

**Surveillance**  
**CGCC-GCA-2023-01-R**

**COMMENTS AND RESPONSES FOR PROPOSED REGULATIONS**

**45-DAY WRITTEN COMMENTS**

The California Gambling Control Commission (Commission) received the following written comments, objections, and recommendations regarding the text of the proposed action during the 45-day written comment period that commenced April 7, 2023, and ended May 22, 2023:

**A. Amend Section 12396. Surveillance.**

This section requires cardroom business licensees to adopt specified minimum policies and procedures concerning surveillance. The requirements increase throughout this section based on the relative size (Tier) of the gambling establishment, which is determined by the number of tables the cardroom business licensee is authorized to operate. Existing Section 12380(d) defines the five different license Tiers as follows:

- Tier I licensee – a cardroom business licensee authorized to operate one to five tables.
- Tier II licensee – a cardroom business licensee authorized to operate six to ten tables.
- Tier III licensee – a cardroom business licensee authorized to operate eleven to thirty tables.
- Tier IV licensee – a cardroom business licensee authorized to operate thirty-one to sixty tables.
- Tier V licensee – a cardroom business licensee authorized to operate sixty-one or more tables.

**1. General comments made on the proposed regulations not specific to any subsection.**

- a. Alan Titus, representing Artichoke Joe’s:** Mr. Titus expresses that although the Initial Statement of Reasons (ISOR) states the proposed action seeks “to better align with the requirements found in other similar states,” he questions whether states with banked games are similar to California, which does not allow banked games. Mr. Titus notes that Washington State has surveillance regulations that differ for casinos that offer banked games versus those that do not offer banked games. He believes that states allowing banked games may have surveillance regulations that are intended to protect the public from being cheated by the casino/house, which is both the player and the one conducting the surveillance. In California, the house is a neutral party that does not play in the games, and according to Mr. Titus, those considerations from other states would be absent.

Lastly, Mr. Titus notes that the summaries of other states’ regulations provided in the ISOR are not focused on the particular amendments proposed—some of the summaries omit information pertinent to the proposed action while other summaries are not germane to the proposed action.

**Recommended Response:** This comment was considered but not incorporated. Regarding the comment that the ISOR indicates the purpose of the proposed action is “to better align with the requirements found in other similar states,” the purpose of the proposed action is not solely to align with the requirements of other similar states. The ISOR also states that “[t]he proposed action has been prepared to strengthen and update the surveillance requirements for all cardroom business licensees...to better align with modern-day digital surveillance technologies...” Furthermore, the ISOR provides that the proposed action will enhance the capabilities of security and investigations to “better protect the health, safety, and welfare of the public, maintain the integrity of California’s controlled gaming industry, and better assist the Bureau [of Gambling Control] and other law enforcement agencies in conducting thorough investigations.” The ISOR language excerpted in the comment letter, “to better align with... the requirements found in similar states,” is not comprehensive and does not represent the full explanation of the purpose of the proposed action that is reflected in the ISOR. Additionally, the indication in the ISOR that the proposed action will better align California’s surveillance requirements with those of other states in no way means the intent of the proposed action is to implement requirements identical to those found in similar states.

Moreover, the supporting documents of the proposed regulations (ISOR and Notice of Proposed Action) include a clear and concise summary of existing laws and regulations that directly relate to the proposed rulemaking.

2. **Subsection (a), paragraph (1)** [page 1, line 15 of the proposed regulation text] requires all cardroom business licensees (Tiers I through V) to install and maintain on-site in the gambling establishment, a surveillance system with video recording and closed circuit television (CCTV) monitoring capabilities. This provision also provides a list of areas and activities required to be recorded with reasonable coverage and clarity, which includes the following: the gambling operation, the payment of player drop fees, card values, wagers, game outcomes, the collection of drop boxes, the drop count processes, cage and cashier activities, gambling equipment storage areas, except for furniture storage areas, and the interior of gambling establishment entrances and exits. Language in the provision specifies that for the purposes of this paragraph, an overhead view of the card values, wagers, and game outcomes is acceptable, and exempts demonstration and instructional tables from the requirement when cash or prizes are not involved. Lastly, this paragraph specifies requirements concerning video recording date and time generators and remote access to the on-site surveillance system.
  - a. **Alan Titus, representing Artichoke Joe’s:** Mr. Titus expresses that the general phrase “the gambling operation,” which is required by the existing regulation to be recorded by the surveillance system, is vague and ambiguous. Mr. Titus indicates it is unclear whether the specific list of items that follow “the gambling operation” in the sentence are intended to define that phrase in whole or in part, or if the additional items are duplicative. Additionally, Mr. Titus expresses the surveillance system

