

STATE OF WASHINGTON  
GAMBLING COMMISSION

In the Matter of the Suspension of the )  
License to Conduct Gambling Activities of: )  
NRT Technology Corp. )  
Toronto, Ontario, Canada, )  
Licensee. )  
\_\_\_\_\_ )

No. CR 2013-02328

**NOTICE OF ADMINISTRATIVE  
CHARGES AND OPPORTUNITY  
FOR AN ADJUDICATIVE  
PROCEEDING**

I.

The Washington State Gambling Commission issued NRT Technology Corp., organization number 20-00188, the following license:

Number 20-00188, authorizing Class "B" Manufacturer activity.

The license expires on June 30, 2014, and was issued subject to the licensee's compliance with state gambling laws and rules.

II.

David Trujillo, Director of the Washington State Gambling Commission, charges the licensee with the following violations of the Gambling Act, 9.46 RCW and WAC Title 230:

**SUMMARY:**

NRT Technology Corp. (NRT) failed to prevent unlicensed persons from accessing and servicing gambling equipment in Tribal casinos since 2012, and failed to timely submit new or updated information or contracts related to gambling activity. NRT is currently using Class III certified employees<sup>1</sup> to access and service equipment in Tribal casinos.

**FACTS:**

(1) The licensee, NRT Technology Corp. (NRT), became licensed as a Class "C" manufacturer in 2006. NRT's license expired in 2007, and they reapplied as a Class "B" manufacturer in 2008.

<sup>1</sup> The Gambling Commission issues Class III certifications to employees working at Tribal casinos. The certifications are similar to Card Room Employee (CRE) licenses issued to persons working at commercial house-banked card rooms. Holders of Class III certifications may convert their certifications to CRE licenses by submitting a transfer form and fees to Gambling Commission licensing staff.

Although NRT has been licensed since 2008, NRT did not have gambling equipment approved and placed in Washington Tribal casinos until 2011. NRT has no prior administrative history with the Gambling Commission.

(2) In June 2010, NRT faxed a letter to Commission licensing staff, with a subject line stating, "Notice of New Hardware Service Provider." NRT's letter stated they had contracted with a company called Wincor Nixdorf, Inc. (Wincor), to provide hardware service in Washington beginning in December 2010. NRT's notification informed staff that Wincor would provide "remedial hardware maintenance service" (adjust, repair or replace parts) for QuickJack products as a subcontractor for NRT. NRT stated Wincor would not have access to, or be involved in critical functions, and Wincor would not be handling Tribal Lottery System (TLS)<sup>2</sup> ticket validation or any "back office" (servers and other technology) functions. NRT stated Wincor was aware the gaming industry is highly regulated and understood they would be subject to regulatory oversight by the Gambling Commission staff as NRT's subcontractor.

(3) Commission licensing staff contacted NRT's Executive Vice President, Ray Deffner. Mr. Deffner said the June 2010 e-mail notification was a form letter sent to all jurisdictions where NRT was licensed; however NRT said they had no approved gambling equipment in Washington.

(4) NRT sent Commission licensing staff another notice in August 2010, stating, "Based on a review of the functions required to service NRT's hardware, such as NRT's QuickJack products...please be advised that NRT will not be changing its hardware service provider as originally stated in the [June 2010] letter. Therefore, NRT will continue to use NCR to provide hardware services." NRT did not submit QuickJack products for Commission approval.

(5) In July 2011, NRT submitted its QuickJack 2 hardware and software to Commission staff, and in October 2011, staff approved the equipment. QuickJack is a kiosk connected to TLS machines where patrons may purchase TLS tickets. The kiosk also has automated teller machine (ATM) capability. Because NRT submitted no contracts to Commission staff, staff did not know of Wincor's involvement with servicing or accessing the QuickJack kiosks.

(6) In July 2012, a Wincor employee called Commission licensing staff saying Wincor would be on-site at a Tribal facility in relation to a "specific contract to work on QuickJack 2 equipment." Because licensing staff was unaware of Wincor's involvement with servicing or accessing any approved gambling equipment, licensing staff told Wincor they probably would not need to be licensed. Licensing staff told Wincor, however, its employees needed to be licensed as Class III employees, subcontractors by the Tribes where the equipment was located.

(7) In June 2013, NRT's Compliance Administrator submitted a Class III employee application and fees for a Wincor employee. The application identified NRT as the employer, and a Tribal casino as the location associated with the employee. NRT tried to link the employee

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<sup>2</sup> Tribal Lottery System (TLS) machines are linked lottery terminals where a central computer delivers a virtual "scratch ticket" to a player terminal, upon the request of a Tribal casino guest.

to other Tribal casinos using employee transfer applications. Licensing staff e-mailed NRT and informing them the application was incorrect, and if NRT was the employer, then the employee needed to be licensed as a manufacturer's representative for NRT.

(8) In July 2013, NRT's Compliance Administrator submitted a manufacturer representative application and fees for the same employee, but this time, identified Wincor as the employer. By August 2013, NRT withdrew the employee's manufacturer representative's application and asked to have the fees applied to a different employee.

(9) In September 2013, Wincor told licensing staff they planned to bid to service NRT's TLS kiosks at various Tribal casinos, and they were already servicing kiosks as subcontractors at one Tribal casino. Commission licensing staff responded that servicing ticket redemption kiosks connected to TLS machines required Wincor to be licensed as a distributor, and Wincor's employees must be licensed as Wincor's distributor representatives.

(10) In October 2013, NRT and Commission licensing staff discussed Wincor's unwillingness to apply for a distributor's license.

