

**SPECIFIC LANGUAGE OF PROPOSED REGULATIONS**

**MINIMUM INTERNAL CONTROL STANDARDS (MICS) FOR GAMBLING ESTABLISHMENTS:  
GAMBLING FLOOR OPERATIONS AND PLAY OF CONTROLLED GAMES.  
CGCC-GCA-2010-\_\_\_-R**

TITLE 4. BUSINESS REGULATIONS.

DIVISION 18. CALIFORNIA GAMBLING CONTROL COMMISSION.

CHAPTER 7. CONDITIONS OF OPERATION FOR GAMBLING ESTABLISHMENTS.

ARTICLE I. GENERAL PROVISIONS.

**§ 12360. Chapter Definitions.**

The definitions in Business and Professions Code section 19805 govern the construction of this chapter. As used in this chapter:

(a) "Gaming activity" has the same meaning as defined in Title 11, CCR, Section 2010, subsection (f).

(b) "House rules" means a set of written policies and procedures, established by a gambling enterprise, which set general parameters for the play of controlled games at the gambling establishment in which the gambling enterprise operates those games. These policies and procedures are in addition to, and should not contradict, the game rules approved by the Bureau for each controlled game.

~~(a)~~(c) "Licensee" means "owner licensee" as defined in Business and Professions Code section 19805, subdivision (ac).

~~(b)~~(d) "Security department;" means the operational entity within a gambling establishment that is responsible, but not necessarily solely responsible, for patrol of the public areas of the establishment, and to assist in:

- (1) Maintaining order and security;
- (2) Excluding underage patrons;
- (3) Responding to incidents involving patrons or others;
- (4) Detecting, reporting and deterring suspected illegal activity; and
- (5) Completing incident reports.

1       (e)(e) "Surveillance unit," means the operational system or entity within a gambling establishment  
2 that is responsible for the video recording, as may be specified in Article 3 of this chapter, of all  
3 activities required to be under surveillance, monitored and/or recorded pursuant to the Act and this  
4 division for the purposes of detecting, documenting and reporting suspected illegal activities,  
5 including suspected gambling by persons under 21 years of age, and assisting the personnel of the  
6 security department in the performance of their duties.

7 NOTE: Authority cited: Section 19811, 19824, 19840, 19841 and 19924, Business and Professions Code. Reference:  
8 Section 19805, 19841, 19860 and 19924, Business and Professions Code.  
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11       ARTICLE 3. MINIMUM INTERNAL CONTROL STANDARDS (MICS) FOR GAMBLING ESTABLISHMENTS.  
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13       § **12391. Gambling Floor Operation.**

14       (a) The policies and procedures for all Tiers shall meet or exceed the following standards for  
15 gambling floor operation:

16       (1) Except as provided in Business and Professions Code section 19861, all areas of the gambling  
17 establishment in which controlled games and gaming activity are conducted shall be open to the  
18 public.

19       (2) In accordance with Title 11, Section 2050, any gambling enterprise with a gross revenue of  
20 \$200,000 or more shall have on the premises of the gambling establishment, during all hours of  
21 operation, a minimum of one owner licensee or key employee who shall have the responsibility and  
22 authority to supervise and monitor gambling operations and ensure immediate compliance with the  
23 Act, these regulations, and any other provision of law.

24       (3) No gambling enterprise employee may participate in any controlled game or gaming activity  
25 during his or her shift, including paid or unpaid breaks. This paragraph does not apply to "house prop  
26 players" or "public relations players" while participating in a controlled game that does not include a  
27 player-dealer position.

28       (4) No licensee or employee of a gambling enterprise shall coerce, threaten, intimidate, or take any  
29 action adversely affecting the terms and conditions of employment of any employee of that gambling  
30 enterprise who does not, or chooses not to, play a controlled game on the premises of the gambling  
31 establishment during his or her non-work hours.

32       (5) No person that holds a license shall play any controlled game on the premises of the gambling  
33 establishment for which they are a licensed.

1       (6) The licensee shall, in written or electronic form, maintain a table log, and an employee of the  
2 gambling enterprise who holds a license or permit shall record in that log, by shift and by date, all of  
3 the following:

4       (A) The tables that were open;

5       (B) The controlled games that were played, the table limit(s) and the collection rate(s) at each open  
6 table;

7       (C) The total amount of time in which all of the hands of a controlled game were played at each  
8 table;

9       (D) The personnel that were assigned to each table; and

10       (E) The name of all "house prop players" and "public relations players" on duty, along with the  
11 duty hours of each listed by shift start and end times.

12       (7) The licensee shall have the shift supervisor or key employee certify, at least daily, the  
13 information contained in the table log specified in paragraph (6). The table log certification shall  
14 include the activity period being certified, the date the information is certified, the name and title of  
15 the person certifying the information, and be signed under penalty of perjury by the person who  
16 certified the information. The penalty of perjury certification shall be in the following form: "I declare  
17 under penalty of perjury under the laws of the State of California that the foregoing is true and  
18 correct."

19       (8) If maintained in written form, individual table log sheets shall be stored chronologically in a  
20 binder.

21       (9) The specific name of each controlled game and gaming activity, the table limit(s), and the  
22 collection rate(s) applicable to each table shall be prominently displayed on that table and clearly  
23 visible from each seated player's position at the table.

24       (10) The licensee shall not have on its premises, in any room or combination of rooms where  
25 controlled games or gaming activities are conducted, more gaming tables than the total number of  
26 tables the licensee is authorized to operate.