coverage requirements of all other states are much clearer and do not use a similar general phrase, summarizing the related laws of other states as follows:

- Nevada: Regulation 5, Surveillance Standards for Nonrestricted Licensees.

Standard 3: Card Games. “The surveillance system...must...record each game area with sufficient coverage to view patrons, dealers, and activities on the card game surfaces.”

Standard 6: Cage and Vault. “The surveillance system...must...record a general overview of activities occurring in each casino cage and vault area with sufficient clarity to identify employees within the cage and patrons and employees at the counter areas.”

Standard 7: Count Rooms. “The surveillance system...must...record the soft count room, including all doors to the room, all drop boxes, safes, and counting surfaces, and all count team personnel.”

Standard 8: Security offices. “The surveillance system...must...record, in both audio and video, the area of any security office or other room in which persons may be detained by casino security personnel.”

- New Jersey: NJAC, Title 13, Ch. 69D, Sec. 1.10(b).  
“The CCTV system shall ... (1) monitor ... i. The gaming conducted at each gaming table...and the activities in the casino...pits... iii. The operations conducted at and in the cashiers’ cage... vii. The count processes conducted in the count rooms. viii. The movement and storage of cash, gaming chips, plaques, drop boxes, ... ix. The entrances and exits to the casino...count rooms and all critical locations ad [sic] defined in NJAC 13:69D-2-1.”
- Louisiana: Ch. 33, Sec. 3301.  
“C. Cameras shall monitor... 1. the operations conducted at the fills and credit area of the cashier's cage.” D. Cameras...shall monitor ... 2. the count processes conducted in the count rooms; 3. the movement of cash, chips, drop boxes...within the casino and any area of transit of uncounted tokens, chips, cash and cash equivalents; 4. any area where cash or cash equivalents can be purchased or redeemed.”
- Mississippi: Rule 6.4 Surveillance Systems: Count Rooms and Cage.  
“(a) [The surveillance system shall possess] the capability to monitor and record clear unobstructed views of all areas and transactions within:  
1. The hard count room and any area where uncounted coin is stored during the drop and count process, including walls, corners, doors, scales, wrapping machines, coin sorters, vaults, safes, and general work surfaces.  
2. The soft count room, and any area where uncounted currency is stored during the drop and count process, including walls, corners, doors, drop

boxes, vaults, safes, and counting surfaces. All counting surfaces must be transparent; and

3. The casino cage, including customer windows, employees' windows, cash drawers, vaults, safes, counters, chip storage, and fill windows.

(b) All transaction [sic] within the hard count room and soft count room must be recorded with sufficient clarity to permit identification of each employee and his movements, and to permit identification of all currency, coins, and paperwork.

(c) All transactions within the casino cage must be recorded with sufficient clarity to permit identification of each employee and his movements, and to permit identification of all currency, coins [sic] and paperwork.

(d) The surveillance department shall follow and record all gaming revenue drops, including emergency drops, and all revenue counts...At a minimum this shall include coverage or [sic] the removal and transport of the revenue from the gambling device to the secure location on the casino floor and transportation of the revenue to the count room.”

#### Rule 6.5 Surveillance Systems: Table Games and Card Rooms

(a) The surveillance system “shall possess the capacity to monitor and record clear and unobstructed views of all active table games or card table surfaces, including table bank trays, with sufficient clarity to permit identification of all chip, cash, dice and card values and the outcome of the game.