(11) In November 2013, NRT proposed to hire Wincor employees, negating the need for Wincor to be licensed. In the meantime, NRT asked to have the Wincor employees continue to service the kiosks until January 2014 because of the time it would take to hire and train new employees. Commission licensing staff checked the licensing system to see whether the Wincor employees were certified as Class III employees, and found they were not.

(12) In November 2013, Commission licensing staff received, for the first time, the contract between NRT and Wincor. The NRT-Wincor Maintenance Service Agreement (Agreement) dated November 1, 2007, predated NRT's placement of its QuickJack kiosks in Tribal casinos. The Agreement provided that Wincor furnish maintenance services for hardware and software products for QuickJack terminals, and required Wincor to access, and be involved in critical functions of approved gambling equipment connected to TLS machines.

(13) In November 2013, Commission licensing staff received information identifying which uncertified and unlicensed employees were servicing NRT kiosks at four Tribal casinos since July 2012.

(14) On November 26, 2013, Commission staff notified Washington Tribal Gaming Agency Directors about the uncertified employees servicing NRT kiosks, and about Wincor's refusal to apply for a license or certification from the Gambling Commission.

## **VIOLATIONS:**

### **1) RCW 9.46.075 Denial, suspension, or revocation of license**

The Commission may deny an application, or suspend or revoke any license or permit issued by it, for any reason or reasons, it deems to be in the public interest. These reasons shall include, but not be limited to, cases wherein the applicant or licensee, or any person with any interest therein: (The following subsections apply)

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(1) Has violated, failed or refused to comply with the provisions, requirements, conditions, limitations or duties imposed by chapter 9.46 RCW and any amendments thereto, or any rules adopted by the Commission pursuant thereto, or when a violation of any provision of chapter 9.46 RCW, or any Commission rule, has occurred upon any premises occupied or operated by any such person or over which he or she has substantial control.

(2) Knowingly causes, aids, abets, or conspires with another to cause, any person to violate any of the laws of this state or the rules of the Commission.

(7) Makes a misrepresentation of, or fails to disclose, a material fact to the commission.

**2) WAC 230-03-085 Denying, suspending, or revoking an application, license**

We may deny, suspend, or revoke any application, license or permit, when the applicant, licensee, or anyone holding a substantial interest in the applicant's or licensee's business or organization:

(The following subsections apply)

(1) Commits any act that constitutes grounds for denying, suspending, or revoking licenses or permits under RCW 9.46.075.

(3) Has demonstrated willful disregard for complying with ordinances, statutes, administrative rules, or court orders, whether at the local, state, or federal level.

(7) Fails to provide us with any information required under commission rules within the time required, or, if the rule establishes no time limit, within thirty days after receiving a written request from us.

(8) Poses a threat to the effective regulation of gambling, or creates or increases the likelihood of unfair or illegal practices, methods, and activities in the conduct of gambling activities, as demonstrated by: (a) Prior activities.

**3) WAC 230-06-080(2)(b) Report changes to application information and submit updated documents and information.**

(2) Licensees must submit to us any new or updated documents and information within thirty days of the effective date of the document or information, including the following:

(a) Articles of incorporation or bylaws, or any other documents which set out the organizational structure and purposes; and

(b) All oral or written contracts and agreements which relate to gambling activities or alter the organizational structure of the licensee's organization or business activities in Washington.

**4) WAC 230-16-001 Manufacturers, distributors, and gambling service suppliers must ensure representatives are licensed.**

(1) A licensed manufacturer, distributor, or gambling service supplier must not allow an unlicensed person to sell, promote, or provide its gambling equipment, or supplies, or to

supervise those who do, and must take all measures necessary to prevent an unlicensed person from doing so.

NRT, a state licensed manufacturer, knowingly used Wincor as a subcontractor to service their TLS kiosks since at least 2012 and knew neither Wincor nor its employees were licensed or certified to do so. NRT submitted incorrect license applications twice for the same employee in June and July 2013, knowing Wincor and its employees had to be certified and licensed based on the level of access and service they performed on gambling equipment connected to TLS machines. In October 2013, the licensee informed Commission licensing staff that Wincor refused to apply for a license. The licensee continued to allow Wincor employees to service and access its TLS kiosks. This conduct violated WAC 230-16-001.

Grounds, therefore, exist to suspend NRT Technology Corp.'s license under RCW 9.46.075 (1) and (2) and WAC 230-03-085 (1), (3) and (8).

The licensee also failed to timely submit its contract with Wincor, violating WAC 230-06-080(2)(b). Grounds, therefore, exist to suspend NRT Technology Corp.'s license under RCW 9.46.075 (1) and (7) and WAC 230-03-085 (1), (3), (7) and (8).

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III.

Jurisdiction of this proceeding is based on 9.46 RCW, Gambling, chapter 34.05 RCW, the Administrative Procedure Act, and WAC Title 230.

The licensee will have the opportunity to have a hearing on the alleged violations.

**To have a hearing or discuss settlement options**, the enclosed request for hearing must be completed and returned to the Gambling Commission **within 23 days** from the date of the mailing of this notice.

Based on RCW 34.05.440, failure to return a request for hearing will cause the entry of a default order SUSPENDING your license for 30 days.

IV.

I have read this Notice of Administrative Charges and Opportunity for an Adjudicative Proceeding, know the contents, believe it to be true, and have executed this Notice in my capacity as Director of the Washington State Gambling Commission.

February 12, 2014  
Dated

David Trujillo  
DAVID TRUJILLO, DIRECTOR

STATE OF WASHINGTON )  
  )  
COUNTY OF THURSTON )

I certify I have this day served a copy of the document upon all parties of record in the proceeding by mailing a copy, property addressed with postage prepaid, by regular and certified mail to each party to the proceeding or his or her attorney or authorized agent.

Dated at Olympia, Washington this 13 day of February, 2014  
Margaret Prebitt

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