



ADVISORY NOTICE

APPROVED REGULATIONS REGARDING:
PLAYING BOOKS FOR THIRD-PARTY PROVIDERS OF PROPOSITION
PLAYER SERVICES AND GAMBLING BUSINESSES

(CGCC-GCA-2016-01-R)

On October 18, 2017, the Office of Administrative Law (OAL) approved regulations which update the California Gambling Control Commission's (Commission) procedures for playing books for third-party providers of proposition player services and gambling businesses. The approved regulations were filed with the Secretary of State on October 18, 2017, and will become effective January 1, 2018.

In general, these regulations consolidate procedures for requesting approval of hardcopy playing books and provide a process for requesting approval of an electronic playing book system. The regulations establish uniform, transparent procedures for an electronic playing book system: (1) minimum system, hardware, and security requirements, (2) licensing requirements for IT technicians, and (3) application and review procedures for the Bureau of Gambling Control (Bureau) review process.

Approved Regulations

This regulatory action has made changes in Chapter 1 of Division 18 of Title 4 of the California Code of Regulations. Those changes are as follows:

SECTION 12003. GENERAL REQUIREMENTS.

This section provides general requirements and procedures dealing with the maintenance and availability of records. These requirements are applied to other regulatory provisions which require a record to be created, reported, or maintained.

This section provides that all records required by the Commission or Bureau must be maintained under specific requirements.

- This provision requires that a change in the location for storage of required records must be approved by the Bureau.
- Bureau representatives can inspect, copy, or audit all required documents, papers, books, and other records to include hardware, associated equipment, and systems that support the operation of the licensed activities.

SECTION 12200. DEFINITIONS.

This section provides definitions for the chapter dealing with third-party providers of proposition player services (TPPPS).

The term “license” is modified to remove references to other employees of the primary owner who are present in a contracted gambling establishment. The removed language is incorporated into another provision.

The term “other employee” is amended to include subcontractor or independent contractor.

SECTION 12200.7. PROPOSITION PLAYER CONTRACT CRITERIA.

Subsection (b), paragraph (13) is repealed as the playing book form approval process will no longer remain as part of the contract approval process.

SECTION 12200.9. REVIEW AND APPROVAL OF PROPOSITION PLAYER CONTRACTS.

Subsection (3), paragraph (D) is repealed as the playing book form approval process will no longer remain as part of the contract approval process.

SECTION 12200.10A. EXPEDITED REVIEW AND APPROVAL OF PROPOSITION PLAYER CONTRACTS.

Subsection (c), paragraph (4) is repealed as the playing book form approval process will no longer remain as part of the contract approval process.

SECTION 12200.11. EXTENSION OF PROPOSITION PLAYER CONTRACTS.

Subsection (a), paragraph (4) is repealed as the playing book form approval process will no longer remain as part of the contract approval process.

SECTION 12200.13. PLAYING BOOKS.

This section is repealed as the playing book form approval process will no longer remain as part of the contract approval process.

SECTION 12200.18. REVOCATION.

This section provides that the Commission may revoke a registration or license pursuant to the same hearing structure used for a gambling enterprise license. This section is corrected for consistency with Section 12003.

SECTION 12220. DEFINITIONS.

This section provides definitions for the chapter dealing with TPPPS.

The term “other employee” is amended to include subcontractor or independent contractor as an “other employee.”

SECTION 12220.18. REVOCATION.

This section provides that the Commission may revoke a registration or license pursuant to the same hearing structure used for a gambling enterprise license. This section is corrected for consistency with Section 12003.

SECTION 12250. DEFINITIONS.

This section provides definitions for the chapter dealing with both TPPPS and gambling businesses. Fifteen definitions have been proposed to provide clarity to the terms used in other provisions.

- 1) The term “authentication” is defined to mean the verification of an individual as being authorized to access a system.
- 2) The term “active authentication” is defined to mean the identification information of those individuals currently allowed access to an electronic playing book system.
- 3) The term “inactive authentication” is defined to mean the identification information of individuals who are no longer allowed to use or access an electronic playing book system.
- 4) The term “backup” is defined to mean the process of copying files to a second medium in order to allow the information to be retrieved in the event of a system failure.
- 5) Term “electronic playing book” is defined to mean a collection of digital playing book forms.
- 6) The term “electronic playing book device” or “playing book device” is defined to mean the specific terminal used to access an electronic playing book. This is the physical device used by the proposition players to access the system.
- 7) The term “hardcopy playing book” is defined to mean a tangible collection of paper playing book forms.
- 8) The term “independent gaming test laboratory” is defined to mean a gaming test laboratory that meets one of two requirements. The laboratory must either be:
 - (A) Licensed or registered by another United States jurisdiction to test, approve, and certify gambling equipment, systems, and software, and accredited by a signatory to the International Laboratory Accreditation Cooperation Mutual Recognition Arrangement agreement; or,
 - (B) Operated by a state governmental gaming regulatory agency.
- 9) The term “information technology technician” or “IT technician” is defined to mean any person responsible for, and that has the permissions necessary to, access an electronic playing book system, as specified.
- 10) The term “ink” is defined to mean pigmented liquid or paste used for writing or printing; and, includes printer toner powder or other means of placing an indelible mark onto paper.