(b) The surveillance system “shall possess the capability to monitor and record clear and unobstructed views of the following:

1. All table game and card room areas with sufficient clarity to permit identification of all dealers, patrons, spectators and pit personnel; and

2. All drop boxes and table numbers.

3. Simultaneous coverage of both the table game area and the table game surface.

(c) The surveillance system shall monitor and record clear and unobstructed views of “the table game surface” and “all card room or podium banks, including any drawers, cabinets and safes contained therein.”

- Washington: 230-15-275 (for Class F, not house banked, card games). “(2) Class F licensees must have a CCTV that views: (a) All gambling at each table including at least, the: (i) Cards; and (ii) Wagers; and (iii) Chip tray; and (iv) Drop box openings; and (v) Table number; and (vi) Players; and Dealers; and (b) When the count is being conducted, at least the: (i) Count table; and (ii) Floor; and (iii) Drop boxes; and (iv) Drop box storage shelves/cabinets.”

Mr. Titus goes on to express that the existing phrase “the gambling operation,” violates the requirements of Government Code section 11349.1 and should be clarified.

Lastly, Mr. Titus notes that the proposed addition of the requirement for all cardroom business licensees to record “card values, wagers, [and] game outcomes” is

duplicative and unnecessary because the same requirement for Tiers II through V exists in paragraph (2) of subsection (b).

**Recommended Response:** This comment was considered and accepted in part. Commission staff recommends the following clarifying amendments to paragraph (1) of subsection (a):

(1) ...The surveillance system must record with reasonable coverage and clarity, at a minimum, the gambling operation, including card values, wagers, and game outcomes, the payment of player drop fees, ~~card values, wagers, game outcomes~~, the collection of drop boxes, the drop count processes, cage and cashier activities, gambling equipment storage areas; except for furniture storage areas, and the interior of gambling establishment entrances and exits. For the purposes of this paragraph, an overhead view of card values, wagers, and game outcomes is acceptable for Tier I licensees. This paragraph does not apply to demonstration or instructional tables, when cash or prizes are not being wagered, won or lost...

Commission staff notes that the existing regulation's use of the term "gambling operation" is not vague and ambiguous because it is defined within the Gambling Control Act (Act)<sup>1</sup> as follows:

Business and Professions Code section 19805, subdivision (q):  
“(q) ‘Gambling operation’ means exposing for play one or more controlled games that are dealt, operated, carried on, conducted, or maintained for commercial gain.”

The list of areas and activities required to be recorded with reasonable coverage and clarity, including the proposed addition of “card values, wagers, game outcomes,” provides additional specificity to the use of the term “gambling operation” in the existing regulation. Commission staff's proposed amendment to reorganize the list of areas and activities required to be recorded provides additional clarification.

The addition of “card values, wagers, and game outcomes” in paragraph (1) of subsection (a) is not duplicative of the similar requirement in paragraph (2) of subsection (b). It is important to note that the requirements in subsection (a) apply to all Tiers (I through V), while the requirements in subsection (b) apply only to Tiers II through V. Therefore, the addition of “card values, wagers, and game outcomes” in paragraph (1) of subsection (a) ensures that the requirement to record these things with reasonable coverage and clarity is applicable to Tier I cardroom business licensees. Additionally, the requirements in subsection (b) are more stringent than those applicable to all Tiers in subsection (a). Specifically, subsection (b) requires “a *sufficient number of cameras dedicated to gambling tables* to be capable of viewing and recording, with reasonable coverage and clarity, patrons, dealers, wagers, card values, and game outcome *at each table*” (emphasis added), while subsection (a)

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<sup>1</sup> Business and Professions Code, Division 8, Chapter 5, section 19800 et seq.

requires specified areas and activities to be recorded. Commission staff’s proposed amendment to paragraph (1) of subsection (a) to specify that the phrase “an overhead view of card values, wagers, and game outcomes is acceptable” applies to Tier I licensees provides additional clarity to resolve any potential ambiguity with the requirements and exemptions applicable to Tiers II through V licensees in paragraph (2) of subsection (b).

