

1 CALIFORNIA GAMBLING CONTROL COMMISSION  
2 MODIFIED TEXT OF PROPOSED REGULATIONS  
3 MINIMUM INTERNAL CONTROL STANDARDS (MICS) FOR GAMBLING ESTABLISHMENTS PHASE  
4 IV – CAGE OPERATION AND FUNCTIONS; SECURITY OF FLOOR BANKS, GAMBLING  
5 EQUIPMENT AND CONFIDENTIAL DOCUMENTS  
6 CGCC-GCA-2013-04-R

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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.  
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13 ARTICLE 3. MINIMUM INTERNAL CONTROL STANDARDS (MICS)  
14 FOR GAMBLING ESTABLISHMENTS.

15 § 12386. Cage Operation and Functions.

16 (a) The policies and procedures for all ~~T~~ tiers shall meet or exceed the following standards for  
17 the cages:

18 (1) The licensee shall maintain within the gambling establishment at least one separate and  
19 secure area at a fixed location ~~that is accessible to the public, and~~ that is designated as the a cage.  
20 ~~The A~~ cage shall be located, designed, constructed and operated to provide convenience for  
21 patron transactions while maintaining appropriate security and accountability for funds all  
22 monetary transactions occurring at the cage and for all cage contents ~~which may include, but are~~  
23 ~~not necessarily limited to, the cage bank and cashiers' banks, and gambling equipment and~~  
24 ~~confidential documents when kept in a cage.~~

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

30 (A) Custody of the cage inventory or individual ~~cage drawer inventory~~ cashiers' banks,  
31 which is comprised of currency, coin, patron checks, gambling chips, forms, documents and

1 records consistent with the operation of a cage or an individual~~cage drawer~~ cashier's bank.

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

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

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

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

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

9 (FG) Recording patron information that is necessary for compliance with the requirements of  
10 sections 5313 and 5314 of Title 31 of the United States Code, ~~sections 103.21, 103.22, 103.23,~~  
11 ~~103.63 and 103.64~~ Chapter X (effective as of July 1, 2011) of Title 31 of the Code of Federal  
12 Regulations and any successor provisions, and subsection (a) of Section 12404 of this chapter.

13 (GH) ~~Ensuring~~ The proper accounting and safeguarding of funds and chips any cage bank or  
14 cashier's bank, and gambling equipment or confidential documents when kept in a cage.

15 (3) Routine access and entry into ~~the~~ a cage, or an area designated as a cage pursuant to  
16 paragraph (1) of this subsection, shall be limited to on-duty cage personnel ~~designated~~ assigned  
17 pursuant to paragraph (2) of this subsection. Other employees of the gambling ~~establishment~~  
18 enterprise who hold a valid gambling license, key employee license or work permit may be  
19 granted access to ~~the~~ a cage or cage area for the purpose of performing their duties.

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

26 (5)(A) Cage activity and cashiers' banks shall be reconciled after each shift by the incoming  
27 and outgoing ~~designated~~ assigned cage employees. If an imprest ~~drawer~~ is used, each outgoing  
28 ~~designated~~ cage employee responsible for an imprest ~~drawer~~ shall ~~reconcile~~ balance his or her

1 ~~drawer imprest~~ to the imprest amount. ~~All transactions that flow through the cage shall be~~  
2 ~~appropriately summarized and documented, in writing, for each shift.~~ The recordable cage  
3 ~~activity~~ transactions and reconciliations shall be posted and reconciled to the general ledger at  
4 least monthly. ~~For the purposes of this paragraph, the word “shift” means an individual~~  
5 ~~employee’s shift, or two or more employees that work the same schedule.~~

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

8 1. The date of the reconciliation;

9 2. The designation of the shift being reconciled;

10 3. An accounting of the contents of the cage bank, cashiers’ banks and, if applicable, players’  
11 ~~and dealers’~~ banks in use during the subject shift, including:

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

13 ii. All transactions recordable to the general ledger;

14 iii. The ending balances of cash and chips;

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

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

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

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

27 (7) If a licensee operates more than one cage at any time during any shift, all cages,  
28 irrespective of their designations (e.g., main cage, satellite cage, auxiliary cage, supplementary

1 cage, secondary cage, back up cage, support cage, etc.), shall be subject to and comply with all  
2 provisions of this article applicable to the operation and functions of cages for the licensee's tier.

