

1 CALIFORNIA GAMBLING CONTROL COMMISSION
2 SPECIFIC LANGUAGE OF PROPOSED REGULATIONS
3 MINIMUM INTERNAL CONTROL STANDARDS (MICS) FOR GAMBLING ESTABLISHMENTS
4 PHASE IV – CAGE OPERATION AND FUNCTIONS; SECURITY OF FLOOR BANKS, GAMBLING
5 EQUIPMENT AND CONFIDENTIAL DOCUMENTS
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8 CALIFORNIA CODE OF REGULATIONS
9 TITLE 4. BUSINESS REGULATIONS.
10 DIVISION 18. CALIFORNIA GAMBLING CONTROL COMMISSION.
11 CHAPTER 7. CONDITIONS OF OPERATION FOR GAMBLING ESTABLISHMENTS.

12
13 ARTICLE 1. GENERAL PROVISIONS.

14 **§ 12360. Chapter Definitions.**

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

18 (a) “Cage bank” means a fund consisting of monetary assets including, but not limited to,
19 gambling chips, cash, and cash equivalents, maintained inside a cage for use in gambling
20 operations.

21 (b) “Cashier bank” means an imprest fund consisting of monetary assets including, but not
22 limited to, gambling chips, cash, and cash equivalents, maintained for or by an individual cashier
23 inside a cage.

24 (c) “Confidential document” means any document or record, whether maintained in writing
25 or electronically, concerning any entity, individual or group of individuals that contains any
26 private financial or personal information directly obtained from or provided by the subject (e.g.,
27 credit and check cashing information, exclusion lists, Title 31 reports, etc.), or documents that
28 are otherwise protected under any other provision of law, and includes documents and
29 information the public disclosure of which may jeopardize the safety and security of patrons,
30 employees and their property or the assets of the gambling enterprise, or the integrity of
31 gambling operations.

1 (d) “Floor bank” means an imprest fund consisting of monetary assets including, but not
2 limited to, gambling chips, cash, and cash equivalents, maintained outside a cage on or near the
3 gambling floor.

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

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

9 (bg) “House rules” means a set of written policies and procedures, established by a gambling
10 enterprise, which set general parameters under which that gambling enterprise operates the play
11 of controlled games.

12 (eh) “Licensee” means “owner licensee” as defined in Business and Professions Code section
13 19805, subdivision (ad).

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

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

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

28 Note: Authority cited: Section 19811, 19824, 19840, 19841 and 19924, Business and Professions Code.
29 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 ~~T~~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 convenience for patron transactions while maintaining appropriate security and accountability for ~~funds~~ all monetary transactions occurring at the cage and all cage contents.

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

(A) Custody of the cage inventory or individual ~~cage drawer inventory~~ cashiers' banks, which is comprised of currency, coin, patron checks, gambling chips, forms, documents and records consistent with the operation of a cage or an individual ~~cage drawer~~ cashier's bank.

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

(C) Sale and redemption of chips through patron transactions.

(D) Deposits to and withdrawals from players' banks and dealers' banks, if applicable.

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

(~~F~~) 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, 103.63 and 103.64~~ Chapter X (effective as of July 1, 2011) of Title 31 of the Code of Federal

1 Regulations and any successor provisions, and subsection (a) of Section 12404 of this chapter.

2 (~~GH~~) ~~Ensuring t~~The proper accounting and safeguarding of ~~funds and chips~~ any cage bank or
3 cashier's bank, and gambling equipment or confidential documents when kept in a cage.

