

§ 543.9 What are the minimum internal control standards for Card Games?

Comparison of TGWG to 2008 Final Rule and 2010 Draft Regulation

In 2010, the NIGC posted on its web-site draft Class II MICS. This document will compare the 2010 draft MICS to the TGWG MICS proposal.

Editing convention: The words in **blue** (underlined) and **red** (struck-through) are the additions and deletions made by the TGWG. This document does not include discussion of sections 543.8(a) – (d) (Internal Control Procedures, Computerized applications, Variances, Supervision) of the TGWG Version. The provisions are identical to others discussed in earlier comparison documents.

No Comparable TGWG Section

| July 2010 Draft MICS | TGWG Version |
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| <p>§ 543.9 (b) Standards for drop and count.</p> <p>The procedures for the collection of the card game drop and the count thereof shall comply with §543.21, §543.31, or §543.41 (as applicable).</p> | <p>NO COMPARABLE SECTION</p> |

NIGC Comments to TGWG Proposed Regulation

Effect of 2010 Draft Regulation: The draft regulation is intended to define the standards applicable to the drop and count of card games in accordance with the appropriate tier classification of the gaming operation.

Effect of TGWG Proposal: The proposed standard is silent with regard to standards for the performance of card game drop and count.

TGWG Guidance

No TGWG Guidance provided.

TGWG § 543.9(g)

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| <p>§ 543.9(c) Standards for supervision</p> <p>(c)(2) Exchanges between table banks and the main card room bank (or cage, if a main card room bank is not used) shall be authorized by a supervisor. All exchanges shall be evidenced by the use of a lammer unless the exchange of chips, tokens, and/or cash takes place at the table.</p> <p>(c)(3) Exchanges from the main card room</p> | <p>§ 543.9(g) Cash or and Cash Equivalent Control</p> <p>Cash or and cash equivalents must be controlled in a manner designed to prevent unauthorized access, misappropriation, forgery, theft, or fraud. Such controls shall be in accordance with cash and cash equivalent controls established in sub part 543.14.</p> |

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| <p>bank or cage, (if a main card room bank is not used) to the table banks shall be verified by the card room dealer and the runner.</p> <p>(c)(4) If applicable, transfers between the main card room bank and the cage shall be properly authorized and documented. Documentation must be retained for at least 24 hours.</p> <p>(c)(5) A rake collected or ante placed shall be done in accordance with the posted rules.</p> | <p>§ 543.9(e) Standards for supervision</p> <p>(e)(2) Exchanges between table banks and the main card room bank (or cage, if a main card room bank is not used) shall be authorized by a supervisor. All exchanges shall be evidenced by the use of a lammer unless the exchange of chips, tokens, and/or cash takes place at the table.</p> <p>(e)(3) Exchanges from the main card room bank or cage, (if a main card room bank is not used) to the table banks shall be verified by the card room dealer and the runner.</p> <p>(e)(4) If applicable, transfers between the main card room bank and the cage shall be properly authorized and documented. Documentation must be retained for at least 24 hours.</p> <p>(e)(5) A rake collected or ante placed shall be done in accordance with the posted rules.</p> |
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NIGC Comments to TGWG Proposed Regulation

Effect of 2010 Draft Regulation: The draft regulation is intended to provide necessary controls for the exchange of cash or cash equivalents between the table and the main bank or cage and the form of required approval and documentation.

Effect of TGWG Proposal: The draft standard is silent as to exchange of cash and cash equivalents from the table to the main bank or cage.

TGWG Guidance

(h) Cash and Cash Equivalents. Controls should be developed with respect to cash and cash equivalents designed to prevent unauthorized access, misappropriation, forgery, theft or fraud and in accordance with MICS 543.14 (What are the minimum internal control standards for cage, vault, cash and cash equivalents?) and the guidance provided in the associated document. Such controls should include the following transactions and events:

- (1) Bank issuance/return;
- (2) Even exchanges;
 - (i) Even exchanges between a table and the card room bank must be evidenced by the placement of a lammer on the table.
- (3) Increases/decreases to bank inventory;
- (4) Fills and credits; and
 - (i) Fills and credits must be authorized by a supervisory agent.
- (5) Marker and marker payments.
 - (i) The issuance of markers and acceptance of marker payments must be authorized by a supervisory agent.

