

CALIFORNIA GAMBLING CONTROL COMMISSION  
SPECIFIC LANGUAGE OF PROPOSED REGULATIONS

MINIMUM INTERNAL CONTROL STANDARDS (MICS) FOR GAMBLING ESTABLISHMENTS  
PHASE IV – CAGE OPERATION AND FUNCTIONS, AND SECURITY OF CARDROOM BANKS,  
GAMBLING EQUIPMENT AND CONFIDENTIAL DOCUMENTS  
CGCC-GCA-2012-0#-R

CALIFORNIA CODE OF REGULATIONS  
TITLE 4. BUSINESS REGULATIONS.  
DIVISION 18. CALIFORNIA GAMBLING CONTROL COMMISSION.  
CHAPTER 7. CONDITIONS OF OPERATION FOR GAMBLING ESTABLISHMENTS.

ARTICLE 1. GENERAL PROVISIONS.

**§ 12360. Chapter Definitions.**

Except as otherwise provided in Section 12002 of these regulations, the definitions in Business and Professions Code section 19805 govern the construction of this chapter. As used in this chapter:

(a) “Bankroll” or “Cage bankroll” means the portion of the cage contents consisting of the licensee’s monetary assets including, but not limited to, all gambling chips, cash, cash equivalents, and imprest cashier drawers.

(b) “Cardroom bank” means an imprest fund which is part of and accountable to the licensee’s bankroll but is maintained outside a cage on or near the gambling floor.

(c) “Confidential document” means any document, record or writing the public disclosure of which may jeopardize the safety and security of patrons, employees and their property or the assets of the gambling enterprise, or the integrity of gambling operations, and includes, but is not limited to, documents that contain any financial or personal information (e.g., credit and check cashing information, exclusion lists, Title 31 reports, etc.) concerning any entity, individual or group of individuals; or any of the licensee’s internal control procedure information, other than fire safety and evacuation plans.

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1        (d) “Gambling equipment” means any equipment, devices or supplies used or intended for  
2 use in the play of any controlled game, and includes, but is not limited to, playing cards, tiles,  
3 dice, dice cups, card shufflers, gaming tables, etc.

4        (e) “Gaming activity” has the same meaning as defined in Title 11, CCR, Section 2010,  
5 subsection (f).

6        (bf) “House rules” means a set of written policies and procedures, established by a gambling  
7 enterprise, which set general parameters under which that gambling enterprise operates the play  
8 of controlled games.

9        (eg) “Licensee” means “owner licensee” as defined in Business and Professions Code section  
10 19805, subdivision (ad).

11        (dh) “Security department” means the operational entity within a gambling establishment that  
12 is responsible, but not necessarily solely responsible, for patrol of the public areas of the  
13 establishment, and to assist in:

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

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

25 NOTE: Authority cited: Section 19811, 19824, 19840, 19841 and 19924, Business and Professions Code.  
26 Reference: Section 19805, 19841, 19860 and 19924, Business and Professions Code.

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ARTICLE 3. MINIMUM INTERNAL CONTROL STANDARDS (MICS)

FOR GAMBLING ESTABLISHMENTS.

§ 12386. Cage Operation and Functions.

(a) The policies and procedures for all Tiers shall meet or exceed the following standards for ~~the~~ cages:

(1) The licensee shall maintain within the gambling establishment at least one separate and secure area at a fixed location that is accessible to the public, and that is designated as ~~the~~ a cage. ~~The~~ A cage shall be located, designed, constructed and operated to provide appropriate security and accountability for ~~funds~~ all monetary transactions occurring at the cage and all cage contents which may include, but is not necessarily limited to, the cage bankroll, gambling equipment and confidential documents.

(2) The licensee shall designate at least one gambling enterprise employee to process monetary transactions through ~~the~~ a cage. All employees designated to process monetary transactions through ~~the~~ a cage shall be listed by title, classification or position on the gambling establishment’s organizational chart, ~~and shall be responsible for.~~ The designated employees’ duties shall include any or all of the following:

(A) Custody of the cage or individual cage drawer inventory, which is comprised of currency, coin, patron checks, gambling chips, forms, documents and records consistent with the operation of a cage or individual cage drawer.

(B) Receipt, and distribution, ~~and redemption~~ of gambling chips.

(C) Deposits to and withdrawals from players’ banks and dealers’ banks.