- (A) The term “permissions” is defined to mean the assigned level of system access rights to view or make changes to the content of the system.
- 11) The term “playing book” is defined to mean a record documenting each session of play by a third-party proposition player or by a gambling business individual player.
- 12) The term “primary database” or “database” is defined to mean a collection and storage of all electronic playing book information.
- 13) The term “session of play” is defined to mean a time period when a player is operating at a gaming table before it closes. A session of play cannot be longer than 24 consecutive hours.
- 14) The term “synchronization” or “synch” is defined to mean the process of uploading information from a terminal, such as a playing book device, to a primary database.
- 15) The term “system” is defined to mean a group of interdependent components that interact regularly to perform a task.
- 16) The term “terminal” is defined to mean computer hardware that is used to enter data into or display information from a system.

SECTION 12260. GENERAL PROVISIONS.

This section provides that a playing book terminal may have access to applications other than the playing book system, but that any application affecting the playing book database must be approved by the Bureau.

This section consolidates the current TPPPS and gambling business playing book provisions. These provisions require the primary owner be responsible for ensuring that its employees maintain an accurate, complete, and up-to-date playing books. The proposed provision additionally requires that the playing book be legible.

This section provides specific requirements related to the electronic playing book system including:

- Electronic playing book records be maintained in accordance with specified requirements which include the database and storage of backup information;
- The primary owner develops written procedures acceptable to the Bureau for limiting access to the electronic playing book system, database, and equipment;
- The data-entry method for the playing book forms may be in any format that the Bureau approves; and,
- Signatures of the proposition player and their supervisor must sign at the conclusion of that player’s activities in a manner approved by the Bureau.

This section provides specific requirements related to the hardcopy playing books including:

- That unused forms be voided and maintained in the book; and,
- Signature of the proposition player and their supervisor must sign at the conclusion of that player's activities.

This section provides specific requirements related to both hardcopy playing books and electronic playing book system record the following information:

- Sequential numbers, including a specific unique gambling establishment identifier;
- The name of the gambling establishment where play occurred;
- The date and time of commencement of the session of play;
- The beginning and ending balances for each session of play and for each proposition player that operated during the session;
- The amount of any win or loss balances be entered after each session of play
- A record of fills and credits;
- The printed name and badge number of each player, including owners and supervisors when acting as players;
- The table number assigned by the gambling enterprise;
- The Bureau-approved game identification number;
- The name of the TPPPS company or gambling business;
- The date and time of completion of the session of play; and,
- Copies of any cage receipt, either physically or electronically.

This section provides that if a supervisor is not present to sign a playing book, the employee must instead deposit their playing funds into the TPPPS company's player's bank within the gambling establishment and acquire a cage receipt to be substituted for that signature.

This section provides that all IT technicians employed by or contracting with a registrant or licensee be registered or licensed as other employees.

SECTION 12261. REVIEW OF PLAYING BOOK FORMS.

This section provides the contents of a complete application, including the Application for Playing Book Approval, BGC-APP-036 (Rev. 10/16) and review timelines. This section also allows a TPPPS or gambling business to use an approved playing book at any gambling establishment in which it operates.

SECTION 12262. ELECTRONIC PLAYING BOOK DEVICE REQUIREMENTS.

This section establishes the data storage and retrieval requirements for the playing book device including that the playing book device be able to retrieve or display the information necessary to confirm that it is the type of device that was certified and is functioning as approved and that the playing book form and recorded data be printable to a playing book form and exportable to a spreadsheet to an on-site printer.

This section also establishes security requirements for the playing book device including that upon login, the date and time of the last session of the same user must appear and be accepted and that the device have anti-virus, firewall, and unauthorized software installation protection.

Finally, this section establishes the capability and limitation requirements for the playing book device, as follows:

- All access, activities, and entries into the playing book device must be time, date, and user identification stamped;
- All information entered into the playing book device be automatically synched to the database in time increments of 60 seconds or less;
- The device must have manual synch capabilities so that information could be synched upon command or in case of an automatic synch error;
- The device must have the ability to remain functional and save information in the event of a database connectivity failure;
- The information must be synchronized upon reconnection as a failsafe to protect the data entered into the playing book device; and,
- The electronic playing book system must be able to accept signatures in any method approved by the Bureau.

In the event of a device or multiple device failure this section requires physical copies of the approved playing book form to be available for use until a device is repaired or replaced and that the Bureau is notified within five (5) days of the incident.