**3. Subsection (a), Paragraph (4)** [page 2, line 7 of the proposed regulation text] applies to all cardroom business licensees and provides required policies and procedures concerning daily inspections and instances of malfunctioning surveillance equipment.

**a. Alan Titus, representing Artichoke Joe’s:** Mr. Titus expresses that it is unclear how the requirement that reasonable efforts be made within 72 hours to repair or replace malfunctioning equipment interacts with the proposed requirement to prohibit gaming in an “area” if required surveillance ceases to be available. Specifically, Mr. Titus indicates that it is unclear whether the proposed requirement to close an area applies only after the 72 hours or as soon as the malfunction is discovered. Mr. Titus adds that no other state requires shutdown of an area due to malfunctioning surveillance equipment without providing alternatives, summarizing the related requirements of other states as follows:

- Nevada makes a distinction between dedicated cameras and other cameras. Nevada regulations provide that if a dedicated camera malfunctions, “the licensee must immediately provide alternative camera coverage or other security measures, such as additional supervisory or security personnel, to protect the subject activity. If other security measures are taken, the licensee must immediately contact the enforcement division who will determine whether the other security measures are adequate.”<sup>2</sup> As for non-dedicated cameras, while reasonable effort must be made to repair the system within 72 hours, only after a week is the licensee required to notify the division of the malfunction.<sup>3</sup>
- New Jersey regulations provide that the Division of Gaming Enforcement shall be notified immediately of any equipment failure.<sup>4</sup>
- Mississippi differentiates between dedicated coverage malfunctions and non-dedicated coverage malfunctions. For non-dedicated coverage malfunctions, Mississippi Gaming Regulations allow 24 hours to make repairs and then require closure of the area.<sup>5</sup>
- Louisiana requires immediate replacement of faulty equipment and if that is

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<sup>2</sup> NVGC Regulation 5, § 2.010(15)

<sup>3</sup> NVGC Regulation 5, § 2.010(14)

<sup>4</sup> NJAC, Title 13, Chapter 69(D), Section 1.10(h)(8)

<sup>5</sup> MGC, Title 13, Part 3, Chapter 6, Rule 6.9

not possible, allows for live monitoring.<sup>6</sup>

- No requirements regarding equipment malfunction were found for Washington.

Mr. Titus expresses that the proposed requirement does not align with the purpose of the proposed action stated in the ISOR, which is “to better align with... the requirements found in similar states.” Rather, the proposed requirement is stricter than the requirements of these five states even though those states allow banked card games and California does not. For these reasons, Mr. Titus indicates the proposed regulation is stricter than necessary and should offer cardrooms other alternatives.

**Recommended Response:** This comment was considered but not incorporated. Paragraph (4) contains two distinct requirements. The first sentence provides the length of time (within 72 hours of discovery) in which reasonable efforts must be made to repair or replace malfunctioning equipment. The second sentence specifies that, if at any time, the surveillance system ceases to be able to record any area that is required to be recorded (except parking lots), the area must not be used for any activity subject to the surveillance requirements until the surveillance system is able to record again. The phrase, “if at any time” in the second sentence of paragraph (4) specifies that if a malfunction occurs that results in inability of the surveillance system to record any area of the gambling establishment required to be recorded (except parking lots), the area cannot be used for activities subject to surveillance requirements, whether this occurs during the 72-hour period following discovery of the malfunctions or afterward. However, if the surveillance system has other cameras that can record the area in accordance with the requirements, the area is not required to be closed.

Regarding the comparison to other states’ related requirements, it is notable that the comment contains only a portion of Louisiana’s requirement that allows for the live monitoring of gaming when surveillance equipment has malfunctioned. The subsequent subsection<sup>7</sup> provides, “The division shall determine if gaming should continue with live monitoring and shall have authority to cease gaming operations not monitored by the surveillance system.”

Moreover, live monitoring is no substitute for video evidence when it comes to providing law enforcement the ability to conduct thorough investigations and maximizing protection of the public and cardroom assets.

