

California Gambling Control Commission

2399 GATEWAY OAKS DRIVE, SUITE 220

SACRAMENTO, CA 95833

(916) 263-0700 FAX (916) 263-0499

www.cgcc.ca.gov

**MINUTES OF AUGUST 20, 2013
REGULATION WORKSHOP**

OPEN SESSION

1. Call to Order and Pledge of Allegiance.

Chairman Richard Lopes called the hearing to order at 1:00 p.m., and asked everyone to stand for the Pledge of Allegiance.

2. Roll Call of Commissioners.

Roll Call of Commissioners was taken, with Chairman Richard Lopes and Commissioners Lauren Hammond, Tiffany Conklin and Richard Schuetz present.

3. Consideration of Approval to Commence the Formal Rulemaking Process: Minimum Internal Control Standards (MICS) for Gambling Establishments: Phase IV – Cage Operation and Functions; Security of Floor Banks; and Security of Gambling Equipment and Confidential Documents. (Proposed Amendment of Title 4, California Code of Regulations, Sections 12360 and 12386; Proposed Adoption of Title 4, California Code of Regulations, Section 12387.)

- Section 12360. Chapter Definitions.
- Section 12386. Cage Operation and Functions.
- Section 12387. Security and Use of Floor Banks; Security of Gambling Equipment and Confidential Documents.

Staff recommended that the Commission **approve** initiation of the formal rulemaking process for proposed amendment and adoption of regulations relating to cage operation and functions; security of floor banks; and security of gambling equipment and confidential documents, as provided in the proposed regulation text draft dated July 8, 2013.

Written comments were received prior to the workshop from Alan Titus, representing Artichoke Joe's, and Mark Kelegian, representing Oceans 11 Casino and Crystal Casino. During the ensuing discussion, oral comments were received from:

- Andrew Schneiderman, Commerce Casino
- Alan Titus, Artichoke Joe's
- David Fried, California Grand Casino and Oaks Card Club
- Rick Covello, Hawaiian Gardens Casino
- Charles Bates, Bay 101
- Kermit Schayltz, Lucky Derby Casino
- Emmanuel Macalino, Stars Casino
- James Parker, Department of Justice, Bureau of Gambling Control
- Aaron Wong, Department of Justice, Bureau of Gambling Control
- Robert Burge, Department of Justice, Bureau of Gambling Control

During the discussions, the Commissioners considered staff's July 8, 2013 summary of the May 21, 2013 workshop comments with recommended changes in the proposed text that respond to many of the comments received at that workshop. Staff's recommended text changes were included in the July 8, 2013 draft of the specific language of the proposed regulations. As a result of the discussion and additional comments at this workshop, the Commission accepted further changes to staff's recommended text, as follows:

Underline denotes added text.

~~Strikethrough~~ denotes deleted text.

Highlighting denotes the 08/20/2013 modifications.

Section 12386

- Paragraph (2) of subsection (a) was modified to read:

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

- Subparagraph (B) of paragraph (2) of subsection (a) was modified, and a new subparagraph (C) was added, to read:

“(B) Receipt, and distribution, ~~and redemption~~ of gambling chips through internal operations.

(C) Sale and redemption of chips through patron transactions.”

- The current paragraph (5) of subsection (a) was changed to subparagraph (A) of paragraph (5), and a subparagraph (B) was added to relocate the existing paragraph (1) of subsection (b), to read:

“(B) The reconciliation of each cage and cashiers' bank shall be summarized 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' and dealers' 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 printed name and signature of each designated cage employee performing the reconciliation, as applicable.”

- Paragraph (6) of subsection (a) was modified to read:

“(6) The purchase or redemption of gambling chips by a patron may only occur at ~~the~~ a cage or from ~~a designated an authorized~~ gambling establishment 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 ~~or the sale of 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.”

- Subsection (b) was modified to read:

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

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

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

~~(A) The date of the reconciliation;~~

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

~~(C) An accounting of all items in the cage inventory (e.g., cash, coin, chips, players' and dealers' banks, etc.), for each cage window, drawer or bankroll in use during the subject shift, including:~~

~~1. The beginning shift balances, unless an imprest drawer is used;~~

~~2. All credits (receipts);~~

~~3. All debits (disbursements);~~

~~4. The ending balances;~~

~~5. An identification of any overage or shortage with an explanation, if known.~~

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

~~(3) The require that the cage activity and cashiers' banks reconciliations specified in paragraph (25) of ~~this~~ subsection (a) shall be posted and reconciled to the general ledger, as provided in paragraph (5) of subsection (a), by someone other than a designated cage employee or cage supervisor.”~~

- Paragraph (2) of subsection (c) was modified, and a new subparagraph (C) was added, to read:

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

- (A) Cash and coin by denomination;
 - (B) Gambling €chips by denomination;
 - (C) All other items of monetary value (e.g., markers, patron checks, players’ ~~and dealers’~~ banks, ~~chip runners’~~ banks, etc.), specifying the source amount of each;
 - (D) The amount assigned to each dealer’s bank and floor bank.”
- Paragraph (3) of subsection (c) was modified to read:

“(3) The licensee shall maintain a list record, either in writing or electronically, of the names or classifications of all persons designated assigned pursuant to paragraph (2) of subsection (a) as being authorized to access ~~and/or enter the a~~ cage, which list 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 ~~the 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.”

Section 12387

- Subparagraph (B) of paragraph (2) of subsection (a) was modified to read:

“(B) Designated 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.”

- Paragraph (4) of subsection (a) was modified to read:

“(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.”

- Paragraph (5) of subsection (a) was modified to read:

“(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.”

- Paragraph (7) of subsection (a) was modified to read:

“(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 designated 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.”

- Subparagraph (A) of paragraph (1) of subsection (b) was modified to read:

“(1)(A) When kept, held or stored in any public area of the gambling establishment, gambling equipment shall be secured in a receptacle, drawer or compartment, with a locking mechanism securing the contents. Any gambling equipment, excluding gambling tables, that cannot be secured in a receptacle, drawer or compartment when not in use due to its size, or that is left in place on a gambling table when not in use, shall be secured with a locking mechanism to prevent it from being moved or tampered with. The lock or locking mechanism may have a key, combination or access code in common with any similar receptacle used to keep hold or store gambling equipment in any public area of the gambling establishment. The locking mechanism shall remain locked at all times, except when being accessed by a designated 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.”

- Subparagraph (B) of paragraph (2) of subsection (b) was modified to read:

“(B) Designated 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.”

Action:

Chairman Lopes moved to approve staff’s recommendation, with the agreed upon modifications to the July 8, 2013 text draft. The motion was seconded by Commissioner Hammond and unanimously passed on a roll call vote with Chairman Lopes and Commissioners Hammond, Conklin and Schuetz voting yes.

PUBLIC COMMENT

None

ADJOURNMENT

Chairman Lopes adjourned the workshop at 3:19 p.m.