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(i) Opening/Closing Count. Two agents – one of which must be a supervisory agent – must independently count the table inventory at the opening and closing of the table. The result of the count must be recorded on a form which includes the following:

- (1) Date;
- (2) Shift;
- (3) Table number;
- (4) Amount by denomination;
- (5) Amount in total; and
- (6) Signatures of both agents.

NIGC Comment to TGWG Guidance

Controls related to counting the card room bank (once per shift) don't appear to be addressed.

TGWG § 543.9(e)

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| <p>§ 543.9 (d) Standards for playing cards.</p> <p>(1) New and used playing cards to be issued to a table shall be maintained in a secure location to prevent unauthorized access and reduce the possibility of tampering. Used playing cards that are not to be re-used shall be properly canceled and removed from service. The cancellation and removal procedure shall be subject to TGRA review and approval.</p> <p>(2) This standard shall not apply where playing cards are retained for an investigation.</p> | <p>§ 543.9 (e) Inventory of Playing Cards.</p> <p>The playing card inventory must be controlled in a manner designed to prevent unauthorized access, misappropriation, forgery, theft, or fraud. Such controls shall address tabs cards exchanged between two agents, increases and decreases to inventory, and inventory reconciliation.</p> <p>§ 543.9 (d) Standards for playing cards.</p> <p>(1) New and used playing cards to be issued to a table shall be maintained in a secure location to prevent unauthorized access and reduce the possibility of tampering. Used playing cards that are not to be re-used shall be properly canceled and removed from service. The cancellation and removal procedure shall be subject to TGRA review and approval.</p> <p>(2) This standard shall not apply where playing cards are retained for an investigation.</p> |

NIGC Comments to TGWG Proposed Regulation

Effect of 2010 Draft Regulation: The draft regulation is intended to ensure that playing cards both new and used are accounted for and maintained in a secure location to reduce the possibility of tampering and/or introduction of used cards into games.

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Effect of TGWG Proposal: The proposed standard appears to be consistent with the current regulation 543.9(d), though it lacks the specificity previously provided regarding the cancelling of cards no longer being used or being retained for investigations. The reference to “tabs exchanged between two agents” should be clarified.

TGWG Guidance

(f) Playing Cards. To ensure the integrity of the card games, controls must be established to control the physical inventory of playing cards at all times. Physical inventory controls should address the orders, receipt, stocking, issuance, return, cancellation, and removal of playing card inventory and all items (i.e., shoes, dice and tiles) used in the play of card games to ensure that:

- (1) Inventory can be accounted for at all times;
- (2) The card room has sufficient inventory to maintain the games; and
- (3) Playing cards have not been marked, altered or otherwise manipulated.
- (4) Receipt from vendor.

(i) When playing cards are initially received from the vendor, they must be inspected (without breaking the factory seals), counted, inventoried, and secured by an authorized agent independent of card games.

(ii) Inventory records should include the following information: date received, quantities received and on hand, and the name of the individual conducting the inspection.

(5) Storage.

(i) New and used playing cards must be maintained in a secure location (i.e., under lock and key) with appropriate surveillance coverage, and accessible only to authorized agents to prevent unauthorized access and tampering.

(ii) Best practice suggests that card inventory should be stored in a card storage room, which is under surveillance at all times. For smaller card room operations, card inventory can be stored in a card room podium in a separate secured area from the working inventory. In this instance, a general overview of the card inventory should be covered by surveillance at all times.

(6) Issuance.

(i) Issuance of inventory can be from a storage room/location to a podium and/or a table(s) or from podium to a table(s).