(D) ~~Cashing checks~~ Check cashing and ~~or~~ extensions of credit for patrons, as permitted by the licensee’s policies and procedures.

(E) Preparation of cage accountability reconciliations and records necessary to document compliance with the requirements of this chapter.

(F) Recording patron information that is necessary for compliance with the requirements of sections 5313 and 5314 of Title 31 of the United States Code, ~~sections 103.21, 103.22, 103.23,~~

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1 ~~103.63 and 103.64~~ Chapter X (effective as of July 1, 2011) of Title 31 of the Code of Federal  
2 Regulations and any successor provisions, and subsection (a) of Section 12404 of this chapter.

3 (G) ~~Ensuring~~ †The proper accounting and safeguarding of ~~funds and chips~~ any cage bankroll,  
4 gambling equipment or confidential documents stored or otherwise held in a cage.

5 (3) Routine access and entry into ~~the~~ a cage area shall be limited to on-duty cage personnel  
6 designated pursuant to paragraph (2) of this subsection. Other employees of the gambling  
7 ~~establishment~~ enterprise who hold a valid gambling license or work permit may be granted  
8 access to ~~the~~ a cage area for the purpose of performing their duties.

9 (4) A log shall be maintained, either in writing or electronically, to document entry into ~~the~~ a  
10 cage by any person not authorized access pursuant to paragraphs (2) and (3) of this subsection.  
11 The log must contain the person's name, title, date of entry, and time entering and exiting; or  
12 provide substantially equivalent information through an automated access control system. Any  
13 automated access control system must provide a secure, tamperproof means of recording and  
14 maintaining entry and exit information.

15 (5) Cage activity shall be reconciled after each shift by the incoming and outgoing designated  
16 cage employees. If an imprest drawer is used, each outgoing designated cage employee  
17 responsible for an imprest drawer shall reconcile his or her drawer to the imprest amount. All  
18 transactions that flow through ~~the~~ a cage shall be appropriately summarized and documented, in  
19 writing, for each shift. The cage activity reconciliations shall be posted and reconciled to the  
20 general ledger at least monthly. For the purposes of this ~~paragraph~~ section, the word “shift”  
21 means an individual employee’s shift, or two or more employees that work the same schedule.

22 (6) The purchase or redemption of gambling chips by a patron may only occur at ~~the~~ a cage  
23 or from a designated gambling ~~establishment~~ enterprise employee on the gambling floor.  
24 Licensees shall not permit proposition player services providers to purchase or redeem gambling  
25 chips for cash or cash equivalents from a patron or to sell gambling chips to a patron. For the  
26 purposes of this article, the purchase or redemption of gambling chips or the sale of gambling  
27 chips shall not include the exchange of a chip or chips of one total value for a chip or chips of an

1 equal total value.

2 (7) If a licensee operates more than one cage at any time during any shift, all cages,  
3 irrespective of their designations (e.g., main cage, satellite cage, auxiliary cage, supplementary  
4 cage, secondary cage, back up cage, support cage, etc.), shall be subject to and comply with all  
5 provisions of this article applicable to the operation and functions of cages for the licensee’s tier.

6 (b) In addition to the requirements of subsection (a), the policies and procedures for Tiers III  
7 through and including V shall include the following standards for ~~the~~ a cage:

8 (1) ~~The cage and cage activities shall be under continuous recorded video surveillance.~~

9 ~~(2)~~ The reconciliation of ~~the~~ cage transactions provided for in paragraph (5) of subsection (a);  
10 shall be summarized on a cage accountability form that shall include, at a minimum, all of the  
11 following, as applicable:

12 (A) The date of the reconciliation;

13 (B) The designation of the shift being reconciled;

14 (C) An accounting of all items in the cage inventory (e.g., ~~cash, coin, chips~~ cage bankroll,  
15 players’ and dealers’ banks, etc.), for each cage window, drawer or ~~bankroll~~ cardroom bank  
16 use during the subject shift, including:

17 1. The beginning shift balances, unless an imprest drawer is used;

18 2. All credits (receipts);

19 3. All debits (disbursements);

20 4. The ending balances;

21 5. An identification of any overage or shortage with an explanation, if known.

22 (D) The printed name and signature of each designated cage employee (incoming and  
23 outgoing, unless an imprest drawer is used) performing the reconciliation.

