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**STATE OF WASHINGTON  
GAMBLING COMMISSION**

In the Matter of:

NOS. CR 2015-01943  
CR 2017-00429

BALLY GAMING INC. d/b/a  
BALLY TECHNOLOGIES  
License No. 20-00227

NOTICE OF ADMINISTRATIVE  
CHARGES AND STIPULATED  
SETTLEMENT AGREEMENT

Licensee.

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11 The Washington State Gambling Commission (Commission), through David Trujillo,  
12 Director, issues the following administrative charges pursuant to its authority under RCW 9.46,  
13 the Washington State Gambling Act, RCW 34.05 the Administrative Procedure Act, WAC 230,  
14 Gambling Commission Rules and in accordance with Tribal-State compacts.

15 The Director and the Licensee, Bally Gaming, Inc. d/b/a Bally Technologies, represented  
16 by Frank Miller and David Malone, Attorneys for Licensee, agree to enter into the below  
17 Settlement Agreement associated with Case Numbers 2015-01943 and 2017-00429.

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**I. INTRODUCTION**

Bally Gaming, Inc. d/b/a Bally Technologies is a licensed manufacturer that committed  
administrative violations when it installed unapproved equipment and did not maintain a Tribal  
Lottery System (TLS) game in compliance with the Commission's game approval. These  
violations affected both the Commission and its tribal co-regulators and administrative charges  
are needed to ensure these violations do not re-occur. The Commission is seeking a 30-day  
suspension of the Licensee's gambling license. The administrative charges and the proposed  
suspension is resolved by the settlement agreement in Part III, below.

NOTICE OF ADMINISTRATIVE CHARGES  
AND STIPULATED SETTLEMENT  
AGREEMENT

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

BALLY GAMING, INC. d/b/a BALLY  
TECHNOLOGIES  
NOS. CR 2015-01943  
CR 2017-00429

1 **II. ADMINISTRATIVE CHARGES**

2 **A. License Information**

3 1. The Commission issued Licensee Bally Gaming, Inc. d/b/a Bally Technologies a  
4 gambling license, License No. 20-00227, authorizing Class "F" Manufacturer Activity, and  
5 License No. 21-00288, authorizing Class "A" Distributing Activity, in the state of Washington.

6 2. The licenses expire on September 30, 2018.

7 3. The Licensee is subject to all state gambling laws and Commission rules at all  
8 times after receiving its gambling license.

9 **B. Factual Basis for Administrative Violations**

10 1. The Licensee manufactures Tribal Lottery System (TLS) gaming machines  
11 operated at tribal casinos in the state of Washington.

12 2. A Notice of System Incident (NSI) refers to the Commission's investigatory  
13 process conducted by its Electronic Gaming Lab (EGL) when EGL staff receive reports of  
14 compliance-related problems occurring on live gambling equipment, including TLS machines.  
15 NSI's are technical investigations primarily geared towards identifying the cause of the  
16 compliance problem, finding a solution to prevent future occurrences, and coordinating  
17 implementation of the solution with regulators and manufacturers. NSI's can result in a referral  
18 to agents for further administrative actions.

19 **Case No. 2015-01943**

20 1. In October 2014, the Commission staff learned the Licensee installed unapproved  
21 gambling equipment in at least two tribal casinos.

22 2. On November 13, 2014, the Commission's EGL staff opened an investigation  
23 into the installation of unauthorized software and sent NSI 604 to Licensee notifying it of the  
24 unapproved soft count program feature.

1           3.       After issuance of the NSI, Commission staff on several occasions contacted the  
2 Licensee between November 2014 and November 2015 about the NSI and its obligation to  
3 submit the unapproved program feature to the Commission for testing and approval. The  
4 Licensee was not timely in providing the requested information.

5           4.       The Licensee submitted the equipment to the Commission for testing and  
6 approval on November 24, 2015.

