

1 CALIFORNIA GAMBLING CONTROL COMMISSION
 2 SPECIFIC LANGUAGE OF PROPOSED REGULATIONS
 3 MINIMUM INTERNAL CONTROL STANDARDS (MICS) FOR GAMBLING ESTABLISHMENTS PHASE
 4 IV – CAGE OPERATION AND FUNCTIONS; SECURITY OF CARDROOM, CAGE AND FLOOR
 5 BANKS; AND SECURITY OF GAMBLING EQUIPMENT AND CONFIDENTIAL DOCUMENTS
 6 CGCC-GCA-2013-0#-R

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.

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) “Bankroll” or “Cage bankroll” means the portion of the cage contents an imprest fund,
 19 which is part of and accountable to the licensee’s cardroom bank, consisting of monetary assets
 20 including, but not limited to, all gambling chips, cash, cash equivalents, and imprest cashier
 21 drawers maintained inside a cage.

22 (b) “Cardroom bank” means an imprest fund which is part of and accountable to the
 23 licensee’s bankroll but is maintained outside a cage on or near the gambling floor for use
 24 exclusively in gambling operations and to which all cage and floor banks are accountable.

25 (c) “Cashier bank” means an imprest fund, which is part of and accountable to the licensee’s
 26 cage bank, consisting of monetary assets including, but not limited to, gambling chips, cash, cash
 27 equivalents, maintained in an individual cashier’s drawer inside a cage.

28 (d) “Confidential document” means any document, record or writing the public disclosure of
 29 which may jeopardize the safety and security of patrons, employees and their property or the

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1 assets of the gambling enterprise, or the integrity of gambling operations, and includes, but is not
2 limited to, documents concerning any entity, individual or group of individuals that contain any
3 private financial or personal information directly obtained from or provided by the subject (e.g.,
4 credit and check cashing information, exclusion lists, Title 31 reports, etc.)~~concerning any~~
5 ~~entity, individual or group of individuals; or any of the licensee’s internal control procedure~~
6 ~~information, other than fire safety and evacuation plans,~~ or documents that are otherwise
7 protected under any other provision of law.

8 (e) “Floor bank” means an imprest fund which is part of and accountable to the licensee’s
9 cardroom bank consisting of monetary assets including, but not limited to, gambling chips, cash,
10 cash equivalents, maintained outside a cage on or near the gambling floor.

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

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

16 (h) “House rules” means a set of written policies and procedures, established by a gambling
17 enterprise, which set general parameters under which that gambling enterprise operates the play
18 of controlled games.

19 (i) “Licensee” means “owner licensee” as defined in Business and Professions Code section
20 19805, subdivision (ad).

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

- 24 (1) Maintaining order and security;
- 25 (2) Excluding underage patrons;
- 26 (3) Responding to incidents involving patrons or others;
- 27 (4) Detecting, reporting and deterring suspected illegal activity; and

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1 (5) Completing incident reports.

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

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

10

11 ARTICLE 3. MINIMUM INTERNAL CONTROL STANDARDS (MICS)

12 FOR GAMBLING ESTABLISHMENTS.

13 § 12386. Cage Operation and Functions.

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

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

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

27 (A) Custody of the cage or individual cage drawer inventory, which is comprised of currency,

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1 coin, patron checks, gambling chips, forms, documents and records consistent with the operation
2 of a cage or individual cage drawer.

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

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

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

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

9 (F) 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 (G) ~~Ensuring t~~The proper accounting and safeguarding of ~~funds and chips~~ any cage bank roll
14 or cashier's bank, and gambling equipment or confidential documents ~~stored or otherwise held~~
15 when kept in a cage.

