharing from cardroom activities.

16 9. According to the Agreement, the investment capital would be used for the purposes of paying
17 down debt, funding Hollywood Cardroom’s current operations, and financing “future buildout.” The
18 investors, along with Weintraub, committed to “use best efforts in good faith to enter a lease addendum
19 with the property owner to extend the current lease . . . for an extension of occupancy rights for a minimum
20 of six total years, including renewal options.” There is no indication in the Agreement that the owners would
21 perform any actions on behalf of Hollywood Cardroom beyond investing money and exercising some effort
22 to extend the lease. The Agreement indicated that Weintraub maintained “final say over the operations.”
23

1 The investors did not have the authority to sign checks, access bank accounts, or make withdrawals without
2 prior written approval.

3 10. On or around October 26, 2022, Hollywood Cardroom submitted a Change of Ownership
4 Application that was approved by the WSGC. Hollywood Cardroom transferred the membership units to
5 the investors on or around January 15, 2023. After the transfer, each of the new investors owned 9.9% of
6 the company. Weintraub retained 100 membership units and a 70.3% stake in Hollywood Cardroom.

7 11. In or around 2023, Hollywood Cardroom offered at least one other individual the opportunity
8 to invest in the company.

9 12. From August 2022 to January 2023, Hollywood Cardroom maintained an active license but
10 did not operate as a casino. Hollywood Cardroom began regular operations in or around February 2023.

11 13. In or around October and November 2023, WSGC discovered that Hollywood Cardroom had
12 committed several compliance violations. Hollywood Cardroom also did not pay its license fees for the
13 second and fourth quarters of 2023.

14 14. On or around June 25, 2024, the WSGC filed administrative charges against Hollywood
15 Cardroom, alleging violations WAC 230-03-085(1), (3), and (8); WAC 230-05-132; WAC 230-06-080;
16 WAC 230-15-360(2)(d); WAC 230-15-400(6) & (7); WAC 230-15-730; RCW 9.46.170; and RCW
17 9.46.075(1), (7), & (8). The WSGC revoked Hollywood Cardroom's gambling license on or around August
18 8, 2024.

19 **Misrepresentations and Omissions of Material Fact**

20 15. While offering and selling Hollywood Cardroom membership units, the Respondents failed
21 to provide prospective investors with material information about the company necessary to make an
22 informed investment decision. Prior to the sale, neither Hollywood Cardroom nor Weintraub furnished
23

investors with information regarding the company's financial condition, business, results of operations, or management.

16. While offering and selling Hollywood Cardroom membership units, Respondents failed to disclose the general and specific risks of investment.

Registration Status

17. Hollywood Cardroom is not, and never has been, registered to sell its securities in the State of Washington.

18. Weintraub is not, and never has been, registered as a securities salesperson or broker-dealer in the State of Washington.

Based upon the above Findings of Fact, the following Conclusions of Law are made:

CONCLUSIONS OF LAW

1. The offer and/or sale of the units of membership described above constitutes the offer and/or sale of a security as defined in RCW 21.20.005(14) and (17).

2. The Respondents violated RCW 21.20.140, the securities registration section of the Securities Act of Washington, by offering and/or selling securities for which no registration is on file with the Securities Administrator.

3. Shawn Weintraub violated RCW 21.20.040, the salesperson registration section of the Securities Act of Washington, by offering and/or selling said securities while not being registered as a securities salesperson or broker-dealer in the State of Washington.

4. The Respondents violated RCW 21.20.010, the anti-fraud section of the Securities Act of Washington, by employing a device, scheme, or artifice to defraud; making untrue statements of material fact or omitting to state material facts necessary to make the statements made, in light of the circumstances

1 in which they were made, not misleading; or engaging in an act, practice, or course of business which
2 operates or would operate as a fraud or deceit upon any person.

3
4 Based upon the foregoing and finding it in the public interest:

5 **FINAL ORDER**

6 IT IS HEREBY ORDERED that Respondents SK23 Investments LLC d/b/a Hollywood Cardroom
7 and Shawn Weintraub, and their agents and employees, shall each cease and desist from offering and/or
8 selling securities in any manner in violation of RCW 21.20.140, the securities registration section of the
9 Securities Act of Washington.

10 IT IS FURTHER ORDERED that Respondent Shawn Weintraub, and his agents and employees, shall
11 cease and desist from violations of RCW 21.20.040, the securities salesperson registration section of the
12 Securities Act of Washington.

13 IT IS FURTHER ORDERED that Respondents SK23 Investments LLC d/b/a Hollywood Cardroom
14 and Shawn Weintraub, and their agents and employees, shall each cease and desist from violations of RCW
15 21.20.010, the anti-fraud section of the Securities Act of Washington.

16 IT IS FURTHER ORDERED that Respondent SK23 Investments LLC d/b/a Hollywood Cardroom
17 shall be liable for and pay a fine in the amount of \$20,000.

18 IT IS FURTHER ORDERED that Respondent Shawn Weintraub shall be liable for and pay a fine in
19 the amount of \$20,000.

20 IT IS FURTHER ORDERED that Respondents SK23 Investments LLC d/b/a Hollywood Cardroom
21 and Shawn Weintraub shall be jointly and severally liable for and shall pay costs in the amount of \$2,500.

22 **AUTHORITY AND PROCEDURE**

1 This FINAL ORDER is entered pursuant to RCW 21.20.110 and is subject to Chapter 34.05 RCW.

2 Respondents have the right to petition the superior court for judicial review of this agency action under Part
3 V of Chapter 34.05 RCW. Pursuant to RCW 21.20.395(4), a certified copy of this Final Order may be filed
4 in superior court. If so filed, the clerk shall treat the Final Order in the same manner as a superior court
5 judgment as to the fine, and the fine may be recorded, enforced, or satisfied in like manner.

6 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

7
8 SIGNED and ENTERED this 18th day of March, 2024.



14 /s/

15 _____
William M. Beatty
Securities Administrator

16 Approved by:

Presented by:

17 /s/

/s/

18 _____
Brian Guerard
19 Chief of Enforcement

Brett Werenski
Financial Legal Examiner

20 Reviewed by:

21 /s/

22 _____
Holly Mack-Kretzler
23 Financial Legal Examiner Supervisor

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FINAL ORDER

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Securities Division
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