4 (3) Routine access and entry into ~~the a~~ a cage, or an area designated as a cage pursuant to
5 paragraph (1) of this subsection, shall be limited to on-duty cage personnel ~~designated~~ assigned
6 pursuant to paragraph (2) of this subsection. Other employees of the gambling ~~establishment~~
7 enterprise who hold a valid gambling license, key employee license or work permit may be
8 granted access to ~~the a cage or~~ 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~~ 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)(A) Cage ~~activity and cashiers' banks~~ shall be reconciled after each shift by the incoming
16 and outgoing ~~designated assigned~~ assigned cage employees. If an imprest ~~drawer~~ is used, each outgoing
17 ~~designated~~ cage employee responsible for an imprest ~~drawer~~ shall ~~reconcile~~ balance his or her
18 ~~drawer imprest~~ to the imprest amount. ~~All transactions that flow through the cage shall be~~
19 ~~appropriately summarized and documented, in writing, for each shift.~~ The recordable cage
20 ~~activity~~ transactions and reconciliations shall be posted and reconciled to the general ledger at
21 least monthly. ~~For the purposes of this paragraph, the word "shift" means an individual~~
22 ~~employee's shift, or two or more employees that work the same schedule.~~

23 (B) The reconciliation of each cage and cashiers' bank shall be documented on a cage
24 accountability form that shall include, at a minimum, all of the following, as applicable:

25 1. The date of the reconciliation;

26 2. The designation of the shift being reconciled;

27 3. An accounting of the contents of the cage bank, cashiers' banks and, if applicable, players'
28 banks in use during the subject shift, including:

29 i. The beginning shift balances, unless an imprest is used;

1 ii. All transactions recordable to the general ledger;

2 iii. The ending balances of cash and chips;

3 iv. An identification of any overage or shortage with an explanation, if known.

4 4. The amount assigned or issued from the cage to dealers' banks and floor banks in use
5 during the subject shift.

6 5. The printed name and signature of each assigned cage employee performing the
7 reconciliation, as applicable.

8 (6) The purchase or redemption of gambling chips by a patron may only occur at ~~the a~~ cage
9 or from ~~a designated~~ an authorized gambling ~~establishment~~ enterprise employee on the gambling
10 floor. Licensees shall not permit proposition player services providers to purchase or redeem
11 gambling chips for cash or cash equivalents from a patron or to sell gambling chips to a patron.
12 For the purposes of this article, the sale, purchase or redemption of gambling chips ~~or the sale of~~
13 ~~chips~~ shall not include the exchange of a chip or chips of one total value for a chip or chips of an
14 equal total value.

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

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

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

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

25 ~~(A) The date of the reconciliation;~~

26 ~~(B) The designation of the shift being reconciled;~~

27 ~~(C) An accounting of all items in the cage inventory (e.g., cash, coin, chips, players' and~~
28 ~~dealers' banks, etc.), for each cage window, drawer or bankroll in use during the subject shift,~~
29 ~~including:~~

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

2 ~~2. All credits (receipts);~~

3 ~~3. All debits (disbursements);~~

4 ~~4. The ending balances;~~

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

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

8 ~~(3) The~~ require that the cage ~~activity~~ and cashiers' banks reconciliations specified in
9 paragraph ~~(25)~~ of ~~this~~ subsection (a) ~~shall~~ be posted and reconciled to the general ledger, ~~as~~
10 ~~provided in paragraph (5) of subsection (a),~~ by someone other than ~~a designated~~ an assigned cage
11 employee or cage supervisor.

12 (c) In addition to the requirements of subsections (a) and (b), the policies and procedures for
13 Tiers IV and V shall include the following standards for ~~the a~~ cage:

14 (1) A cage shall be a secure enclosed structure with at least one cashier window through
15 which items such as gambling chips, cash, checks and documents may be passed to serve patrons
16 and gambling enterprise employees. The design and construction of ~~the a~~ cage shall include:

17 (A) Secure cashier windows designed to prevent entry by a patron or another individual, and
18 to prevent theft from the cage;

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

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

23 (2) In addition to the information specified in paragraph ~~(25)~~ of subsection ~~(ba)~~, the cage
24 accountability form referenced therein shall include an itemization of the following, ~~with~~
25 ~~beginning and ending balances for non-imprest drawers, and ending balances for imprest~~
26 ~~drawers:~~

27 (A) Cash and coin by denomination;

28 (B) Gambling ~~C~~ chips by denomination;

29 (C) All other items of monetary value (e.g., markers, patron checks, players' ~~and dealers'~~

1 banks, ~~chip runners' banks~~, etc.), specifying the ~~source~~ amount of each;

2 (D) The amount assigned to each dealer's bank and floor bank.