(ii) When playing cards are issued to a table, best practice suggests that the card game supervisor:

- (A) Opens the decks;
- (B) Records the time and date issued and table number; and
- (C) Initials the flap of the box.

(iii) The dealer should inspect the front and back of the cards and look for completeness of the deck and any marks, alterations, or other indication of tampering.

(7) Removal from Table.

(i) When playing cards are removed from a table, best practice suggests that the card games supervisor retrieves the original box, records the time and date returned, and initials the flap of the box. (This process provides a chain of custody when an investigation is required.)

(8) Return of Inventory.

(i) Return of inventory can be from a podium and/or table to a storage room, a table to a podium, and should be recorded on the appropriate log.

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(ii) Upon return to inventory, playing cards should be inspected to ensure that the playing cards have not been marked, altered or otherwise manipulated. If any marks, alterations, or other flaws are detected, an investigation should be performed to determine the origin (i.e., table number, date, shift, and dealer[s]) of the cards. Marked, altered, or otherwise flawed cards should be sealed and removed from inventory. Best practice suggests such cards, and investigation results, should be turned over to security (or other independent department) for further investigation, including surveillance review.

(9) Cancellation and Removal.

(i) Used playing cards that are not to be re-used shall be properly cancelled and removed from service to prevent re-use of retired cards.

(ii) Cancellation methods may include: drilling, corner cutting, permanent ink marking, and edge shaving. These cancelled cards may then be removed from inventory and recorded on the appropriate log. Best practice suggests that the cancellation process be under surveillance to permit verification that proper controls have been followed.

(iii) In the event of an investigation, other than for a flawed card, the cards associated with the investigation must be retained intact outside of the established retention and cancellation policy. These cards should be sealed, recorded, and forwarded to the agent or department handling the investigation.

(10) Logs. The playing card inventory should be tracked through each step in the process on a log(s).

(i) Management should determine, based on the size of the operation and inventory needs, where card inventory logs are required to ensure the integrity of playing cards in use.

(ii) The log(s) should include:

- (A) Date;
- (B) Shift;
- (C) Time;
- (D) Location;
- (E) Inventory received, returned, issued, removed;
- (F) Agent performing transaction;
- (G) Agent performing the reconciliation;
- (H) Any variance;
- (I) Beginning and ending inventory; and
- (J) Comments.

Examples of logs:

Log maintained in the card storage room that shows inventory of all cards:

Log maintained in the podium that tracks card movement:

(11) Physical Count. At a specified interval (based on risk assessment) an agent independent of card games and the card storage room/location should perform a physical count and verify that count to the inventory log. If a variance is noted, it should be investigated by the agent who performed the physical count utilizing the methods contained in the variances section of this document.

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NIGC Comment to TGWG Guidance

Dice and tiles are not typically used in card games.

Controls related to the issuance of playing cards should include updating the perpetual inventory log to reflect the decrease in card inventory. Parts (ii) and (iii) above relate to opening up a table for play and would be better addressed in a separate section.

Assuming that “Return of Inventory” refers to the use of plastic playing cards, controls should include the frequency with which the cards are washed/cleaned and a time limit on the use of the cards (i.e., not more than 3 months). Additionally, used cards that are to be reused should be segregated and maintained separately from new, unopened decks of cards.

Controls in this section should include storage requirements for used cards and the time period within which the cards shall be cancelled. A cancellation log should be used to document date/time, responsible employee, and disposition of used cards.

Current best practices suggest that card inventory logs be maintained regardless of the size of the operation.

