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5 **STATE OF WASHINGTON**
6 **GAMBLING COMMISSION**

7 In the Matter of:

NO. CR 2016-01967

8 EVERI GAMES, INC.

SETTLEMENT AGREEMENT

9 License No. 20-00229

10
11 Licensee.

12 The Washington State Gambling Commission (Commission) through David Trujillo,
13 Director, and Licensee Everi Games, Inc., as represented by its attorney, Dave Malone, enter
14 into this stipulation and settlement agreement for Case Number 2016-01967.

15 **I. INTRODUCTION**

16 1. The Washington State Gambling Commission issued Licensee Everi Games, Inc.,
17 a gambling license, License No. 20-00229, authorizing Class "F" Manufacturer Activity in the
18 State of Washington. This license expires on June 30, 2019.

19 2. On January 29, 2018, the Commission issued administrative charges against the
20 Licensee in the above-reference case number. An Amended Notice of Administrative Charges
21 was issued on or about June 25, 2018. A Second Amended Notice of Administrative Charges
22 was issued on July 18, 2018.

23 3. In Case No. CR 2016-01967, the Commission alleges that despite multiple
24 notifications from the Commission's Electronic Gambling Lab (EGL) to Everi that MForce was
25 untested and unapproved for use with a specific accounting system, and subsequently
26 disapproved, Everi disregarded the notifications and installed unapproved and/or disapproved

1 MForce components in the State of Washington on ten occasions between September 15, 2015
2 and September 9, 2016 in violation of RCW 9.46.310, WAC 230-03-200(4)(a), WAC 230-06-
3 050(4) and (6), RCW 9.46.075(1) and (8), WAC 230-03-085(1) and (3), and Tribal-State
4 Compacts, Appendix X2, Section 10.2.1 and Sections V.C., IV.C, IV.C, and IV.C, respectively.

5 4. The Commission and Licensee wish to enter into a settlement agreement to
6 resolve the administrative charges in the above-referenced case numbers.

7 II. SETTLEMENT AGREEMENT

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

10 2. The Licensee and Commission each explicitly waive the right of further
11 administrative review of all matters related to the above-referenced Administrative Charges. The
12 Licensee hereby voluntarily withdraws its request for a hearing on this matter.

13 3. The Licensee does not admit to the facts or violations alleged in the administrative
14 charges. However, the Licensee agrees that there may be sufficient evidence for a trier of fact to
15 conclude that the Licensee committed the alleged violations if the facts in the administrative
16 charges were proven at a hearing.

17 4. The parties agree that the Commission will consider that the violations set forth
18 in the administrative charges, as specified in the above paragraph, have been sustained and will
19 become a part of the Licensee's administrative violation history.

20 5. The parties agree that the Commission would have the authority to impose a
21 thirty-day (30) suspension for the above violations.

22 6. The Parties agree, that pursuant to RCW 9.46.077, the Commission can vacate a
23 suspension for thirty (30) days or less upon payment of a monetary penalty set by the
24 Commission.

1 7. Pursuant to this settlement and RCW 9.46.077, the parties agree the Commission
2 will vacate all thirty (30) days of suspension upon payment of the monetary penalty and costs
3 identified in Section II, Paragraph 8, below.

4 8. The Licensee agrees to pay the following monetary penalty and investigative and
5 administrative costs for the above vacated thirty (30) days suspension:

- 6 a. \$100,000.00 monetary penalty;
- 7 b. \$5,500.00 for investigative and administrative costs incurred by the Commission;
- 8 c. The above total of \$105,500.00 will be paid in two equal payments as follows:
 - 9 i. The first payment of \$52,750.00 shall be received by the Commission by
10 November 15, 2018;
 - 11 ii. The second payment of \$52,750.00 shall be received by the Commission
12 by December 15, 2018;

13 d. The above-referenced installment payments shall be sent to:

14 Mail:
15 Washington State Gambling Commission
16 P.O. Box 42400
17 Olympia, WA 98504

18 or

19 In-person delivery:
20 Washington State Gambling Commission
21 4565 7th Avenue S.E.
22 Lacey, WA 98503

23 9. The original signed agreement shall be received by the Commission by November
24 15, 2018.

25 10. In the event that the Licensee does not make full and timely payments of the
26 monetary penalty as required in Section II, Paragraph 8, then the Licensee shall serve the vacated
30 suspension days, the dates and time of which shall be set by the Commission.

 11. The parties agree that this settlement agreement resolves all compliance matters
regarding the Licensee currently known to the Gambling Commission as of September 6, 2018.

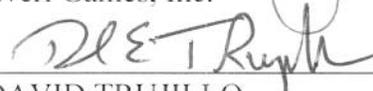
1 12. Licensee agrees to follow all gambling statutes and rules and work with the
2 Commission to improve its compliance measures.

3 13. 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 14. 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 cases CR 2016-01967.

8
9 
10 MICHAEL RUMBOLZ
11 CEO
12 Everi Games, Inc.

DATE

13 
14 DAVID TRUJILLO
15 Director
16 Washington State Gambling Commission

17 11/7/18
18 DATE

19 Approved as to form:

20 MILLER MALONE & TELLFSON

21 
22 FRANK L. MILLER, WSBA #12051
23 DAVE MALONE, WSBA #23435
24 Attorneys for Licensee

25 10/31/2018
26 DATE