

**CALIFORNIA CODE OF REGULATIONS**  
**TITLE 4. BUSINESS REGULATIONS.**  
DIVISION 18. CALIFORNIA GAMBLING CONTROL COMMISSION.  
(AMENDED AND NEW REGULATIONS EFFECTIVE OCTOBER 1, 2014)

CHAPTER 7. CONDITIONS OF OPERATION FOR GAMBLING ESTABLISHMENTS.

ARTICLE 1. GENERAL PROVISIONS.

**§ 12360. Chapter Definitions.**

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

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

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

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

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

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

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

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

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

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

- (1) Maintaining order and security;
- (2) Excluding underage patrons;
- (3) Responding to incidents involving patrons or others;

- (4) Detecting, reporting and deterring suspected illegal activity; and
- (5) Completing incident reports.

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

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

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

#### **§ 12386. Cage Operation and Functions.**

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

(1) The licensee shall maintain within the gambling establishment at least one separate and secure area at a fixed location that is designated as a cage. A cage shall be located, designed, constructed and operated to provide convenience for patron transactions while maintaining appropriate security and accountability for all monetary transactions occurring at the cage and all cage contents.

(2) The licensee shall assign at least one gambling enterprise employee to process monetary transactions at a cage. The titles, classifications, or positions of all employees assigned to process monetary transactions at a cage shall be listed on the gambling enterprise's organizational chart. The assigned employees' duties may include any or all of the following:

(A) Custody of the cage inventory or individual 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 cashier's bank.

(B) Receipt and distribution 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) Check cashing and 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.

(G) Recording patron information that is necessary for compliance with the requirements of sections 5313 and 5314 of Title 31 of the United States Code, applicable regulations in Chapter X (effective as of July 1, 2011) of Title 31 of the Code of Federal Regulations and any successor provisions, and subsection (a) of Section 12404 of this chapter.

(H) The proper accounting and safeguarding of any cage bank or cashier's bank, and gambling equipment or confidential documents when kept in a cage.

(3) Routine access and entry into a cage, or an area designated as a cage pursuant to paragraph (1) of this subsection, shall be limited to on-duty cage personnel assigned pursuant to paragraph (2) of this subsection. Other employees of the gambling enterprise who hold a valid

gambling license, key employee license, or work permit may be granted access to a cage or cage area for the purpose of performing their duties.

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

(5)(A) Cage and cashiers' banks shall be reconciled after each shift by the incoming and outgoing assigned cage employees. If an imprest is used, each outgoing cage employee responsible for an imprest shall balance his or her imprest to the imprest amount. The recordable cage transactions and reconciliations shall be posted and reconciled to the general ledger at least monthly.

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

1. The date of the reconciliation;
2. The designation of the shift being reconciled;
3. An accounting of the contents of the cage bank, cashiers' banks, and, if applicable, players' banks in use during the subject shift, including:
  - i. The beginning shift balances, unless an imprest is used;
  - ii. All transactions recordable to the general ledger;
  - iii. The ending balances of cash and chips;
  - iv. An identification of any overage or shortage with an explanation, if known.
4. The amount assigned or issued from the cage to dealers' banks and floor banks in use during the subject shift.
5. The printed name and signature of each assigned cage employee performing the reconciliation, as applicable.

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

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

(b) In addition to the requirements of subsection (a), the policies and procedures for Tiers III through and including V shall require that the cage and cashiers' banks reconciliations specified in paragraph (5) of subsection (a) be posted and reconciled to the general ledger by someone other than an assigned cage employee or cage supervisor.

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

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

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

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

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

(2) In addition to the information specified in paragraph (5) of subsection (a), the cage accountability form referenced therein shall include an itemization of the following:

(A) Cash and coin by denomination;

(B) Gambling chips by denomination;

(C) All other items of monetary value (e.g., markers, patron checks, players' banks, etc.), specifying the amount of each;

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

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

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

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

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

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

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

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

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

(A) When a single assigned gambling enterprise employee requires access to multiple receptacles in the performance of his or her duties; that access is limited solely to that employee

during his or her assigned shift; and each of the receptacles contains a floor bank, those receptacles may have a key, combination, or access code in common with each other.

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

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

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

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

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

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

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

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

(B) When kept, held, or stored in any public area of the gambling establishment, confidential documents shall be secured in a receptacle, drawer, or compartment, as specified in subparagraph

(A), except when in use or when maintained electronically. Confidential documents, when in use or maintained electronically, shall be kept out of public view, to the extent reasonably possible.

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

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

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

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

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

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

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

(d) Licensees shall establish and implement the standards specified in this section no later than April 1, 2015.

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