

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

**STATE OF WASHINGTON
GAMBLING COMMISSION**

In the Matter of:

NO. CR 2015-01595

GENESIS GAMING SOLUTIONS,
INC.

SETTLEMENT AGREEMENT

Applicant.

The Washington State Gambling Commission (Gambling Commission) through David Trujillo, Director, and the applicant, Genesis Gaming Solutions, Inc. (Genesis) represented by Randy Knust, President of Genesis, enter into this Settlement Agreement associated with Case Number 2015-01595.

I. INTRODUCTION

1. Applicant Genesis submitted an application to Washington State Gambling Commission for a Class “B” Manufacturer License.

2. Genesis was subject to state gambling laws and commission rules at all times before and during the application process.

II. RELEVANT FACTS SUPPORTING APPLICATION DENIAL

1. Genesis develops, manufactures, and distributes its Bravo Pit and Bravo Poker Systems, both of which are gambling related software/equipment.

2. Between January 2007 and February 2014, Genesis marketed, sold, distributed, and placed its Bravo Poker system products in two Tribal Casinos, Muckleshoot and Tulalip Casinos, and two commercial casinos, Chips and Palace Casino.

1 3. Genesis actions identified in Paragraph 2 occurred even though it was not a
2 licensed manufacturer or distributor in Washington State and its Bravo Poker System was not
3 tested or approved by the Gambling Commission.

4 4. Genesis received \$58,212 for products sold to the Tribal and commercial
5 businesses identified in Paragraph 2.

6 5. In or around October 2009, the Gambling Commission learned that Genesis was
7 marketing its Bravo Pit System to Tribal Casinos in Washington State.

8 6. In October and November 2009, the Gambling Commission communicated with
9 Genesis that its Bravo Pit System may be gambling equipment that would require the company
10 to be licensed and the equipment tested and approved before Genesis could lawfully market, sell,
11 rent, or lease this equipment in Washington State.

12 7. In or about March 2010, a Tribe signed a contract and the Bravo Poker System
13 was placed in its poker room soon thereafter.

14 8. In February 2014, the Gambling Commission was contacted by a Tribe inquiring
15 about Genesis' Bravo Poker System. The Gambling Commission informed the Tribe that
16 Genesis' equipment/software had not been submitted or approved at this time.

17 9. In March 2014, Genesis made contact with the Gambling Commission and was
18 informed that Genesis would need to submit its Bravo Poker System for testing and approval.

19 10. On March 28, 2014, Genesis submitted a Game Endorsement Information Form
20 for New and Upgraded Electronic or Mechanical Equipment/Software for its Bravo Poker
21 System. The form notified Genesis that the company must be licensed prior to marketing and
22 distributing this equipment even if the equipment is tested and approved.

23 11. On June 23, 2014, the Gambling Commission informed Genesis that its Bravo
24 Poker System likely was gambling equipment and that Genesis needed to submit the equipment,
25 both hardware and software, to the Gambling Commission's testing lab for testing. Genesis was
26 informed that it could not market, sell, or lease its Bravo Poker System in Washington State until

1 the Gambling Commission completed its review of the equipment. If the equipment was
2 determined to be regulated equipment, then the company would need to apply and be licensed
3 as a manufacturer before the gambling equipment could be brought into Washington State.

4 12. Soon after submission and review, the Gambling Commission determined that
5 Genesis' Bravo Poker System equipment was gambling equipment and Genesis was informed
6 that it needed to be licensed before it could sell or distribute this system in Washington State.

7 13. On August 31, 2015, Genesis submitted an application for a Class "B"
8 Manufacturer license.

9 14. On September 29, 2015, the Gambling Commission informed Genesis that it was
10 ready to conduct its on-site investigation of its business office in Spring, Texas, and its
11 manufacturing facility in Las Vegas, Nevada. Genesis was also informed about the scope of the
12 investigation and the types of documents the special agent would need to review while on site.

13 15. Between November 3, 2015 and November 7, 2015, the Gambling Commission
14 visited Genesis' Texas and Nevada properties to conduct its on-site licensing investigation.

15 16. During its on-site investigation, the Gambling Commission reviewed contracts
16 and agreements in Genesis' files and confirmed that Genesis had installed its Bravo Poker
17 System in two Tribal Casinos, Muckleshoot and Tulalip, and one commercial card room, Palace
18 Casino.

19 17. On November 10, 2015, the Gambling Commission informed Genesis that the
20 company needed to provide several items as part of the licensing investigation, including some
21 loan documents.

22 18. The Gambling Commission received information related to its request in
23 Paragraph 17, but on February 26, 2016, the Gambling Commission informed Genesis that it
24 needed to provide additional financial information documents as part of agency's licensing
25 investigation.

26

1 19. The Gambling Commission received from Genesis the requested financial
2 information identified in Paragraph 17 on March 15, 2016.

3 20. In or around April 2016, Genesis responded to a request for information from the
4 Gambling Commission and indicated that Genesis had entered into an agreement to sell its Bravo
5 Poker System to Fortune Poker, a Washington State commercial card room.

6 21. The Gambling Commission inquired about a possible contract with commercial
7 card room prior to licensure and Genesis informed the Gambling Commission on April 26, 2016,
8 that it had two outstanding unfulfilled contracts for its Bravo Poker System with Little Creek
9 Casino Resort and Fortune Poker.