24 ~~(3)~~ (2) The cage activity reconciliations specified in paragraph ~~(2)~~ (1) of this subsection shall be  
25 posted and reconciled to the general ledger, as provided in paragraph (5) of subsection (a), by  
26 someone other than a designated cage employee or cage supervisor.

27 (c) In addition to the requirements of subsections (a) and (b), the policies and procedures for

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1 Tiers IV and V shall include the following standards for ~~the a~~ cage:

2 (1) The design and construction of ~~the a~~ cage shall include:

3 (A) A manually triggered silent alarm system connected directly to the surveillance unit, or  
4 its equivalent, or an alarm monitoring agency; and

5 (B) Access through a secured door or doors, which shall be under constant recorded video  
6 surveillance in accordance with the applicable provisions of Section 12396.

7 (2) In addition to the information specified in paragraph (~~2~~1) of subsection (b), the cage  
8 accountability form referenced therein shall include an itemization of the following, with  
9 beginning and ending balances for non-imprest drawers, and ending balances for imprest  
10 drawers:

11 (A) Cash and coin by denomination;

12 (B) Gambling Cchips by denomination;

13 (C) All other items of monetary value (e.g., markers, patron checks, players' and dealers'  
14 banks, ~~chip runners' banks~~, etc.), specifying the source of each;

15 (3) The licensee shall maintain a list, either in writing or electronically, of the names of all  
16 persons designated pursuant to paragraph (2) of subsection (a) as being authorized to access  
17 ~~and/or enter the a~~ cage, which list shall specify those persons who possess the combination or the  
18 keys or who control the mechanism to open the devices securing the entrance to ~~the a~~ cage, and  
19 those who possess the ability to operate the alarm system. The list shall be updated each time a  
20 designation is added or deleted.

21 (d) In addition to the requirements of subsections (a), (b) and (c), the policies and procedures  
22 for Tier V shall include standards for ~~the a~~ cage that require monitored and recorded video  
23 surveillance of the interior of the cage and all of its contents, and the exterior of all access doors  
24 in accordance with the applicable provisions of Section 12396.

25 (e) Licensees shall establish and implement the applicable standards for cage functions  
26 specified in subsections (a) through and including (d) no later than April 1, 2010.

27 NOTE: Authority cited: Sections 19840, 19841 and 19924, Business and Professions Code. Reference: Sections  
28 19841, 19922 and 19924, Business and Professions Code.

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1 § 12387. Security and Use of Cardroom Banks; Security of Gambling Equipment and  
2 Confidential Documents.

3 (a) The policies and procedures for all Tiers shall meet or exceed the following standards for  
4 the security of cardroom banks:

5 (1) When kept, held or stored in any public area of the gambling establishment, a cardroom  
6 bank shall be secured in a receptacle, drawer or compartment with a locking mechanism securing  
7 the contents. The lock or locking mechanism may have key, combination or access code in  
8 common with any similar receptacle, drawer or compartment used to keep hold or store a  
9 cardroom bank in any public area of the gambling establishment. The drawer or compartment  
10 shall remain locked at all times, except when being accessed by designated gambling enterprise  
11 employees in the performance of their duties. If a keyed lock or locking mechanism is used, the  
12 key shall not be left in the lock when the drawer or compartment is not being accessed. All keys,  
13 combinations and access codes shall be subject to the applicable key security and control  
14 provisions of Section 12395.

15 (2) Any furnishing, fixture, cabinet, appurtenance or device (hereafter cabinet) having a  
16 drawer, compartment or receptacle containing or intended to contain a cardroom bank shall be  
17 located so that it is clearly visible for security and surveillance purposes. If a mobile cabinet is  
18 used, it shall be kept at a designated fixed location when in use in order to provide for consistent  
19 surveillance.

20 (3) A cabinet having a drawer, compartment or receptacle containing or intended to contain a  
21 cardroom bank shall be kept under continuous recorded video surveillance, in accordance with  
22 the applicable provisions of Section 12396. The camera coverage shall be adequate to enable  
23 monitoring and recording of the contents of any drawer when open, to the extent reasonably  
24 possible, and all activities involving the cardroom bank. At a minimum, the camera view shall  
25 be similar to the common overhead view of a cage cashier’s station in a cage.