TGWG § 543.9(f)

| July 2010 Draft MICS | TGWG Version |
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| <p>§ 543.9(e) Standards for shills.</p> <p>(1) Issuance of shill funds shall be recorded on a shill sign-out form and shall have the written approval of the supervisor.</p> <p>(2) Returned shill funds shall be recorded on a shill sign-out form and verified by a supervisor who signs the form.</p> <p>(3) The replenishment of shill funds shall be documented.</p> | <p>§ 543.9(f) Shill Funds.</p> <p>Issuance and return of shill funds shall be recorded and have the written approval of another agent.</p> <p>§ 543.9(e) Standards for shills.</p> <p>(1) Issuance of shill funds shall be recorded on a shill sign-out form and shall have the written approval of the supervisor.</p> <p>(2) Returned shill funds shall be recorded on a shill sign-out form and verified by a supervisor who signs the form.</p> <p>(3) The replenishment of shill funds shall be documented.</p> |

NIGC Comments to TGWG Proposed Regulation

Effect of 2010 Draft Regulation: The draft regulation is intended to protect gaming operations assets by ensuring shill funds are properly controlled and adequate documentation exists.

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Effect of TGWG Proposal: The proposed standard appears to be consistent with the current regulation 543.9(e), although it lacks the specificity of the current regulation which provides more guidance to help protect tribal assets from misappropriation and/or theft.

TGWG Guidance

(g) Skill Funds.

(1) Controls should be developed and implemented regarding the use of skills. Such controls should address the following:

- (i) When skills may be used;
- (ii) Agent(s) authorized to make the decision to use a skill;
- (iii) Skill rules of play;
- (iv) Skill fund amounts;
- (v) Obtaining skill funds;
- (vi) Returning the funds; and
- (vii) Monitoring and reviewing skill activities.

(2) Best practice suggests that skill funds be issued from, and returned to, the cage. If properly documented, skill funds could be issued from, and returned to, the card room bank. Such transactions should be documented on a form signed by the cage agent performing the transaction and the “skill agent” accepting the funds. This form should include:

- (i) Date;
- (ii) Shift;
- (iii) Time;
- (iv) Location;
- (v) Agents issuing/receiving funds;
- (vi) Skill signature; and
- (vii) Amount.

NIGC Comments to TGWG Guidance

Controls should include supervisory approval for the issuance of skill funds.

No Comparable TGWG Section

| July 2010 Draft MICS | TGWG Version |
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| <p>§ 543.9(f) Standards for reconciliation of card room bank.</p> <p>(1) The amount of the main card room bank shall be counted, recorded, and reconciled at least once every eight hours or when accountability transfers. (2) At least once every eight hours, the table banks that were opened during that shift shall be counted, recorded, and reconciled by a dealer or other person, and a supervisor (or an employee independent of the</p> | <p>NO COMPARABLE SECTION</p> |

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| <p>card games department), and shall be attested to by their signatures on the check-out form. For imprest banks that remain with the dealer, the banks shall be counted, recorded and reconciled upon issuance and upon return by the dealer and a supervisor (or an employee independent of the card games department), and attested to by their signing the checkout form.</p> | |
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NIGC Comments to TGWG Proposed Regulation

Effect of 2010 Draft Regulation: The draft regulation is intended to provide gaming operations a foundation for ensuring that card room banks are reconciled at least once per shift or when accountability transfers. This helps reduce the threat to a gaming operation’s assets by ensuring that banks are properly accounted for, maintained, and reconciled on a routine basis.

Effect of TGWG Proposal: The TGWG proposed revisions are silent regarding the reconciliation of card room banks.

TGWG Guidance

None provided.

NIGC Comments

Controls related to counting the card room bank (once per shift) are not addressed.

TGWG § 543.9(i)

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| <p>§ 543.9(g) Standards for promotional progressive pots and pools.</p> <p>(1) All funds contributed by players into the pools shall be returned when won in accordance with the posted rules with no commission or administrative fee withheld.</p> <p>(i) The payout may be in the form of personal property (e.g., car).</p> <p>(ii) A combination of a promotion and progressive pool may be offered.</p> <p>(2) The conditions for participating in current card game promotional progressive pots, pools, and any related promotions including drawings and giveaway programs shall be prominently</p> | <p>§ 543.9(i) Promotional Progressive Pots and Pools such as Contests, Tournaments, Drawings and Giveaway Programs. Funds contributed by patrons to prize pools shall be returned and documented in accordance with the posted rules.</p> <p>(1) Promotional pool contributions shall be controlled in a manner to properly distinguish between gaming revenue and promotional pool contributions.</p> <p>(i) Promotional pool contributions shall be placed in a locked container;</p> <p>(ii) Agents transporting the locked container shall be precluded from having access to the</p> |