10 22. If licensed, Genesis will receive \$75,375.00 for products sold to the Tribal and
11 commercial businesses identified in Paragraph 21.

12 23. These contracts were executed even though the Gambling Commission had
13 previously informed Genesis in writing and over the telephone that it could not sell gambling
14 equipment in Washington State without the equipment being approved and the company being
15 licensed.

16 24. While finalizing the contract with Fortune Poker, a Gambling Commission
17 special agent who is assigned to Fortune Poker spoke with Genesis and Fortune Poker about the
18 sale and distribution of the Bravo Poker System sold to Fortune Poker.

19 25. The special agent informed Fortune Poker that they were allowed to receive the
20 Bravo Poker system hardware components but could not use them until the Bravo Poker System
21 was approved by the Gambling Commission and Genesis was a licensed manufacturer.

22 III. LEGAL BASIS FOR APPLICATION DENIAL

23 1. RCW 9.46.075(1) provides that the Commission may deny an application for
24 licensure when the applicant has violated, failed or refused to comply with the provisions,
25 requirements, conditions, limitations or duties imposed by chapter 9.46 RCW, or any rules
26 adopted by the Commission.

1 4. The parties agree that Gambling Commission staff will forward the Genesis'
2 Class "B" Manufacturer application to the Commissioners for approval on the following
3 conditions:

4 a. After the Genesis obtains its Class "B" Manufacturer License, it agrees to have
5 its manufacturer license suspended for twenty-five (25) days with fifteen (15) days being vacated
6 under RCW 9.46.077 so long as:

7 i. The applicant pays a penalty of \$53,129.33 which represents
8 approximately eighty-five (85) percent of monies received by Genesis for the sale of gambling
9 equipment to Palace Casino, Tulalip Casino, Muckleshoot Casino, and Little Creek Casino prior
10 to receiving its Class "B" Manufacturer License

11 ii. In consideration for the Licensee's admissions and willingness to enter
12 into this agreement, \$53,000.00 monetary penalty which represents approximately eighty-five
13 (85) percent of monies received by Genesis for the sale of gambling equipment to Fortune Poker
14 prior to receiving its Class "B" Manufacturer License is deferred as set out in Paragraphs 8 and
15 9 below.

16 iii. The applicant also pays the Commission for investigative and
17 administrative costs of \$1626.00.

18 b. The applicant shall pay the total penalty of \$54,755.33 identified in Paragraph
19 5(a)(i) no later than **March 3, 2017**, by mailing payment to Commission Headquarters at the
20 following address:

21 Washington State Gambling Commission
22 Attn: Legal and Records Unit
23 P.O. Box 42400
24 Olympia, WA 98504-2400;

25 or delivering (in person or via private courier) payment to Commission Headquarters
26 at the following address:

1 Washington State Gambling Commission
2 Attn: Legal and Records Unit
3 4656 7th Avenue SE
4 Lacey, WA 98503

5 c. If Genesis makes its payment by the date agreed to in Paragraph 5(b), this matter
6 will be deemed closed and staff will forward its application to the Commissioners for approval.
7 If the Genesis fails to timely make its payment, staff will not recommend approval of the license
8 application, and Genesis' application will not be forwarded to the Commissioners for approval.

9 5. The parties agree that the remaining ten (10) days of the suspension and
10 \$53,000.00 penalty will be deferred for two (2) years from the date that Genesis' Class "B"
11 Manufacturer License is approved by the Commissioners.

12 6. Genesis agrees that it will not violate Washington State's gambling statutes or
13 rules during the two (2) year deferment period.

14 7. Genesis agrees to submit any and all of its equipment, supplies, services, or games
15 as required by WAC 230-06-050 prior to the marketing, sale, or distribution of any equipment,
16 supplies, services, or games in Washington State.

17 8. If the Genesis violates any statutes or rules that warrant the filing of
18 administrative charges, including the marketing, sale, or distribution of unlicensed or
19 unapproved gambling equipment, then the Director may impose any or all of the ten (10) days
20 deferred suspension, dates and times set by the Gambling Commission, and any or all of the
21 \$53,000 deferred monetary penalty on its gambling license and any subsequently acquired
22 gambling licenses.

23 9. The parties agree that the Director of the Washington State Gambling
24 Commission, pursuant to this Settlement, has sole discretion to determine whether the licensee
25 has violated any term of this Settlement.

26 10. In the event the Director determines a violation of this settlement agreement has
occurred, the parties agree that the Director may suspend the license(s) issued to GENESIS

1 GAMING SOLUTIONS, INC. or impose any of the deferred monetary penalty by mailing or
2 delivering a notice of the suspension and/or monetary penalty to Genesis.

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

5 12. The undersigned parties declare that the terms of this Agreement are completely
6 read, wholly understood, and voluntarily accepted for the purpose of making a full and final
7 compromise and settlement of any and all violations arising from the unlicensed sale of
8 unapproved gambling equipment.

9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26



RANDY KNUST
President
Genesis Gaming Solutions, Inc.

2-24-2017
DATE



DAVID TRUJILLO
Director
Washington State Gambling Commission

3/3/2017
DATE

RECEIVED
MAR 02 2017
WSGC/LICENSING