16 (3) Routine access and entry into ~~the~~ a cage area shall be limited to on-duty cage personnel
17 designated pursuant to paragraph (2) of this subsection. Other employees of the gambling
18 ~~establishment~~ enterprise who hold a valid gambling license or work permit may be granted
19 access to ~~the~~ a 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) Cage ~~activity~~ and cashiers' banks shall be reconciled after each shift by the incoming and
27 outgoing designated cage employees. If an imprest drawer is used, each outgoing designated

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1 cage employee responsible for an imprest drawer shall reconcile his or her drawer to the imprest
2 amount. All transactions that flow through ~~the a~~ cage shall be appropriately summarized and
3 documented, in writing, for each shift. The cage ~~activity~~ and cashiers' banks reconciliations
4 shall be posted and reconciled to the general ledger at least monthly. For the purposes of this
5 paragraph section, the word "shift" means an individual employee's shift, or two or more
6 employees that work the same schedule.

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

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

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

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

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

24 (A) The date of the reconciliation;

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

26 (C) An accounting of all items in the cage inventory (e.g., ~~cash, coin, chips~~ cage bank roll,
27 cashiers' banks, players' and dealers' banks, etc.), for each ~~cage window, drawer or bankroll~~

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1 ~~cardroom cage bank~~ in use during the subject shift, including:

- 2 1. The beginning shift balances, unless an imprest ~~drawer~~ is used;
- 3 2. All credits (receipts);
- 4 3. All debits (disbursements);
- 5 4. The ending balances;
- 6 5. An identification of any overage or shortage with an explanation, if known.

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

9 (~~3~~2) The cage ~~activity and cashiers' banks~~ reconciliations specified in paragraph (~~2~~1) of this
10 subsection shall be posted and reconciled to the general ledger, as provided in paragraph (5) of
11 subsection (a), by someone other than a designated cage 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) The design and construction of ~~the a~~ cage shall include:

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

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

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

23 (A) Cash and coin by denomination;

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

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

27 (3) The licensee shall maintain a list, either in writing or electronically, of the names of all

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1 persons designated pursuant to paragraph (2) of subsection (a) as being authorized to access
2 ~~and/or enter the~~ a cage, which list shall specify those persons who possess the combination or the
3 keys or who control the mechanism to open the devices securing the entrance to ~~the~~ a cage, and
4 those who possess the ability to operate the alarm system. The list shall be updated each time a
5 designation is added or deleted.

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

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

12 NOTE: Authority cited: Sections 19840, 19841 and 19924, Business and Professions Code. Reference: Sections
13 19841, 19922 and 19924, Business and Professions Code.

14

15 **§ 12387. Security and Use of Cardroom, Cage and Floor Banks; Security of Gambling**
16 **Equipment and Confidential Documents.**

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

19 (1) When kept, held or stored in any public area of the gambling establishment, a cardroom
20 bank, cage bank or floor bank shall be secured in a receptacle, drawer or compartment with a
21 locking mechanism securing the contents. The lock or locking mechanism may have a key,
22 combination or access code in common with any similar receptacle, drawer or compartment used
23 to keep, hold or store a cardroom bank, cage bank or floor bank in any public area of the
24 gambling establishment. The drawer or compartment shall remain locked at all times, except
25 when being accessed by designated gambling enterprise employees in the performance of their
26 duties. If a keyed lock or locking mechanism is used, the key shall not be left in the lock when
27 the drawer or compartment is not being accessed. All keys, combinations and access codes shall

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1 be subject to the applicable key security and control provisions of Section 12395.

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

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

13 (4) No equipment, documents, supplies or other materials that are not directly related to a
14 ~~cardroom~~ floor bank shall be commingled with or kept in the same drawer or compartment with
15 a ~~cardroom~~ floor bank. Neither the cabinet nor any other drawer, compartment or receptacle
16 therein, shall be used to hold, store, keep or safeguard any personal property or possession of any
17 gambling enterprise employee, patron, or any other person, nor any equipment, documents,
18 supplies or other materials that are not directly related to the conduct of gambling operations.