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| <p>displayed or available for customer review at the gaming operation.</p> <p>(3) Payouts for card game promotional progressive pots, pools and any other promotion, including related drawings and giveaway programs, that are \$600 or more shall be documented at the time of the payout to include the following:</p> <ul style="list-style-type: none"> (i) Date and time; (ii) Dollar amount of payout or description of personal property (e.g., car); (iii) Reason for payout (e.g., promotion name); (iv) Signature of one employee verifying, authorizing, and completing the promotional payout with the customer. The employee need not be a card game department employee provided that the required signature is that of the employee completing the payout with the customer; and (v) Customer's name. <p>(4) If the cash (or cash equivalent) payout for the card game promotional progressive pot, pool, or related promotion, including a payout resulting from a drawing or giveaway program, is less than \$600, documentation shall be created to support accountability of the bank from which the payout was made. Such documentation may consist of a line item on a card games department or cage accountability document (e.g., 43 (forty-three) \$10 card games giveaway coupons = \$430).</p> <p>(5) Rules governing current promotional pools shall be conspicuously posted in the card room and/or available in writing for customer review. The rules shall designate:</p> <ul style="list-style-type: none"> (i) The amount of funds to be contributed from each pot; (ii) What type of hand it takes to win the pool (e.g., what constitutes a "bad beat"); (iii) How the promotional funds will be paid out; (iv) How/when the contributed funds are added to the pools; and (v) Amount/percentage of funds allocated to primary and secondary pools, if applicable. <p>(6) Promotional pool contributions shall not be</p> | <p>contents keys.</p> <p>(2) At least once a day/week, increases and decreases to the promotional pool amount shall be verified, supported by documentation, recorded and reconciled to the cash by an agent independent of the card room.</p> <p>§ 543.9(g) Standards for promotional progressive pots and pools.</p> <p>(1) All funds contributed by players into the pools shall be returned when won in accordance with the posted rules with no commission or administrative fee withheld.</p> <ul style="list-style-type: none"> (i) The payout may be in the form of personal property (e.g., car). (ii) A combination of a promotion and progressive pool may be offered. <p>(2) The conditions for participating in current card game promotional progressive pots, pools, and any related promotions including drawings and giveaway programs shall be prominently displayed or available for customer review at the gaming operation.</p> <p>(3) Payouts for card game promotional progressive pots, pools and any other promotion, including related drawings and giveaway programs, that are \$600 or more shall be documented at the time of the payout to include the following:</p> <ul style="list-style-type: none"> (i) ——— Date and time; (ii) ——— Dollar amount of payout or description of personal property (e.g., car); (iii) ——— Reason for payout (e.g., promotion name); (iv) Signature of one employee verifying, authorizing, and completing the promotional payout with the customer. The employee need not be a card game department employee provided that the required signature is that of the employee completing the payout with the customer; and (v) ——— Customer's name. <p>(4) If the cash (or cash equivalent) payout for the card game promotional progressive pot, pool, or related promotion, including a payout resulting from a drawing or giveaway program,</p> |
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| <p>placed in or near the rake circle, in the drop box, or commingled with gaming revenue from card games or any other gambling game.</p> <p>(7) The amount of the pools shall be conspicuously displayed in the card room.</p> <p>(8) At least once a day, the posted pool amount shall be updated to reflect the current pool amount.</p> <p>(9) At least once a day, increases to the posted pool amount shall be reconciled to the cash previously counted or received by the cage by personnel independent of the card room.</p> <p>(10) All decreases to the pool must be properly documented, including a reason for the decrease.