Regarding the comment that the proposed requirement in this paragraph does not align with the purpose of the proposed action stated in the ISOR, which is stated by Mr. Titus as, “to better align with... the requirements found in similar states,” please see the related response to Comment A.1.a.

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<sup>6</sup> LAC, Title 42, Part III, Chapter 33, § 3315(C)

<sup>7</sup> LAC, Title 42, Part III, Chapter 33, § 3315(D)

4. **Subsection (b), paragraph (1)** [page 4, line 12 of the proposed regulation text] applies to Tiers II through V cardroom business licensees and requires the surveillance system to have dedicated cameras to monitor and record entrances and exits with sufficient clarity to afford reasonable opportunity to identify any person entering and exiting.

a. **Alan Titus, representing Artichoke Joe's:** Mr. Titus expresses that the proposed addition to this paragraph to require the system to record entrances and exits “with sufficient clarity to afford reasonable opportunity to identify any person entering and exiting” is not clear, nor is it found in any other state.

Specifically, Mr. Titus indicates the meaning of “identify” is not clear because surveillance systems cannot identify a person by name. Mr. Titus expresses that the term “to identify” in this context may mean “to identify by appearance, by dress, by stature, sex, race, etc. so that the person can be recognized if they play or conduct transactions in various places around the room,” and opines that if that is what is meant by the regulation, it should be made clear.

Mr. Titus notes that various conditions can restrict the ability to identify a player entering the establishment, such as what the person is wearing or when a group of people entering obstruct the view of individuals behind them.

Mr. Titus goes on to express that the language in the ISOR conflicts with the regulation text because the ISOR states that the requirement “ensur[es]...that every person entering and exiting can be clearly identified,” but the text of the regulation only requires a “reasonable opportunity to identify” players, not ensure identification.

Further, Mr. Titus indicates that although the ISOR states the goal of the regulation is “to better align with...the requirements found in similar states,” there is no support for the proposed addition, as none of the other states’ regulations that are summarized in the ISOR have a similar requirement for the surveillance of entrances and exits to “afford reasonable opportunity to identify” customers. Mr. Titus summarizes the lack of related requirements in other states as follows:

- “Washington doesn’t require surveillance of entrances and exists for non-banked cardrooms.
- Mississippi doesn't require surveillance of banked cardroom entrances and exists.
- Nevada does not require surveillance of entrances and exits.
- New Jersey and Louisiana both require surveillance of entrances and exits but their regulations are similar to the current language, and do not include any requirement like the proposed addition.”

**Recommended Response:** This comment was considered but not incorporated. Regarding the comment that the proposed requirement in this paragraph does not align with the purpose of the proposed action stated in the ISOR, which is stated by Mr. Titus as, “to better align with... the requirements found in similar states,” please see the related response to Comment A.1.a.



Mr. Titus opines that the word “identify” is not clear; however, Nevada has similar clarity standards that use this term concerning the surveillance recordings of other areas. Specifically, NVGC Regulation 5, Standard 2, requires the surveillance system of all licensees operating three or more table games to have the capability to monitor and record each table game area, “with sufficient clarity to identify patrons and dealers.” Further, NVGC Regulation 5, Standard 12, requires digital video recording equipment and systems to have visual resolution of sufficient clarity to meet all published Surveillance Standards (e.g., identifying patrons, dealers, other employees, wagers, game outcomes, etc.).

Further, the proposed text of the regulation does not mandate every person entering and exiting the gambling establishment must be identified by the surveillance cameras, nor does it mandate how such persons must be identified (e.g., by their name, face, etc.). Rather, the proposed action modifies the existing requirement to ensure the system’s video camera clarity is sufficient “to afford reasonable opportunity to identify” such persons, meeting the intended performance goal of the regulation while ensuring compliance is achievable.

5. **Subsection (b), paragraph (2)** [page 4, line 15 of the proposed regulation text] applies to Tiers II through V cardroom business licensees and requires the surveillance system to have a sufficient number of cameras dedicated to gambling tables for viewing and recording patrons, dealers, wagers, card values, and game outcomes at each table.
  - a. **Alan Titus, representing Artichoke Joe’s:** Mr. Titus expresses that the requirement that the surveillance system record "wagers, card values, and game outcome" is duplicative of proposed language for subsection (a)(1), and is thus rendered obsolete and unnecessary.