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

25 ~~(6) Records shall be maintained, either in writing or electronically, to document all~~
26 ~~transactions involving a cardroom bank and record the names of all gambling enterprise~~
27 ~~employees designated as having authorization to access the cardroom bank. The records must~~

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1 ~~contain, at a minimum, the date, shift start and end times, each designated employee's name and~~
2 ~~title, and identify the specific drawers and compartments for which the employee has been~~
3 ~~granted access.~~

4 (7) Each cardroom floor bank shall be individually reconciled as part of the cage a cardroom
5 bank reconciliations required by Section 12386, and shall be itemized in those the cardroom
6 bank reconciliations.

7 (8) The licensee shall establish a maximum value that may be assigned to each the cardroom
8 bank, and each cage bank and floor bank; and the maximum combined value of all cardroom
9 banks in use at the same time.

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

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

16 (b) The policies and procedures for all Tiers shall meet or exceed the following standards for
17 the security of gambling equipment and confidential documents:

18 (1)(A) When kept, held or stored in any public area of the gambling establishment, gambling
19 equipment and confidential documents shall be secured in a receptacle, drawer or compartment,
20 with a locking mechanism securing the contents. The lock or locking mechanism may have key,
21 combination or access code in common with any similar receptacle, drawer or compartment used
22 to keep hold or store gambling equipment and confidential documents in any public area of the
23 gambling establishment. The drawer or compartment shall remain locked at all times, except
24 when being accessed by designated gambling enterprise employees in the performance of their
25 duties. If a keyed lock or locking mechanism is used, the key shall not be left in the lock when
26 the drawer or compartment is not being accessed. All keys, combinations and access codes shall
27 be subject to the applicable key security and control provisions of Section 12395.

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1 (B) When kept, held or stored in any public area of the gambling establishment, confidential
2 documents shall be secured in a receptacle, drawer or compartment, as specified in subparagraph
3 (A), except when in use. Confidential documents, when in use, shall be covered and kept out of
4 public view, to the extent reasonably possible.

5 (2) The provisions of paragraphs (2), (3) and (65) of subsection (a) shall be applicable to any
6 cabinet having a drawer, compartment or receptacle containing ~~or intended to contain~~ gambling
7 equipment or confidential documents, whether that cabinet also contains a ~~cardroom~~ floor bank
8 or not.

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

13 (4) 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 **OPTION 1:**

17 (c) If a licensee provides to any third-party provider of proposition player services (TPPPS)
18 company or its employees, access to or the use of any cabinet ~~used or intended to be used for any~~
19 ~~of the purposes~~ described in subsection (a) or (b), that access or use shall be ~~segregated from~~
20 ~~access or use by any other entity or person, except as necessary for security and surveillance~~
21 ~~purposes. If access is given to a particular cabinet, that access shall be~~ exclusive to that TPPPS
22 company and its employees, and that cabinet shall not be used by the licensee for any purpose. ~~If~~
23 ~~access to an in individual drawer or compartment within a cabinet is given, that access shall be~~
24 ~~limited exclusively to that drawer or compartment and to that TPPPS company and its~~
25 ~~employees.~~

26 **OPTION 2:**

27 (c)(1) Except as otherwise provided in paragraph (2), if a licensee provides to any third-party

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1 provider of proposition player services (TPPPS) company or its employees, access to or the use
2 of any cabinet described in subsections (a) or (b), that access or use shall be exclusive to that
3 TPPPS company and its employees, and that cabinet shall not be used by the licensee for any
4 purpose.

5 (2) A Tier I or Tier II licensee may provide a TPPPS company or its employees, access to or
6 the use of an individual drawer or compartment in any cabinet described in subsections (a) or (b),
7 only when that access or use is exclusive to that TPPPS company or its employees, and that
8 access or use is completely segregated from access or use by any other entity or person. This
9 exception shall only be applicable in instances where the space limitations of the particular
10 cardroom do not permit restricting the use of an entire cabinet exclusively to the TPPPS
11 company and its employees, as provided in paragraph (1).

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

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

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