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**STATE OF WASHINGTON
GAMBLING COMMISSION**

In the Matter of the Denial of the
Application for a License to Conduct
Gambling Activities of:

HALIFAX SECURITY, INC. d/b/a/
NORTH AMERICAN VIDEO,

Applicant.

NO. CR 2016-00989

SETTLEMENT AGREEMENT

The Washington State Gambling Commission (Commission) through David Trujillo, Director, and the applicant, Halifax Security, Inc. d/b/a North American Video in Brick, New Jersey represented by Peter Rode, Chief Financial Officer, enter into this Settlement Agreement to resolve the administrative violations in Case Number 2016-00989 prior to the applicant receiving its gambling license.

I. INTRODUCTION

1. Applicant Halifax Security, d/b/a North American Video, 301 Drum Point Rd, Brick, NJ 08723, submitted an application to Washington State Gambling Commission for License Number 00-23679, Authorizing Service Supplier Activity.

2. The Applicant was subject to state gambling laws and Commission Rules at all times before and during the application process.

3. The Applicant failed to obtain its Service Supplier Activity license after it purchased the business North American Video, before conducting business as a service supplier.

1 **II. RELEVANT FACTS SUPPORTING APPLICATION DENIAL**

2 1. On November 24, 2015, the Gambling Commission received Notification of
3 Stock Ownership Change regarding North American Video. The Notification was in the form
4 of a letter, and indicated an ownership change of more than 50%.

5 2. In December, 2015, the Gambling Commission requested further information
6 about Halifax Security and the Stock Ownership Change.

7 3. After requesting a brief extension due to the Winter holidays, counsel for Halifax
8 Security provided the required information on January 5, 2016.

9 4. On February 1, 2016, the Gambling Commission attempted to contact Halifax
10 Security about the Stock Ownership Change. On February 25, 2016, the Gambling Commission
11 made contact with counsel for Halifax Security to inform him that its filing was in error and that
12 a new application was required based on the stock ownership change.

13 5. On February 25, 2016, the Gambling Commission received email communication
14 from counsel for Halifax Security that their understanding was that because the ownership
15 change was occurring with a parent company, a new application was not required.

16 6. On March 11, 2016, the Commission received a new commercial business
17 application and service supplier addendum from North American Video along with \$5,000 for
18 special investigative fees.

19 7. In documents attached to the application, it was confirmed that the sale closed on
20 November 18, 2015 with an ownership change over 50%. It was also confirmed that the purchase
21 price would be paid over time by operating cash flow.

22 8. North American Video received \$1,209,478.94 in sales to Washington State
23 licensees and Washington Tribal Casinos from November 18, 2015 to June 15, 2016. On
24 November 18, 2016, the date of the stock ownership change, the prior license became void. After
25 that date, North American Video was unlicensed.

1 Commission rules, and it is willing to comply with all gambling rules and regulations in the
2 future.

3 3. The parties acknowledge that the Applicant's Service Supplier Activity License
4 is pending a decision by Commission staff and final approval by the Commission.

5 4. The parties agree the Applicant will receive its new license if it complies with the
6 conditions in Paragraph 5.

7 5. The parties agree to the following conditions allowing the Applicant to receive a
8 new Service Supplier Activity License:

- 9 a. the Applicant's new Service Supplier Activity License is suspended for fifteen
10 (15) days once it is issued by the Commission;
- 11 b. the Applicant must pay to the Commission \$100,000 for violations identified
12 above;
- 13 c. five (5) suspension days are vacated under RCW 9.46.077 upon payment of
14 \$26,014.00 representing:
 - 15 i. \$1,014.00 for administrative costs.
 - 16 ii. \$30,000.00 monetary penalty.
- 17 d. In consideration for the Applicant's admissions and willingness to enter into this
18 agreement,
- 19 e. The applicant shall pay the total penalty of \$31,014.00 no later than **May 1, 2017**,
20 by mailing payment to Commission Headquarters at the following address:

21 **Washington State Gambling Commission**
22 Attn: Communications and Legal Division
23 P.O. Box 42400
Olympia, WA 98504-2400;

24 or **delivering** (in person or via private courier) payment to Commission

25 Headquarters at the following address:

26 Washington State Gambling Commission
Attn: Communications and Legal Division

1 4656 7th Avenue SE
2 Lacey, WA 98503

3 f. If the Applicant makes its payment by the date agreed to in this settlement, the
4 application will be forwarded for approval. Applicant's failure to timely make its
5 payment will result in staff recommending denial of the license application, and
6 Applicant's application will not be forwarded to the Commission for approval.

7 6. The parties agree that the remaining ten (10) days of suspension and \$100,000
8 payment will be deferred for one (1) year from the date the applicant's Service Supplier Activity
9 license is approved by the Commission.

10 7. The applicant shall not violate Washington's gambling statutes or rules during
11 the one (1) year deferment period.

12 8. If the applicant violates any statutes or rules that warrant the filing of
13 administrative charges, then the Director may:

- 14 a. Impose any or all of the ten (10) days deferred suspension of the Applicant's
15 gambling license and any subsequently acquired gambling licenses.
16 b. Require the Applicant to pay the \$100,000 deferred payment upon a finding of
17 violation of this agreement.

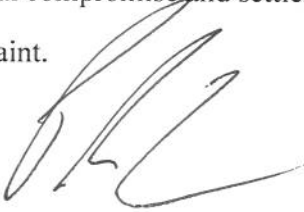
18 9. If no violations occur, then the Applicant will be considered to be in compliance with
19 this agreement and the ten (10) days deferred suspension will expire one (1) year after
20 the Applicant's license is approved.

21 10. The parties agree that the Director of the Washington State Gambling
22 Commission, pursuant to this Settlement, has sole discretion to determine whether the licensee
23 has violated any term of this Settlement. In the event the Director determines a violation has
24 occurred, he may suspend the licenses issued to the licensee by mailing or delivering a Notice
25 of Order of Administrative Charges to the licensee. In addition to the consequences of the new
26 violation, the licensee shall serve all, or part of the deferred sentence. The licensee shall have

1 the opportunity to request an adjudicative proceeding, which includes a hearing on any new
2 alleged violations.

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

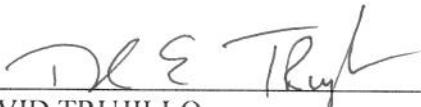
5 12. The undersigned parties declare that the terms of this Settlement Agreement are
6 completely read, wholly understood, and voluntarily accepted for the purpose of making a full
7 and final compromise and settlement of any and all violations arising from the above-referenced
8 Complaint.



5/1/17

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11 PETER RODE
12 Representative for Halifax Securities,
13 d/b/a North American Video

DATE



5/4/17

14
15 DAVID TRUJILLO
16 Director
17 Washington State Gambling Commission

DATE