



STATE OF CALIFORNIA

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Date: February 23, 2012

To: Interested Parties

Subject: Minimum Internal Control Standards (MICS) for Gambling Establishments;
Phase III – Gambling Floor Operations and House Rules

This letter will serve to update interested parties as to the status of the proposed regulations concerning *Gambling Floor Operations and House Rules*.

The California Gambling Control Commission (Commission) will conduct a regulation hearing on March 8, 2012, as further described in the attached meeting notice and agenda, to receive and discuss public comments concerning the proposed regulations. The Commission is particularly interested in discussing the implications of Labor Code sections 2802 and 2860 to the proposed regulatory language as it relates to “house proposition players.” Commission staff has been discussing the issue with legal counsel to the Division of Labor Standards Enforcement (DLSE). DLSE counsel has been invited to the March 8th public hearing.

These proposed regulations are the third in a series of regulation packages that establish minimum internal control standards for cardrooms. Phase I and II MICS have already been formally adopted by the Commission and approved by the Office of Administrative Law. Phase I MICS regulations (*Drop Collection, Count Room and Cage Functions*) became effective on September 24, 2009. Phase II MICS regulations (*Emergency Preparedness, Security and Surveillance*) became effective on May 6, 2010. The proposed Phase III MICS regulations (*Gambling Floor Operations and House Rules*) are currently in the final stages of the formal rulemaking process.

Any interested person, or his or her authorized representative, may present statements or arguments orally or in writing relevant to the proposed regulatory action at the rescheduled public hearing described in the attached notice and agenda.