SECTION 12263. ELECTRONIC PLAYING BOOK DATABASE REQUIREMENTS.

This section establishes the security requirements for the database, including:

- All access, activities, and data entries must be date, time, user, and terminal identification stamped and logged;
- All communications between the database and any terminal must be encrypted;
- The database must have anti-virus, firewall, and unauthorized software installation protection;
- The database must have surge protection and uninterrupted power supply protection to protect the physical security of the database; and,
- The database must be able to identify and log the date, time, and terminal of any unauthorized access, system error or connectivity failure as well as notify an IT technician.

This section establishes the means by which the database will control access to the playing book system, including:

- Requiring a minimum of two methods of active authentication for all users and three active authentications for an IT technician;
- Any person losing permission to use the system must be made inactive within 24 hours after the loss of permission;
- A user cannot be active on more than one terminal at a time without specific permissions.

This section also establishes the storage and retrieval requirements for the database, as follows:

- No data stored in the system can be edited, deleted, or replaced;
- If any necessary changes are made to the data, a notation indicating edits, deletions, or replacements would be required to be made;
- The system must have the ability to generate a system report and a report of all notations to edit, delete, or replace original data; and,
- A system and database backup is required to be performed daily.
- The date and time synchronization for all playing book devices, terminals, and the database must be controlled or updated by a network time protocol server;
- The backup storage must be at a site other than where the primary database is located;
- The backup storage location must be disclosed to the Bureau; and,
- An IT technician must monitor and be responsible for any necessary access to the database by a non-licensed party.

SECTION 12264. REVIEW AND CERTIFICATION OF ELECTRONIC PLAYING BOOK SYSTEMS.

This section requires each electronic playing book system to receive prior approval by the Bureau. A complete application must include:

- An application processing fee of \$1,200;
- A printed playing book form, screen-shots or pictures of the form as it appears on the device;
- A copy of the current certification of the electronic playing book system;
- A description of how a signature will be indicated;
- A certification from an independent gaming test laboratory confirming that the electronic playing book system, including the software, the database, and a playing book device prototype;
- A chart of system access, which includes position titles, methods of authentication, and the permissions granted for use of or access to the system;
- A written summary of the design and operation of the system;
- One of the following: (1) a video of the system in operation; (2) a prototype device with written instructions and access; or, (3) a live demonstration of the system; and,
- Contact information for an IT technician responsible for administering the electronic playing book system.

This section also provides that each system replacement or upgrade must receive a certification of continued compliance by an independent gaming test laboratory. The new security updates for a previously approved version do not require notification, approval, or certification. Any update to any software, system, or components internally developed by the licensee, or employee of the licensee, requires notification to the Bureau within five days of the change.

SECTION 12285. GENERAL PROVISIONS.

This section requires that any written procedures required pursuant to this Chapter be submitted to the Bureau for review and approval, including any amendments to approved procedures. These written procedures must be established by July 1, 2018.

SECTION 12287. LOSS NOTIFICATION.

This section provides that a TPPPS company and gambling business develop written procedures which include a dollar threshold for a loss that triggers notification to the primary owner. Notification must be made to Bureau's Criminal Intelligence Unit within 24 hours of the primary owner being notified.

SECTION 12290. COMPLIANCE.

This section includes requirements that control a TPPPS or gambling business.

- A TPPPS and gambling business must comply with all game rules and only allow an authorized player to possess, direct, or otherwise control currency, chips, or other wagering instruments.
- The licensee must notify the Bureau when an electronic playing book device, system, or database failure prevents it from functioning as initially approved.
- The licensee must notify the Bureau when there has been impermissible use or access to the electronic playing book device system.
- The licensee must notify the Bureau when the electronic playing book database cannot synchronize information for a period longer than 24 hours.
- The proposition player contract may contain a provision that prohibits another TPPPS company or a gambling business from also operating at a table where there is a third-party contract and is not precluded from assigning a seat at the table to a registrant or licensee.

SECTION 12560. DISCIPLINARY GUIDELINES FOR THIRD-PARTY PROVIDERS OF PROPOSITION PLAYER SERVICES LICENSEES OR REGISTRANTS.

This section provides disciplinary provisions with the new playing book requirements.

SECTION 12562. DISCIPLINARY GUIDELINES FOR GAMBLING BUSINESS LICENSEES OR REGISTRANTS.

This section provides disciplinary provisions with the new playing book requirements.

Regulation Text

A copy of the recently approved regulations is attached. That document is also available on the Commission's Web site under "Regulations/Recently Approved Regulations" at www.cgcc.ca.gov.

Questions, Concerns, Suggestions

For any questions, concerns, or suggestions regarding the adoption of this regulation, please contact Josh Rosenstein, Regulatory and Legislative Specialist, at (916) 274-5823.