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**BEFORE THE OFFICE OF ADMINISTRATIVE HEARINGS  
ON BEHALF OF THE WASHINGTON STATE GAMBLING COMMISSION**

In the Matter of the Suspension or  
Revocation of the Licenses to Conduct  
Gambling Activities of:

GALAXY GAMING, INC.  
Las Vegas, Nevada

Licensee.

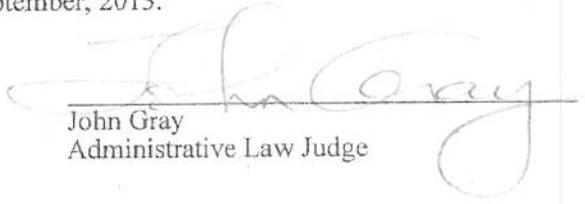
OAH No. 2012-GMB-0026

Agency No. CR 2010-00909

ORDER OF DISMISSAL

Based upon the parties' appended Settlement Agreement, which is incorporated by  
reference to this Order, it is hereby ORDERED that the above entitled matter is dismissed.

DATED this 10<sup>th</sup> day of September, 2013.

  
John Gray  
Administrative Law Judge

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8 **ON BEHALF OF THE WASHINGTON STATE GAMBLING COMMISSION**

9 In the Matter of the Suspension or  
10 Revocation of the Licenses to Conduct  
11 Gambling Activities of:

12 GALAXY GAMING, INC.  
13 Las Vegas, Nevada

14 Licensee.

OAH No. 2012-GMB-0026

GMB No. CR 2010-00909

SETTLEMENT AGREEMENT

15 The Washington State Gambling Commission (WSGC) and the licensee, Galaxy  
16 Gaming, Inc., enter into this Settlement Order to resolve the administrative charges filed  
17 against the licensee. Kim O'Neal and Gregory J. Rosen, Senior Assistant Attorneys General,  
18 and Arlene Dennistoun, Staff Attorney, represent the Gambling Commission. Joan K. Mell,  
19 Attorney at Law, represents the licensee.

20 The WSGC issued Galaxy Gaming, Inc., 6980 West O'Bannon Drive, Las Vegas,  
21 Nevada, Organization Number 20-00103, the following license:

22 Number 20-00103, authorizing Class "E" manufacturer activity.

23 The Gambling Commission issued the license, which expires on March 31, 2014,  
24 subject to the licensee's compliance with state gambling laws and regulations.

25 Prior WSGC Director, Rick Day, issued a Notice of Administrative Charges and  
26 Opportunity for an Adjudicative Proceeding to the licensee on March 14, 2012. Commission  
staff received the licensee's request for a hearing on April 4, 2012. An administrative hearing

1 is currently scheduled to occur between September 23 and 27, 2013. The Gambling  
2 Commission's current director, David Trujillo, agrees to withdraw the administrative charges,  
3 and cancel the administrative hearing based on this Settlement Agreement.

#### 4 **I. RECITALS**

5 1.1 On or about September 30th, 2010, Special Agent Bill McGregor and Special Agent  
6 Jay Summers conducted a routine manufacturing audit review of Galaxy Gaming, Inc.,  
7 License No: 20-00103.

8 1.2 The special agents performed an audit of the licensee to include examining the history  
9 of agency disclosures in license applications dated back to 1998, the date the WSGC  
10 granted an initial application to Galaxy Gaming Corporation, a past corporate entity to  
11 hold the license to manufacture gambling equipment under License No.: 20-00103.

12 1.3 The special agents alleged non-disclosures to the WSGC.

13 1.4 Galaxy Gaming, Inc., disputed the various alleged non-disclosures, maintaining that the  
14 corporate entities and its substantial interest holders disclosed the requested  
15 information.

16 1.5 The WSGC has agreed to resolve the charges against Galaxy Gaming, Inc., through the  
17 agreed upon corrective action described in this document.

#### 18 **II. FACTS**

19 2.1 Galaxy Gaming, Inc., incorporates by reference its Multi-Jurisdictional Personal  
20 History disclosure form completed by Robert B. Saucier on August 14th, 2013 and  
21 further discloses the following:

22 2.2 On or about October 19, 2009, the California Department of Justice Bureau of  
23 Gambling Control filed a "Statement of Issues" before the California Gambling Control  
24 Commission recommending the denial of the application of Robert Saucier and Galaxy  
25 Gaming of California, LLC for a finding of suitability. On or about July 11, 2013, the  
26 California Gambling Control Commission denied Robert Saucier and Galaxy Gaming

1 of California, LLC's applications for a finding of suitability to act as a gaming resource  
2 supplier to California Indian Tribes.

3 2.3 In 2005, Galaxy Gaming of Oregon, LLC was determined to be unqualified by the  
4 Oregon State Police Tribal Gaming Section to conduct business with the Confederated  
5 Tribes of the Grand Ronde Community of Oregon.

6 2.4 Robert Saucier and others sued Oregon State Police Officers in a civil action based  
7 upon the regulatory actions of Oregon, which the parties settled in approximately 2009.

