

## ADVISORY NOTICE

### APPROVED REGULATIONS REGARDING: INCIDENT REPORTS

(CGCC-GCA-2022-04-R)

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On July 6, 2023, the Office of Administrative Law approved regulations, which update the California Gambling Control Commission's (Commission) regulations for the submittal of incident reports. The approved regulations were filed with the Secretary of State on July 6, 2023, and will be effective on October 1, 2023.

#### **Approved Regulations**

This proposed action will make changes within the California Code of Regulations, Title 4, Division 18 as follows:

#### CHAPTER 3. CONDITIONS OF OPERATION FOR TPPPS BUSINESSES

#### ARTICLE 4. SECURITY AND USE OF PLAYER'S BANKS

#### **Adopt Section 12282. Incident Reports.**

Section 12282 provides incident reporting requirements for third-party providers of proposition player services (TPPPS) business licensees. The reporting of incident reports by TPPPS business licensees utilizes the same form as cardroom business licensees, the Incident Report Form.

Paragraph (1) provides that a TPPPS business licensee must submit an incident report after obtaining evidence that a reasonably suspected incident, as specified, occurred within any space owned, managed, controlled, or rented by the TPPPS business license and involves a TPPPS category licensee, non-licensed employee, or a subcontractor or independent contractor hired by the TPPPS business licensee. The notification requirement is limited to incidents for which a cardroom is not required to submit an incident report and to just those employees, subcontractors, or independent contractors whose duties are directly related to the underlying business purposes or required administrative processes of the TPPPS business licensee.

Paragraph (2) provides that a TPPPS business licensee must submit an incident report when any of its employees or owners have a local city, county, or city and county license, permit, or authorization to work in a gambling establishment approved with conditions, denied, suspended, or revoked.

Paragraph (3) provides that a TPPPS business licensee must submit an incident report if any of its associated TPPPS endorsee licensees or TPPPS employee type licensees are arrested.

CHAPTER 7. CONDITIONS OF OPERATION FOR GAMBLING ESTABLISHMENTS

ARTICLE 3. MINIMUM INTERNAL CONTROL STANDARDS (MICS) FOR CARDROOM BUSINESS LICENSEES

**Amend Section 12395. Security.**

Subsection (a) provides the minimum security standards that must be included in the gambling enterprise's policies and procedures.

- Paragraph (1) provides access limitations for non-public areas of the gambling establishment with access to currency or unsecured gambling equipment, other than gambling equipment that is not subject to tampering or related to game outcomes. Access to these areas is generally limited to authorized cardroom employees (cardroom category licensees and holders of a local work permit) or employees of a registered manufacturer or distributor only in the performance of their duties.
- New paragraph (2) provides access limitations for the media storage for the surveillance system. This provision allows access by other person(s) either if escorted and observed at all times by an authorized cardroom category licensee or holder of a local work permit, or observed or reviewed by a cardroom category licensee or holder of a local work permit through the use of a continuous surveillance system.
- Paragraph (3) is repealed and its provisions moved to new paragraph (4). Previous paragraph (2) is renumbered to paragraph (3).
- New paragraph (4) provides that cardroom business licensees must file an Incident Report Form with the Criminal Intelligence Unit of the Bureau of Gambling Control (Bureau) within five business days of specific events occurring. This paragraph represents a reorganization of former paragraph (3) to remove multiple references to the requirements for submitting an Incident Report Form and other duplicative language such as repetition of the terms "incident" and "violation." New requirements are added for the forfeiture of unredeemed jackpots or prizes; the arrest of any associated work permittee or licensee; and the approval with conditions, denial, suspension, or revocation of a license, permit, or authorization to work in a gambling establishment regarding any associated cardroom employee or owner.
- Existing paragraph (4) is repealed.

**Amend Section 12396. Surveillance.**

Section 12396 provides the minimum requirements for the policies and procedures cardroom business licensees must follow in their standards for surveillance. Subparagraph (A) of paragraph (7) of subsection (a) contains a reference to paragraph (3) of subsection (a) of Section 12395. Consistent with modifications to subsection (a) of Section 12395, this reference is modified to instead reference paragraph (4) of subsection (a) of Section 12395.

**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 <http://www.cgcc.ca.gov/>.

**Questions, Concerns, Suggestions**

For any questions, concerns, or suggestions regarding the adoption of this regulation, please contact [lawsandregs@cgcc.ca.gov](mailto:lawsandregs@cgcc.ca.gov).