</p> <p>(11) Promotional funds removed from the card game shall be placed in a locked container (e.g., a separate locked container affixed to a card game table used solely for promotional pool funds).</p> <p>(12) Persons authorized to transport the locked container shall be precluded from having access to the contents keys.</p> <p>(13) The contents key shall be maintained by a department independent of the card room.</p> <p>(14) At least once a day, the locked container shall be removed by two persons, one of whom is independent of the card games department, and transported directly to the cage or other secure room to be counted, recorded, and verified, prior to accepting the funds into cage accountability.</p> <p>(h) Card Room Contests and Tournaments</p> <p>(1) All contest/tournament entry fees and prize payouts shall be summarized on a cash accountability document on a daily basis.</p> <p>(2) When, in accordance with the rules of the contest/tournament as established by the gaming operation, identification of the entrant is required for making the subsequent payout of \$600 or more, (e.g., high hand of the day/week), the entry fee(s) shall be recorded on a document which contains:</p> <p>(i) Customer's name;</p> <p>(ii) Date of entry;</p> <p>(iii) Dollar amount of entry fee (both alpha and numeric, or unalterable numeric);</p> | <p>is less than \$600, documentation shall be created to support accountability of the bank from which the payout was made. Such documentation may consist of a line item on a card games department or cage accountability document (e.g., 43 (forty three) \$10 card games giveaway coupons = \$430).</p> <p>(5) Rules governing current promotional pools shall be conspicuously posted in the card room and/or available in writing for customer review. The rules shall designate:</p> <p>(i) The amount of funds to be contributed from each pot;</p> <p>(ii) What type of hand it takes to win the pool (e.g., what constitutes a "bad beat?");</p> <p>(iii) How the promotional funds will be paid out;</p> <p>(iv) How/when the contributed funds are added to the pools; and</p> <p>(v) Amount/percentage of funds allocated to primary and secondary pools, if applicable.</p> <p>(6) Promotional pool contributions shall not be placed in or near the rake circle, in the drop box, or commingled with gaming revenue from card games or any other gambling game.</p> <p>(7) The amount of the pools shall be conspicuously displayed in the card room.</p> <p>(8) At least once a day, the posted pool amount shall be updated to reflect the current pool amount.</p> <p>(9) At least once a day, increases to the posted pool amount shall be reconciled to the cash previously counted or received by the cage by personnel independent of the card room.</p> <p>(10) All decreases to the pool must be properly documented, including a reason for the decrease.</p> <p>(11) Promotional funds removed from the card game shall be placed in a locked container (e.g., a separate locked container affixed to a card game table used solely for promotional pool funds).</p> <p>(12) Persons authorized to transport the locked container shall be precluded from having access to the contents keys.</p> <p>(13) The contents key shall be maintained by a department independent of the card room.</p> |
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| <p>(iv) Signature of individual completing transaction attesting to the receipt the entry fee with the customer; and</p> <p>(v) Name of contest/tournament.</p> <p>(3) When contest/tournament payouts of \$600 or more are transacted, the transactions shall be recorded on a document which contains:</p> <p>(i) Customer's name;</p> <p>(ii) Date of payout;</p> <p>(iii) Dollar amount of entry payout (both alpha and numeric, or unalterable numeric) and/or nature and dollar value of any noncash payout;</p> <p>(iv) Signature of individual completing transaction attesting to the disbursement of the payout with the customer; and</p> <p>(v) Name of contest/tournament.</p> <p>(4) Contest/tournament prize pools that have the amount of the pool determined through player contributions from card game pots are subject to the requirements of §542.9 (g) (6) and §542.9 (g) (11)-(14).</p> <p>(5) The contest/tournament entry fees and payouts shall be summarized and posted to the accounting records on at least a monthly basis.