27       (11) A licensee shall adhere to and comply with the terms of a Bureau-approved contract with a  
28 provider of third-party proposition player services that is established pursuant to Sections 12200.7 and  
29 12200.9.

30       (12) The purchase or redemption of chips shall be transacted only by those designated gambling  
31 establishment employees at a cage or on the gambling floor who have received the training required by

1 section 103.64 of Title 31 of the Code of Federal Regulations. Chips may not be sold to a patron or  
2 purchased or redeemed for cash or cash equivalent from a patron by an owner, supervisor, player or  
3 other employee of a third-party provider of proposition player services (as defined in Title 4, CCR,  
4 Section 12200) or by an owner, supervisor, player or other employee of a gambling business (as  
5 defined in Title 4, CCR, Section 12220).

6 (13) The licensee shall have policies and procedures in place to ensure compliance with Section  
7 12404.

8 (14) Notwithstanding Title 11, CCR, Section 2071, a licensee that provides complimentary items  
9 or services to patrons shall, at a minimum, include the following in their policies and procedures:

10 (A) Criteria for awarding and redeeming complimentary items or services, including notification to  
11 patrons of those criteria,

12 (B) Limitation of the authority to approve complimentary items or services to owners or key  
13 employees of the gambling enterprise,

14 (C) Criteria for the control of, and access to, personal information of those patrons participating in  
15 a player rewards program or other patron tracking system,

16 (D) Requirements that all complimentary items or services provided to patrons be reported in the  
17 accounting records, books and financial statements of the gambling enterprise, and

18 (E) Provisions for a licensed or permitted employee of the gambling enterprise to prepare a  
19 quarterly written report regarding those complimentary items or services that were provided to patrons  
20 during that calendar quarter. The report shall include, at a minimum:

21 1. The date the complimentary items or services were provided,

22 2. The name of the patron(s) to which the complimentary items or services were provided,

23 3. The cash value of the complimentary items or services that were provided, and

24 4. The name of the owner or key employee who approved the complimentary items or services that  
25 were provided.

26 (15) Except as provided in Section 12388, a licensee shall not provide funds to any person for the  
27 purposes of playing a controlled game, including but not limited any of the following:

28 (A) Any person who holds a license associated with the gambling enterprise, issued pursuant to the  
29 Act or these regulations,

30 (B) Employees of the gambling enterprise, whether on or off duty,

1 (C) Patrons of the gambling establishment, except for the purposes of participating in an approved  
2 gaming activity, and

3 (D) Contract employees of the gambling enterprise.

4 (b) In addition to the requirements of subsection (a), the policies and procedures for Tiers II  
5 through and including V shall include the following standards for gambling floor operations:

6 (1) A licensee that utilizes separate rooms in its gambling establishment to conduct controlled  
7 games and gaming activities shall, in accordance with Title 11, CCR, Section 2050, have on the  
8 premises at all times that the establishment is open to the public, a minimum of one key employee for  
9 each shift in each separate room, including high limit areas, to oversee the gambling operation.

10 (2) A licensee shall have at least one employee for each shift, for every ten poker game tables or  
11 fewer in operation, to oversee the gambling operation.

12 (3) A licensee shall have at least one employee for each shift, for every five California game tables  
13 or fewer in operation, to oversee the gambling operation.

14 (c) Licensees shall establish and implement the applicable standards for gambling floor operations  
15 specified in subsections (a) and (b) no later than [the first day of the first full month six months  
16 following the effective date of this section].

17 NOTE: Authority cited: Sections 19801(j), 19801(l), 19811, 19826 (f), 19826(g), 19840, 19841, 19861, 19920 and 19984,  
18 Business and Professions Code. Reference: Sections 19826(g), 19841(b), 19861, 19920 and 19984, Business and  
19 Professions Code.

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22 **§ 12392. Play of Controlled Games.**

23 The policies and procedures for all Tiers shall meet or exceed the following standards for the play  
24 of controlled games:

25 (a) A licensee shall adopt and implement house rules, written, at a minimum, in English, which  
26 ensure the fair and honest play of all controlled games and gaming activity. The house rules shall  
27 allow for the operation of only those games that are permitted by local ordinance and state and federal  
28 laws and regulations. House rules must be readily available and provided upon request to patrons and  
29 the Bureau.

30 (b) A licensee's house rules shall address player etiquette and general rules so as to ensure the  
31 orderly conduct and control of controlled games.

32 (c) To help prevent cheating, a licensee's house rules shall include provisions that discourage  
33 players from speaking, during the play of a hand, in languages different from that which is customarily

1 spoken in that gambling establishment, unless all persons at the gambling table and the key employee  
2 on duty understand and agree to the use of another language.

3 (d) Where applicable during the course of play in any controlled game, a licensee's house rules  
4 shall include policies and procedures that address the following:

5 (1) Customer conduct,

6 (2) Table policies,

7 (3) Betting and Raising,

8 (4) "Misdeals,"

9 (5) Irregularities,

10 (6) "The Buy-In,"

11 (7) "Tied Hands,"

12 (8) "The Showdown,"

13 (9) Player Seating and Seat Holding, and

14 (10) Patron Disputes.

15 (e) Licensees shall establish and implement the applicable standards for the play of controlled  
16 games specified in subsections (a) through and including (d) no later than [the first day of the first full  
17 month six months following the effective date of this section].

18 NOTE: Authority cited: Sections 19801(l), 19811, 19826 (f), 19826(g), 19840, 19841 and 19920, Business and  
19 Professions Code. Reference: Sections 19826(g), 19841(b) and 19920, Business and Professions Code.