8 2.5 Robert Saucier was involved in various disputed civil cases with Sherron Associates  
9 Loan Fund V (Mars Hotel), and the parties resolved all disputed litigation in October of  
10 2011.

11 2.6 Robert Saucier and Julie Saucier divorced in 2000.

12 2.7 The Colusa Tribal Gaming Agency in California initially sent a letter with an intent to  
13 deny Galaxy Gaming of California, LLC's gaming application, and later upon further  
14 review issued a license to Galaxy Gaming of California, LLC.

15 2.8 On March 28, 2003, the Santa Rosa Rancheria Tachi Tribe Gaming Commission in  
16 California sent a letter to Galaxy Gaming of California, LLC stating that it had found  
17 Galaxy Gaming of California, LLC unsuitable for a vendor license and denied the  
18 license, subject to a hearing. Mr. Saucier was not named personally. Galaxy Gaming of  
19 California, LLC requested a hearing before the Tribe. The Tribe did not respond to its  
20 request for a hearing and no hearing was ever held. The license application expired.

21 2.9 On December 13, 2002, the Tule River Tribe Gaming Commission in California sent a  
22 letter to Galaxy Gaming of California, LLC stating that its license application should be  
23 denied, subject to a hearing. Mr. Saucier was not named personally. Galaxy Gaming  
24 of California, LLC requested a hearing. After an initial hearing was conducted, the  
25 Tribe's casino rescinded its product order thereby rendering the need to issue a license  
26 moot. The license application was abandoned.

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2.10 On August 13, 2001, Robert Saucier was charged with Driving and/or Being in Actual Physical Control While Under the Influence of Intoxicating Liquor (DUI). Mr. Saucier entered an agreement to plead guilty to Reckless Driving with certain conditions, which he fulfilled. The court sealed the records in 2013 at the request of Mr. Saucier.

2.11 Therese Watson, Mr. Saucier's current spouse, was a member of Morgan Fairfax, LLC and disclosed \$18,000 of taxable income on her 2009 tax return.

2.12 Robert Saucier signed renewal applications that checked the box "No," in response to whether any unreported changes affecting ownership, including marriage or divorce had occurred.

2.13 Robert Saucier did not report that in January 2004 he participated in a ceremony in Barbados with Therese Watson and was issued a "Certificate of Marriage" on a company 2004 renewal, or subsequent renewal applications. Robert Saucier did not include any information about Therese Watson on its 2004 application, answering, "N/A," in response to the question of name of spouse.

2.14 Robert Saucier and Therese Watson had their "Marriage Certificate" annulled on June 24, 2009. They legally married on or about January 19, 2010. On Galaxy Gaming Inc.'s renewal application dated February 17, 2010, Robert Saucier signed an application that answered "No" to the question about whether any status changes affecting ownership, including marriages and divorces, had occurred, but he answered "Yes" to the question "Have there been any changes to officers, board members, partners, stockholders, LLC members and substantial interest holders" and attached a document stating "Robert B. Saucier, President, CEO & Director of Galaxy Gaming, Inc., was married on January 19th, 2010 to Therese Watson," which the auditing special agent was not able to confirm was received at the agency with the renewal application.

- 1 2.15 On August 9, 2002, Mr. Saucier completed and signed a Personal/Criminal History  
2 Statement, and listed three separate business addresses as his residential address.
- 3 2.16 On Galaxy Gaming of Washington LLC's renewal application, dated April 28, 2004,  
4 Mr. Saucier disclosed a business address as his residential address.
- 5 2.17 The Galaxy Gaming, Inc. answered "No" on its 2009 renewal application when asked  
6 whether it had any new loans. Galaxy Gaming, Inc.'s 2008 tax return showed a  
7 \$200,000 entry that the special agent interpreted to be an increase in loans (amount of  
8 money due to related parties).
- 9 2.18 Robert Saucier signed a Membership Exchange Agreement in September 2005 that  
10 refers to "Robert B. Saucier" as "a single man."
- 11 2.19 On its August 2004 change of location application signed by Mr. Saucier, Galaxy  
12 Gaming of Washington, LLC answered "No" when asked whether it would own the  
13 premises/location. Robert Saucier's spouse, Therese (Watson) Saucier obtained her  
14 interest in approximately January 2010 in the Abyss Group, LLC, which owned the  
15 premises location.
- 16 2.20 In 2004, Therese Watson owned a 33.3 percent ownership of Galaxy Gaming of  
17 Washington, LLC.
- 18 2.21 On April 1, 2010, Galaxy Gaming, Inc. deposited \$500,000 into its bank account from  
19 the sale of Galaxy Gaming, Inc., stock to Derek Webb and Hannah O'Donnell.
- 20 2.22 On or about April 15, 2010, Galaxy Gaming, Inc. purchased Deuces Wild Hold'em  
21 Fold'em from T&P Gaming, Inc. Part of the agreement included the issuance of  
22 \$90,000 in Galaxy Gaming, Inc., stock.
- 23 2.23 In February 2007, Galaxy Gaming, LLC used an office building owned by the Abyss  
24 Group, LLC as collateral to secure a \$1.25 million loan from Bank of America. The  
25 Abyss Group, LLC was a co-guarantor of Galaxy Gaming, LLC's debt.  
26

1 **III. WSGC DISCLOSURE REQUIREMENTS**

2 3.1 It is the position of the WSGC that its regulations require disclosure of the facts  
3 described above.