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

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

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

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

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

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

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

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

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

17 4. ~~The ending balances;~~

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

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

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

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

27 (1) A cage shall be a secure enclosed structure with at least one cashier window through  
28 which items such as gambling chips, cash, checks and documents may be passed to serve patrons

1 and gambling enterprise employees. The design and construction of ~~the~~ a cage shall include:

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

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

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

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

12 (A) Cash and coin by denomination;

13 (B) Gambling Cchips by denomination;

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

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

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

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

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

1 Note: Authority cited: Sections 19840, 19841 and 19924, Business and Professions Code. Reference: Sections  
2 19841, 19922 and 19924, Business and Professions Code.

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4 **§ 12387. Security and Use of Floor Banks; Security of Gambling Equipment and**  
5 **Confidential Documents.**

6 (a) The policies and procedures for all ~~F~~tiers shall meet or exceed the following standards for  
7 the security of floor banks:

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

15 (2) The lock or locking mechanism of each receptacle containing a floor bank, shall be keyed  
16 differently from the lock or locking mechanism of any other receptacle, drawer or compartment  
17 of any furnishing, fixture, cabinet, appurtenance or device (hereafter cabinet) in the gambling  
18 establishment, except in the following circumstances:

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

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

27 (3) Any cabinet having a drawer, compartment or receptacle containing or intended to  
28 contain a floor bank shall be located so that it is clearly visible for security and surveillance  
29 purposes. The cabinet shall be kept under continuous recorded video surveillance, in accordance

1 with the applicable provisions of Section 12396. The camera coverage shall be adequate to  
2 enable monitoring and recording of the contents of any drawer when open, to the extent  
3 reasonably possible, and of all activities involving the floor bank. If a mobile cabinet is used, it  
4 shall be kept at a fixed secure location under continuous recorded video surveillance when not  
5 being actively used on the gambling floor.

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

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

15 (6) The licensee shall establish a maximum imprest amount that may be assigned to each  
16 floor bank based on a reasonable estimate of the amount necessary for the activities associated  
17 with the bank during any shift. The maximum imprest amount that may be assigned to a floor  
18 bank in a mobile cabinet shall not exceed \$~~2~~30,000 at any time.

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

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

27 (1)(A) When kept, held or stored in any public area of the gambling establishment, gambling  
28 equipment ~~not actively being used~~ shall be secured in a receptacle, drawer or compartment, with

1 a locking mechanism securing the contents. ~~Any gambling equipment, excluding gambling~~  
2 ~~tables, that cannot be secured in a receptacle, drawer or compartment when not in use due to its~~  
3 ~~size, or that is left in place on a gambling table when not in use, shall be secured with a locking~~  
4 ~~mechanism to prevent it from being moved or tampered with. The lock or locking mechanism~~  
5 ~~may have a key, combination or access code in common with any similar receptacle used to keep~~  
6 ~~hold or store gambling equipment in any public area of the gambling establishment.~~ The locking  
7 mechanism shall remain locked at all times, except when being accessed by an authorized  
8 gambling enterprise employee in the performance of his or her duties. If a keyed lock or locking  
9 mechanism is used, the key shall not be left in the lock when the receptacle is not being accessed.  
10 All keys, combinations and access codes shall be subject to the applicable key security and  
11 control provisions of Section 12395. This subparagraph shall not apply to any gambling  
12 equipment that cannot be secured in a receptacle, drawer or compartment when not in use due to  
13 its size.

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

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

23 (A) When a single assigned gambling ~~establishment~~ enterprise employee requires access to  
24 multiple receptacles in the performance of his or her duties; that access is limited solely to that  
25 employee during his or her assigned shift; and each of the receptacles contains either gambling  
26 equipment or confidential documents, those receptacles may have a key, combination or access  
27 code in common with each other.

28 (B) Managers and supervisors whose duties include the supervision or oversight of

1 employees who utilize and have access to gambling equipment or confidential documents in the  
2 performance of their assigned duties, may have a master or duplicate key that will open some or  
3 all of the locking mechanisms for the receptacles to which any of their subordinate employees  
4 have access.

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

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

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

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

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

23 Note: Authority cited: Sections 19840, 19841 and 19924, Business and Professions Code. Reference: Sections  
24 19841, 19922 and 19924, Business and Professions Code.

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