3 (3) The licensee shall maintain a ~~list~~ record, either in writing or electronically, of the names
4 or classifications of all persons ~~designated~~ assigned pursuant to paragraph (2) of subsection (a) as
5 being authorized to access ~~and/or enter the~~ a cage, which ~~list~~ record shall specify those persons
6 who possess the combination or the keys or who control the mechanism to open the devices
7 securing the entrance to ~~the~~ a cage, and those who possess the ability to operate the alarm
8 system. The record shall be updated each time an assignment is added or deleted.

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

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

15 Note: Authority cited: Sections 19840, 19841 and 19924, Business and Professions Code. Reference: Sections
16 19841, 19922 and 19924, Business and Professions Code.

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18 **§ 12387. Security and Use of Floor Banks; Security of Gambling Equipment and**
19 **Confidential Documents.**

20 (a) The policies and procedures for all tiers shall meet or exceed the following standards for
21 the security of floor banks:

22 (1) When kept, held or stored in any public area of the gambling establishment, a floor bank
23 shall be secured in a receptacle, drawer or compartment with a locking mechanism securing the
24 contents. The receptacle, drawer or compartment shall remain locked at all times, except when
25 being accessed by assigned gambling enterprise employees in the performance of their duties. If
26 a keyed lock or locking mechanism is used, the key shall not be left in the lock when the drawer
27 or compartment is not being accessed. All keys, combinations and access codes shall be subject
28 to the applicable key security and control provisions of Section 12395.

29 (2) The lock or locking mechanism of each receptacle containing a floor bank, shall be keyed
30 differently from the lock or locking mechanism of any other receptacle, drawer or compartment

1 of any furnishing, fixture, cabinet, appurtenance or device (hereafter cabinet) in the gambling
2 establishment, except in the following circumstances:

3 (A) When a single assigned gambling enterprise employee requires access to multiple
4 receptacles in the performance of his or her duties; that access is limited solely to that employee
5 during his or her assigned shift; and each of the receptacles contains a floor bank, those
6 receptacles may have a key, combination or access code in common with each other.

7 (B) Managers and supervisors whose duties include the supervision or oversight of
8 employees who utilize and have access to floor banks in the performance of their assigned duties,
9 may have a master or duplicate key that will open some or all of the locking mechanisms for the
10 receptacles containing a floor bank to which any of their subordinate employees have access.

11 (3) Any cabinet having a drawer, compartment or receptacle containing or intended to
12 contain a floor bank shall be located so that it is clearly visible for security and surveillance
13 purposes. The cabinet shall be kept under continuous recorded video surveillance, in accordance
14 with the applicable provisions of Section 12396. The camera coverage shall be adequate to
15 enable monitoring and recording of the contents of any drawer when open, to the extent
16 reasonably possible, and of all activities involving the floor bank. If a mobile cabinet is used, it
17 shall be kept at a fixed secure location under continuous recorded video surveillance when not
18 being actively used on the gambling floor.

19 (4) No gambling equipment, documents, supplies or other materials that are not directly
20 related to a floor bank shall be commingled with or kept in the same receptacle with a floor bank.
21 Neither the cabinet nor any other drawer, compartment or receptacle therein, shall be used to
22 hold, store, keep or safeguard any personal property or possession of any gambling enterprise
23 employee, patron, or any other person, nor any equipment, documents, supplies or other
24 materials that are not directly related to the conduct of gambling operations.

25 (5) Each floor bank shall be individually balanced not less than daily and the imprest amount
26 verified. Any shortages or overages shall be documented in an exception report and included in
27 the appropriate cage bank reconciliation.