26 (4) No equipment, documents, supplies or other materials that are not directly related to a  
27 cardroom bank shall be commingled with or kept in the same drawer or compartment with a

1 cardroom bank. Neither the cabinet nor any other drawer, compartment or receptacle therein,  
2 shall be used to hold, store, keep or safeguard any personal property or possession of any  
3 gambling enterprise employee, patron, or any other person, nor any equipment, documents,  
4 supplies or other materials that are not directly related to the conduct of gambling operations.

5 (6) The area immediately surrounding any cabinet having a drawer, compartment or  
6 receptacle containing or intended to contain a cardroom bank shall be closely monitored and  
7 controlled in order to provide for the security and safety of the contents of the cabinet. To the  
8 extent reasonably possible, any extended presence of individuals in that area shall be limited to  
9 only those designated gambling enterprise employees whose duties and responsibilities include  
10 or require the use of or access to the cardroom bank or other contents of the cabinet.

11 (7) Records shall be maintained, either in writing or electronically, to document all  
12 transactions involving a cardroom bank and record the names of all gambling enterprise  
13 employees designated as having authorization to access the cardroom bank. The records must  
14 contain, at a minimum, the date, shift start and end times, each designated employee's name and  
15 title, and identify the specific drawers and compartments for which the employee has been  
16 granted access.

17 (8) Each cardroom bank shall be individually reconciled as part of the cage reconciliations  
18 required by Section 12386, and shall be itemized in those reconciliations.

19 (10) The licensee shall establish a maximum value that may be assigned to each cardroom  
20 bank; and the maximum combined value of all cardroom banks in use at the same time.

21 (11) The licensee shall, in writing, assign specified cardroom banks to designated gambling  
22 enterprise employees, which assignment shall also specify the duties and the responsibility of  
23 those employees for their assigned cardroom banks.

24 (12) The licensee's policies and procedures shall include specific provisions governing the  
25 sale or distribution of gambling chips and the disbursement of cash to patrons from a cardroom  
26 bank by the designated gambling enterprise employee.

27 (b) The policies and procedures for all Tiers shall meet or exceed the following standards for

- 1 the security of gambling equipment and confidential documents:
- 2 (1) When kept, held or stored in any public area of the gambling establishment, gambling  
3 equipment and confidential documents shall be secured in a receptacle, drawer or compartment,  
4 with a locking mechanism securing the contents. The lock or locking mechanism may have key,  
5 combination or access code in common with any similar receptacle, drawer or compartment used  
6 to keep hold or store gambling equipment and confidential documents in any public area of the  
7 gambling establishment. The drawer or compartment shall remain locked at all times, except  
8 when being accessed by designated gambling enterprise employees in the performance of their  
9 duties. If a keyed lock or locking mechanism is used, the key shall not be left in the lock when  
10 the drawer or compartment is not being accessed. All keys, combinations and access codes shall  
11 be subject to the applicable key security and control provisions of Section 12395.
- 12 (2) The provisions of paragraphs (2), (3) and (6) of subsection (a) shall be applicable to any  
13 cabinet having a drawer, compartment or receptacle containing or intended to contain gambling  
14 equipment or confidential documents, whether that cabinet also contains a cardroom bank or not.
- 15 (3) No gambling equipment or confidential documents shall be commingled with or kept in  
16 the same drawer or compartment with a cardroom bank, or commingled with or kept in the same  
17 drawer or compartment with any personal property or possession of any gambling enterprise  
18 employee, patron, or any other person.
- 19 (4) The licensee's policies and procedures shall include specific provisions governing the  
20 storage, distribution and tracking of gambling equipment kept, held or stored on or near the  
21 gaming floor or in any other public area of the gambling establishment.
- 22 (c) If a licensee provides to any third-party provider of proposition player services (TPPPS)  
23 company or its employees, access to or the use of any cabinet used or intended to be used for any  
24 of the purposes described in subsection (a) or (b), that access or use shall be segregated from  
25 access or use by any other entity or person, except as necessary for security and surveillance  
26 purposes. If access is given to a particular cabinet, that access shall be exclusive to that TPPPS  
27 company and its employees. If access to an in individual drawer or compartment within a

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1 cabinet is given, that access shall be limited exclusively to that drawer or compartment and to  
2 that TPPPS company and its employees.

3 (d) Licensees shall establish and implement the standards specified in this section no later  
4 than [the first day of the first full month six months following the effective date of this section].

5 NOTE: Authority cited: Sections 19840, 19841 and 19924, Business and Professions Code. Reference: Sections  
6 19841, 19922 and 19924, Business and Professions Code.

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