**Recommended Response:** This comment was considered but not incorporated. Please see the related response to Comment A.2.a.

6. **Subsection (d) [formerly subsection (e)], paragraph (1)** [page 5, line 3 of the proposed regulation text] requires Tiers IV and V cardroom business licensees to establish a surveillance unit that is separate and apart from the security department, consisting of staff independent from the security department and who have no other gambling-related duties.
  - a. **Alan Titus, representing Artichoke Joe’s:** Mr. Titus objects to making paragraph (1) of subsection (d) [formerly subsection (e)] applicable to Tier IV cardrooms with its current wording.

First, Mr. Titus considers the phrase “gambling-related duties” vague and ambiguous. Mr. Titus expresses that this phrase is undefined and there is no guidance provided in the ISOR for determining with any specificity what “gambling-related duties” might include. Mr. Titus goes on to express that the ISOR states that a general purpose of

the application of this section to Tier IV cardrooms is to “require[] active monitoring of gambling operations” and to prevent there being “unattended surveillance systems.” As such, Mr. Titus believes the intent of the requirement is directed at surveillance employees whose duties are to monitor surveillance in real time; however, Mr. Titus indicates the regulation is unclear.

Further, Mr. Titus expresses that depending on the meaning of “gambling-related duties,” the prohibition against the head of surveillance having “other gambling-related duties” serves no purpose and defeats good purposes. With respect to Artichoke Joe’s, while they take no issue with requiring non-managerial surveillance personnel to have no other gambling-related duties, requiring that the manager of the surveillance unit have no other gambling-related duties is problematic. This is because since 2011, the cardroom’s surveillance manager has taken on other various management and upper management roles (e.g., Facilities Manager, Interim Company President) and currently serves as Special Assistant to the President in addition to being the Surveillance Manager and Facilities Manager. According to Mr. Titus, if the prohibition on the head of the surveillance unit having “gambling-related duties” includes a prohibition on this individual having cardroom management duties, the proposed regulation defeats good control instead of serving it.

Mr. Titus goes on to express that the ISOR does not state any reason for prohibiting the head of surveillance in a Tier IV cardroom from serving in a broader management role. Further, Mr. Titus indicates that when this rule was first proposed for Tier V cardrooms in June 2009, the ISOR for Section 12396 provided no reason for this rule.

Additionally, Mr. Titus opines that the requirement is inconsistent with and exceeds the other states’ requirements summarized in the ISOR because none of the other states prohibit a surveillance manager from performing other gambling-related duties. According to Mr. Titus:

- Nevada does not have any similar regulation, which is most significant because Nevada still sets the standard for gambling regulation.
- New Jersey requires that “Surveillance department employees assigned to monitor the activities shall be independent of all other departments.”<sup>8</sup> This would not cover the department manager.
- Mississippi prohibits the “individual responsible for the operation of the Surveillance Department [from] sharing any duties with the individual responsible for the operation of the Security Department.” The reason is unclear, but it would not prevent the head of Surveillance from serving as head of Facilities or from assisting the President.
- Louisiana’s prohibition applies only to employees with monitoring duties and not to department managers.
- Washington State requires the establishment of separate departments but allows the general manager to also perform the duties of a gambling operations department manager, which is similar to the role of Assistant to the

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<sup>8</sup> NJAC, Title 13, Chapter 69(D), Section 1.10(l)(1)

President at Artichoke Joe's.

Mr. Titus suggests this subsection be amended in accordance with one of the following alternatives:

- (1) Amend proposed subsection (d)(1) [formerly subsection (e)(1)], to prohibit the head of the surveillance unit from having other “non-management gambling-related duties;” or,
- (2) Keep existing subsection (d) applicable to Tier IV cardrooms and replace the current requirements therein with the requirements currently proposed for paragraphs (2) through (7) of subsection (d) [formerly subsection (e)]. Effectively, this alternative would continue to exempt Tier IV cardrooms from the requirement to establish a dedicated surveillance unit that is separate and apart from the security department, staffed with a manager and employees that have no other gambling-related duties.

