

1 CALIFORNIA GAMBLING CONTROL COMMISSION

2 **Final Text of Proposed Regulations**

3 **MINIMUM INTERNAL CONTROL STANDARDS (MICS) FOR GAMBLING ESTABLISHMENTS:**

4 **EXTENSION OF CREDIT AND CHECK CASHING**

5 CGCC-GCA-2009-05-R

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7 TITLE 4. BUSINESS REGULATIONS.

8 DIVISION 18. CALIFORNIA GAMBLING CONTROL COMMISSION.

9 CHAPTER 7. CONDITIONS OF OPERATION FOR GAMBLING ESTABLISHMENTS.

10 ARTICLE 3. MINIMUM INTERNAL CONTROL STANDARDS (MICS) FOR GAMBLING

11 ESTABLISHMENTS.

12  
13 **§ 12388. Extension of Credit, Check Cashing, and Automatic Teller Machines (ATMs).**

14 (a) A licensee may extend credit to a patron if, prior to extending credit to the patron, the  
15 licensee determines that an extension of credit is not prohibited by any statute, law, regulation, or  
16 local ordinance. A licensee ~~may~~ shall not extend credit to an owner, supervisor, player or other  
17 employee of a gambling business (as defined in Title 4 CCR ~~s~~Section 12220) ~~or that is~~  
18 occupying a player-dealer position in any game at any gambling establishment owned by the  
19 licensee. A licensee shall not extend credit to an owner, supervisor, player or other employee of  
20 a third-party provider of proposition player services (as defined in Title 4 CCR ~~s~~Section 12200)  
21 that is ~~occupying a party to a contract with the licensee to provide third party proposition player~~  
22 services in a game with a player-dealer position in any gambling establishment owned by the  
23 licensee. A licensee may not extend credit to an employee of the licensee to act as a “house prop  
24 player” or “public relations player:” in any controlled game. In addition to complying with all  
25 laws regarding the issuance of credit, a licensee that extends credit to a patron shall address, in  
26 written policies and procedures and credit application form(s), the following requirements for the  
27 extension and collection of credit:

28 (1) Establish a method for determining the maximum amount which will be advanced to a  
29 patron, changes in the credit amount, the maximum time an extension of credit will be  
30 outstanding, and repayment terms.

Changes are shown in blue underline for additions and ~~red strike-out~~ for deletions.

1 (2) Prior to extending credit to a patron for the first time, ensure that the person requesting  
2 the credit is ~~positively~~ identified by examining the patron's unexpired government-issued form  
3 of identification evidencing residence and bearing a photograph of the patron, such as a driver's  
4 license or passport. ~~In addition,~~

5 (3) ~~e~~Ensure that the patron is credit worthy through an assessment of one of the following:

6 (A) Receipt of patron information on a credit application form which includes the patron's  
7 name and signature, current address, telephone number, social security number, bank and/or  
8 trade references, employment information and income information, ~~to~~ which shall be verified  
9 and used to form an assessment of the patron's financial situation, ~~and~~ collateral circumstances  
10 and credit worthiness ~~of the patron.~~

11 (B) Receipt of a signed and dated authorization from the patron to access their consumer  
12 credit report from a bona fide credit-reporting agency to show the patron has an established  
13 credit history consistent with approved credit policies and ~~or~~ receipt of information from a bona  
14 fide credit-reporting agency that the patron has an established credit history consistent with  
15 approved credit policies.

16 (C) If any previous credit transactions exist between the patron and the gambling  
17 establishment, an ~~E~~examination of those records ~~of previous credit transactions with the patron,~~  
18 ~~if any,~~ showing that the patron has paid in a timely manner all credit instruments and/or  
19 otherwise documenting that it has there is a reasonable basis for extending the credit amount to  
20 the patron.

21 (34) An owner or designated key employee other than a dealer must approve any credit  
22 application.

23 (45) No credit may be extended to any patron who has signed a self-exclusion form (Title 4  
24 CCR ~~s~~Section 12464) or has self-restricted access to credit (Title 4 CCR ~~s~~Section 12463) for the  
25 time period of the exclusion or restriction.

26 (56) Notify the patron of the issuance or denial of credit. The notification for issuing credit  
27 shall include the date of issuance, terms of repayment, and interest charges, if applicable. If a  
28 patron is denied credit, and the denial is based, in whole or part, on any information contained in  
29 a consumer credit report, the licensee shall comply with Civil Code section 1785.20.

1       (67)~~A~~ If a patron is approved for credit pursuant to subparagraph (B) of paragraph (3), a  
2 copy of ~~any~~ the patron's consumer credit report obtained by the licensee shall be kept on file  
3 with the cardroom for as long as that patron's credit account is open.

4       (78) Written or electronic records shall be maintained on each attempt to collect on  
5 delinquent credit accounts.

6       (89) For each patron issued credit, the licensee shall maintain a record of the patron's credit  
7 limit, payment schedule, outstanding credit balance, and the patron's signature on a credit  
8 agreement.