7           5.       The Licensee's equipment was approved by Gambling Commission staff on  
8 December 15, 2015.

9       **Case No. 2017-00429**

10          1.       The Licensee manufactures a Class III TLS game titled "Thunder Cash."

11          2.       Thunder Cash was originally approved by Commission staff on April 6, 2016.

12          3.       Between July 2016 and November 2016, Thunder Cash operated at a Class III  
13 Tribal gaming operation.

14          4.       On November 4, 2016, the Commission's EGL staff opened NSI 631 to  
15 investigate operating errors related to a Thunder Cash game operating at a Class III Tribal  
16 gaming operation.

17          5.       The Licensee installed a new game template that corrected the problem.

18          6.       The Commission closed NSI 631 on January 3, 2017 after confirming Thunder  
19 Cash's operating error was fixed by the Licensee.

20       C.   Basis for Sanction.

21          1.       Licensee's actions as outlined above constitute violations of WAC 230-06-  
22 050(6), which requires gambling equipment operate, "as approved by the director or director's  
23 designee."

24          2.       The Commission is authorized to suspend Licensee's gambling license pursuant  
25 to RCW 9.46.075(1), and WAC 230-03-085(1), (7), 8(a).

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1 Commission, which shall be paid by the Licensee no later than thirty (30) days after all parties  
2 have signed this settlement agreement. This monetary penalty shall be sent to:

3 Mail:  
4 Washington State Gambling Commission  
5 P.O. Box 42400  
6 Olympia, WA 98504

7 or

8 In-person delivery:  
9 Washington State Gambling Commission  
10 4565 7th Avenue S.E.  
11 Lacey, WA 98503

12 6. In the event the Licensee does not make full and timely payment of the monetary  
13 penalty as required in Section III, Paragraph 5, then the Licensee shall serve a thirty (30) day  
14 suspension of its gambling license, the dates and time of which shall be set by the Commission.

15 7. In addition to the monetary penalty, the Licensee agrees to the following:

16 a. Licensee will continue to disclose all product information related to its  
17 gambling equipment and software;

18 b. Licensee will disclose in writing any information that would cause its  
19 gambling equipment or software to operate inconsistently with the equipment or software  
20 approval; and

21 c. The Licensee will respond to a Commission's request for information  
22 related to its equipment and/or software within the timeframe set forth in the Commission's  
23 request. The Licensee will send the Commission a written request for extension if it does not  
24 believe that it can meet the timeframe in the Commission's request and submit its response  
25 within the adjusted timeframe, if any, set by the Commission.

26 8. Licensee's failure to abide by any provisions in this settlement agreement may  
result in a new Statement of Charges for a violation of WAC 230-03-085(7) with sanctions to be  
determined by the Director.

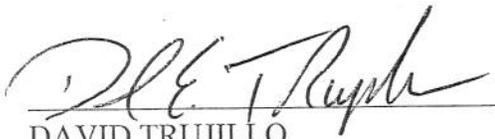
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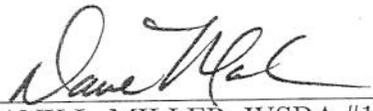
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1 9. This agreement constitutes the final written expression of all the terms of this  
2 agreement and is a complete and exclusive settlement and statement of these terms.  
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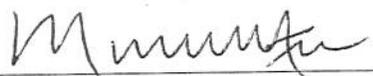
4   
5 DAVID TRUJILLO  
6 Director  
7 Washington State Gambling Commission

3/5/2018  
DATE

8 MILLER MALONE & TELLFSON

9   
10 FRANK L. MILLER, WSBA #12051  
11 DAVE MALONE, WSBA #23435  
12 Attorneys for Licensee

3/6/2018  
DATE

13   
14 MICHAEL FRIES  
15 Vice President, Regulatory Affairs and  
16 Deputy Chief Compliance Officer for  
17 Licensee

3/7/2018  
DATE

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