4 3.2 The applicable disclosure regulations implicated by the above are the following: RCW  
5 9.46.170, and WAC provisions 230-06-080, 230-06-107, 230-06-108, 230-06-090, 230-  
6 06-085, 230-03-195, 230-03-065.

7 **IV. AGREEMENT OF THE PARTIES**

8 4.1 The WSGC's Director agrees to withdraw the pending administrative charges with  
9 prejudice filed under number CR 2010-00909.

10 4.2 Any and all information that must be disclosed to the Washington State Gambling  
11 Commission pursuant to statute and or the Washington Administrative Code shall be  
12 disclosed to the Program Manager for the Financial Investigations Unit, presently Mr.  
13 Keith Schuster. The Program Manager is designated as the sole Commission employee  
14 to receive all disclosures or correspondence from the licensee in this case, unless  
15 subsequent notice designating a new Commission employee is provided to the licensee  
16 by the Commission in writing. E-mail disclosures are sufficient when the licensee  
17 receives a confirmation that the e-mail has been received by the recipient.

18 4.3 As of September 23, 2013, Galaxy Gaming, Inc., shall submit a new manufacturer  
19 application and all required disclosure forms on the most recently revised Gambling  
20 Commission forms, including all copies of final written decisions for any  
21 administrative, civil or criminal actions as required by WAC 230-06-085 and 230-06-  
22 090, which shall be confirmed by the WSGC within a reasonable period of time. The  
23 agency agrees to identify and disclose to Galaxy Gaming, Inc. any further information  
24 that is required to be disclosed that was not included in the multi-jurisdictional personal  
25 history disclosure form or the new application.

26

ATTORNEY GENERAL OF WASHINGTON 1125 Washington  
Street SE  
PO Box 40100  
Olympia, WA 98504-0100  
(360) 664-9006

1 4.4 Galaxy Gaming, Inc., agrees that it will timely notify the Commission in writing, and  
2 submit new or updated documents and information for any of the following reasons:

3 a. Any change in information on Galaxy Gaming, Inc.'s 2013 application, and on  
4 any future new or renewal application, within 30 days of the change, as required  
5 by WAC 230-06-080.

6 b. Galaxy Gaming, Inc., will notify Commission staff, using existing Commission  
7 forms, within 30 days of the close of a change of ownership with the required  
8 fee and all other documents as required by WAC 230-06-107 and WAC 230-06-  
9 108.

10 c. Any civil action and any administrative action filed by any other gambling  
11 regulatory agency against Galaxy Gaming, Inc., Galaxy Gaming, Inc.'s  
12 executive officers, or any of its substantial interest holders. Also, any civil  
13 action filed by the licensee, Galaxy Gaming Inc.'s executive officers, or any of  
14 its substantial interest holders against any gambling regulatory agency. Galaxy  
15 Gaming, Inc. will report all of the information required by WAC 230-06-090  
16 within 30 days of service.

17 d. All information required of manufacturers, as required by WAC 230-03-195.  
18

19 4.5 Galaxy Gaming, Inc. shall pay the Washington State Gambling Commission  
20 \$109,000.00 to reimburse its investigative and administrative costs. Galaxy Gaming,  
21 Inc. agrees to make a first installment of \$9,000.00 on September 23rd, 2013, and shall  
22 make a payment of \$25,000.00 every quarter thereafter until the balance is satisfied.

23 4.6 In the event of future disclosure violations, Galaxy Gaming, Inc. agrees that it will pay  
24 for all of the Commission's investigative and administrative costs associated with  
25 Galaxy Gaming, Inc.'s untimely or nondisclosure violations within 30 days of receiving  
26 written notice of such costs from Commission staff. These charges shall not exceed ten

ATTORNEY GENERAL OF WASHINGTON 1125  
Washington Street SE  
PO Box 40100  
Olympia, WA 98504-0100  
(360) 664-9006

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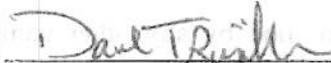
hours. Untimely or nondisclosure violations include, but are not limited to, violations under WAC provisions 230-06-080, 230-06-090, 230-06-107, 230-06-108, and 230-03-195.

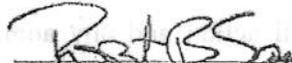
4.7 Galaxy Gaming, Inc., and Robert Saucier agree not to file any lawsuit arising out of this case (including but not limited to an action under 42 U.S.C. § 1983) against Special Agent William McGregor or any other employee of the WSGC, the WSGC's Director, or the WSGC.

DATED this 5th day of September, 2013.

Washington State Gambling Commission

Galaxy Gaming, Inc.

  
DAVID TRUJILLO, WSGC Director

  
ROBERT SAUCIER, CEO  
Galaxy Gaming, Inc.

ATTORNEY GENERAL OF WASHINGTON 1125  
Washington Street SE  
PO Box 40100  
Olympia, WA 98504-0100  
(360) 664-9006