28 (6) The licensee shall establish a maximum imprest amount that may be assigned to each
29 floor bank based on a reasonable estimate of the amount necessary for the activities associated

1 with the bank during any shift. The maximum imprest amount that may be assigned to a floor
2 bank in a mobile cabinet shall not exceed \$30,000 at any time.

3 (7) The licensee's policies and procedures shall include specific provisions governing the sale
4 or distribution of gambling chips and the disbursement of cash to patrons from a floor bank by
5 the assigned gambling enterprise employee. The redemption of chips by a patron from a floor
6 bank shall not exceed a total of \$500, except when that floor bank is being temporarily operated
7 as a cage and all applicable provisions of Section 12386 are complied with. No chip
8 redemptions may be transacted at any time from a floor bank in a mobile cabinet.

9 (b) The policies and procedures for all tiers shall meet or exceed the following standards for
10 the security of gambling equipment and confidential documents:

11 (1)(A) When kept, held or stored in any public area of the gambling establishment, gambling
12 equipment not actively being used shall be secured in a receptacle, drawer or compartment, with
13 a locking mechanism securing the contents. The locking mechanism shall remain locked at all
14 times, except when being accessed by an authorized gambling enterprise employee in the
15 performance of his or her duties. If a keyed lock or locking mechanism is used, the key shall not
16 be left in the lock when the receptacle is not being accessed. All keys, combinations and access
17 codes shall be subject to the applicable key security and control provisions of Section 12395.
18 This subparagraph shall not apply to any gambling equipment that cannot be secured in a
19 receptacle, drawer or compartment when not in use due to its size.

20 (B) When kept, held or stored in any public area of the gambling establishment, confidential
21 documents shall be secured in a receptacle, drawer or compartment, as specified in subparagraph
22 (A), except when in use or when maintained electronically. Confidential documents, when in
23 use or maintained electronically, shall be kept out of public view, to the extent reasonably
24 possible.

25 (2) The lock or locking mechanism of each receptacle containing any gambling equipment or
26 confidential documents, shall be keyed differently from the lock or locking mechanism of any
27 other receptacle, drawer or compartment of any cabinet in the gambling establishment, except in
28 the following circumstances:

29 (A) When a single assigned gambling enterprise employee requires access to multiple

1 receptacles in the performance of his or her duties; that access is limited solely to that employee
2 during his or her assigned shift; and each of the receptacles contains either gambling equipment
3 or confidential documents, those receptacles may have a key, combination or access code in
4 common with each other.

5 (B) Managers and supervisors whose duties include the supervision or oversight of
6 employees who utilize and have access to gambling equipment or confidential documents in the
7 performance of their assigned duties, may have a master or duplicate key that will open some or
8 all of the locking mechanisms for the receptacles to which any of their subordinate employees
9 have access.

10 (3) Any cabinet having a drawer, compartment or receptacle containing gambling equipment
11 or confidential documents shall be located so that it is clearly visible for security and
12 surveillance purposes. The cabinet shall be kept under continuous recorded video surveillance,
13 in accordance with the applicable provisions of Section 12396.

14 (4) No gambling equipment or confidential documents shall be commingled with or kept in
15 the same drawer or compartment with a floor bank, or commingled with or kept in the same
16 drawer or compartment with any personal property or possession of any gambling enterprise
17 employee, patron, or any other person.

18 (5) The licensee's policies and procedures shall include specific provisions governing the
19 storage, distribution and tracking of gambling equipment kept, held or stored on or near the
20 gaming floor or in any other public area of the gambling establishment.

21 (c) If a licensee provides to any third-party provider of proposition player services (TPPPS)
22 company or its employees, access to or the use of any cabinet, or any receptacle, drawer or
23 compartment in any cabinet, described in subsection (a) or (b), that access or use shall be
24 exclusive to that TPPPS company and its employees, and that cabinet shall not be used by the
25 licensee for any purpose.

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

28 Note: Authority cited: Sections 19840, 19841 and 19924, Business and Professions Code. Reference: Sections
29 19841, 19922 and 19924, Business and Professions Code.

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