**Recommended Response:** This comment was considered but not incorporated. The phrase “gambling-related duties” used in proposed subsection (d)(1) [formerly subsection (e)(1)] is not vague and ambiguous. The existing requirement has applied to Tier V cardrooms for well over a decade and the term “gambling-related” is used within the Act and throughout Commission regulations to describe various activities, issues, and duties associated with gambling.

Requiring Tier IV cardrooms to maintain an independent surveillance unit comprised of employees and managers that have no other gambling-related duties, strengthens the cardroom's internal control over surveillance and security. Segregating the duties of surveillance unit employees, including the manager, reduces the potential for those employees to commit and conceal critical errors or fraudulent activity. Having trained and experienced employees solely responsible for overseeing cardroom surveillance better protects the health, safety, and general welfare of the cardroom and the public by aiding and preserving the integrity of the controlled gambling industry.

Although the commenter indicates that none of the other states prohibit a surveillance manager from performing other gambling-related duties, it is notable that other states have requirements in place that appear intended to similarly separate potentially incompatible duties. For instance, Louisiana requires surveillance department employees to be independent of all other departments and to report directly to the general manager or higher corporate official, and prohibits employees assigned to monitoring duties in the surveillance room from being concurrently employed in any other capacity by that licensee or any affiliate.<sup>9</sup> Therefore, Louisiana gambling establishments likely do not have “surveillance department managers” or “surveillance heads” who could serve concurrently in another capacity. Additionally, New Jersey requires casino licensees' systems of internal controls to ensure “the segregation of incompatible functions so that no employee is in a position both to

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<sup>9</sup> LAC, Title 42, Part III, Chapter 33, § 3304(A) and (b)

commit an error or to perpetuate a fraud and to conceal the error or fraud in the normal course of his or her duties.”<sup>10</sup>

Regarding the comparison to other states’ related requirements, please also see the response to Comment A.1.a.

Further, regardless of other states’ requirements, the Act provides the Commission with broad authority to implement the requirements of the Act for the protection of the health, safety, and welfare of the public.<sup>11</sup> The proposed action is consistent with the broad legislative findings and declarations provided in the Act. Specifically, Business and Professions Code section 19801 provides, in part:

19801.

The Legislature hereby finds and declares all of the following:

...

(f) It is not the purpose of this chapter to expand opportunities for gambling, or to create any right to operate a gambling enterprise in this state or to have a financial interest in any gambling enterprise. Rather, it is the purpose of this chapter to regulate businesses that offer otherwise lawful forms of gambling games.

(g) Public trust that permissible gambling will not endanger public health, safety, or welfare requires that comprehensive measures be enacted to ensure that gambling is free from criminal and corruptive elements, that it is conducted honestly and competitively, and that it is conducted in suitable locations.

(h) Public trust and confidence can only be maintained by strict and comprehensive regulation of all persons, locations, practices, associations, and activities related to the operation of lawful gambling establishments and the manufacture and distribution of permissible gambling equipment.

...

Furthermore, the Commission is authorized to adopt regulations governing the operation of gambling establishments in California and to the extent appropriate, must take into consideration the operational differences of large and small establishments.<sup>12</sup> Additionally, the Commission is mandated to adopt regulations prescribing minimum procedures for adoption by cardroom business licensees to exercise effective control over their gambling affairs, including requirements for the safeguarding of assets and revenues.<sup>13</sup> The Act also requires cardroom business licensees to maintain security controls over the gambling premises and all operations

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<sup>10</sup> NJAC, Title 13, Ch. 69D, Sec. 1.11(a)(2)

<sup>11</sup> Business and Professions Code section 19971

<sup>12</sup> Business and Professions Code section 19840

<sup>13</sup> Business and Professions Code section 19841(h)

therein related to gambling, and specifies those security controls are subject to the approval of the Commission.<sup>14</sup>

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<sup>14</sup> Business and Professions Code section 19924