9       (b) For each patron that is issued credit for the first time, the following information shall be  
10 collected and maintained:

11       (1) Patron's name, current address and telephone number;

12       (2) A photocopy of the patron's unexpired government-issued form of identification  
13 evidencing residence and bearing a photograph of the patron, such as a driver's license or  
14 passport;

15       (3) Basis upon which credit verified, as listed in subsection (a)~~(2)~~(3);

16       (4) Documentation of authorization by a person designated by management to approve credit.

17       (c) If payment upon an extension of credit is delinquent for more than 90 days, as determined  
18 by the original credit agreement, the person to whom credit was extended shall be prohibited  
19 from obtaining additional credit until the amount owed is paid in full.

20       (d) No gambling enterprise shall cash any check if cashing such a check is prohibited by any  
21 statute, regulation, or ordinance. No gambling enterprise employee shall be permitted to cash  
22 any check drawn against any federal, state, county, or other government fund, including, but not  
23 limited to, social security, unemployment insurance, disability payments, or public assistance  
24 payments, as outlined in Business and Professions Code section 19841, subdivision (q), unless  
25 the check is for wages or payment for goods or services.

26       (e) A licensee who does not deposit a patron's check within three banking days after receipt  
27 shall be considered to have extended credit to that patron.

28       (f)(1) A licensee shall not allow a patron to replace, redeem, reclaim or repurchase ~~an un-~~  
29 ~~deposited~~ a personal check with a subsequent personal check, unless that patron has been  
30 approved for an extension of credit as provided in this Article and the amount of the check or  
31 checks to be replaced is within the patron's approved credit limit.

1 (2) A subsequent personal check used by a patron to replace a previous personal check may  
2 not be replaced with another personal check at any time after receipt by the licensee.

3 (3) Paragraph (1) of this subsection shall not apply to a personal check that has not been  
4 deposited by a licensee within three banking days after receipt, or to a dishonored check.

5 (g) A licensee that cashes checks for a patron shall address, in written policies and  
6 procedures, the following requirements for the cashing of checks:

7 (1) Prior to cashing a check for a patron, the designated employee shall determine that:

8 (A) The licensee's records do not contain information reflecting that the patron presenting the  
9 check has signed a self-exclusion form or self-restricted access to check cashing for the time  
10 period of the exclusion or restriction,

11 (B) Cashing such check is not prohibited,

12 (C) Cashing such check conforms to the licensee's approval process,

13 (D) The check is for a specific amount and within the patron's established check cashing  
14 amount limit, and, in the case of a personal check, includes the current date, and,

15 (E) ~~The check is payable to the gambling establishment, or in~~ In the case of a third party  
16 check, the check is endorsed over to the gambling establishment.

17 (2) If personal checks, cashier's checks, or payroll checks are cashed, the licensee or  
18 designated employee shall examine and, if the patron is not approved for credit or check cashing,  
19 record an unexpired government-issued form of identification evidencing residence and bearing  
20 a photograph of the patron, such as a driver's license or passport. If the patron's identification  
21 information is already on file with the licensee, ~~which includes a photo of the patron,~~ then  
22 retrieval and examination of this identification file by the licensee or designated employee shall  
23 satisfy the provisions of this paragraph.

24 (3) Records of all returned checks shall be maintained by the gambling establishment and  
25 shall include, at a minimum, the following:

26 (A) Date on the check.

27 (B) Name of the customer presenting the check.

28 (C) Amount of the check.

29 (D) Date(s) the check was dishonored.

30 (E) Date(s) and amount(s) of any collection received on the check after being returned by a  
31 bank.

1 (4) If a check is dishonored, the person who proffered the check shall be prohibited from  
2 cashing additional checks until the amount owed is paid in full, but may replace a dishonored  
3 check in accordance with the policies of the licensed gambling establishment.

4 (5) The licensee shall include written procedures for the collection of checks dishonored for  
5 non-sufficient funds (NSF), including a point in time that the NSF check will be written off as a  
6 bad debt.

7 (h) If a licensee that cashes checks for a patron charges a check-cashing fee, the licensee  
8 shall obtain and maintain an unexpired California Department of Justice Check Cashing Permit  
9 pursuant to Civil Code section 1789.37.

10 (i) Checks accepted or credit instruments completed in accordance with this Article are valid  
11 and enforceable instruments.

12 (j) A licensed gambling establishment shall not have an ATM (automatic teller machine or  
13 cash- or voucher- dispensing machine) accessible by an individual while physically seated at a  
14 gaming table, unless otherwise required under the Americans with Disabilities Act.

15 (k) ATMs shall be configured to reject Electronic Benefit Transfer cards (EBTs) issued by  
16 the State of California or by any city, county, or city and county therein.

17 Note: Authority cited: Sections 19811, 19823, 19840, 19841(g), 19841(o), 19841(q), 19901, 19905 and 19920,  
18 Business and Professions Code. Reference: Sections 19801, 19841(g), 19841(o), 19841(q), 19901, 19905 and  
19 19920, Business and Professions Code.

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