</p> <p>(6) Current contest/tournament rules shall be included on all entry forms/brochures and prominently displayed or available for customer review at the gaming operation. The rules must include at a minimum:</p> <p>(i) All conditions customers must meet to qualify for entry into, and advancement through, the contest/tournament;</p> <p>(ii) Specific information pertaining to any single contest/tournament, inclusive of the following:</p> <p>(A) Dollar amount of money placed in to the prize pool;</p> <p>(B) If dollar amount not predetermined, the method by which the dollar contribution will be determined; and</p> <p>(C) Description of merchandise contributed, inclusive a dollar value.</p> <p>(iii) The distribution of funds based on specific outcomes.</p> <p>(7) Results of current contests/tournaments shall be recorded and available for participants to review, including the name of the event,</p> | <p>(14) At least once a day, the locked container shall be removed by two persons, one of whom is independent of the card games department, and transported directly to the cage or other secure room to be counted, recorded, and verified, prior to accepting the funds into cage accountability.</p> <p>(h) Card Room Contests and Tournaments—(1) All contest/tournament entry fees and prize payouts shall be summarized on a cash accountability document on a daily basis.</p> <p>(2) When, in accordance with the rules of the contest/tournament as established by the gaming operation, identification of the entrant is required for making the subsequent payout of \$600 or more, (e.g., high hand of the day/week), the entry fee(s) shall be recorded on a document which contains:</p> <p>(i) Customer's name;</p> <p>(ii) Date of entry;</p> <p>(iii) Dollar amount of entry fee (both alpha and numeric, or unalterable numeric);</p> <p>(iv) Signature of individual completing transaction attesting to the receipt the entry fee with the customer; and</p> <p>(v) Name of contest/tournament.</p> <p>(3) When contest/tournament payouts of \$600 or more are transacted, the transactions shall be recorded on a document which contains:</p> <p>(i) Customer's name;</p> <p>(ii) Date of payout;</p> <p>(iii) Dollar amount of entry payout (both alpha and numeric, or unalterable numeric) and/or nature and dollar value of any noncash payout;</p> <p>(iv) Signature of individual completing transaction attesting to the disbursement of the payout with the customer; and</p> <p>(v) Name of contest/tournament.</p> <p>(4) Contest/tournament prize pools that have the amount of the pool determined through player contributions from card game pots are subject to the requirements of §542.9 (g) (6) and §542.9 (g) (11)-(14).</p> <p>(5) The contest/tournament entry fees and payouts shall be summarized and posted to the accounting records on at least a monthly basis.</p> <p>(6) Current contest/tournament rules shall be</p> |
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| <p>date(s) of event, total number of entries, dollar amount of entry fees, total prize pool, and the dollar amount paid for each winning category. The gaming operation shall establish a reasonable retention period to maintain the information, which shall be subject to TGRA concurrence.</p> <p>(i) For contest/tournament prize pools where the amount of the pool is determined through patron contributions from card game pots, the daily contributions and the total contributions shall be recorded.</p> <p>(ii) Two employees, one of whom is independent of the collection of entry fees, shall reconcile the total amount of card game chips issued for the contest/tournament in exchange for entry fees to the final chip count at the end of the contest/tournament. The reconciliation shall be documented and signed by the employees.</p> | <p>included on all entry forms/brochures and prominently displayed or available for customer review at the gaming operation. The rules must include at a minimum:</p> <p>(i) All conditions customers must meet to qualify for entry into, and advancement through, the contest/tournament;</p> <p>(ii) Specific information pertaining to any single contest/tournament, inclusive of the following:</p> <p>(A) Dollar amount of money placed in to the prize pool;</p> <p>(B) If dollar amount not predetermined, the method by which the dollar contribution will be determined; and</p> <p>(C) Description of merchandise contributed, inclusive a dollar value.</p> <p>(iii) ——— The distribution of funds based on specific outcomes.</p> <p>(7) Results of current contests/tournaments shall be recorded and available for participants to review, including the name of the event, date(s) of event, total number of entries, dollar amount of entry fees, total prize pool, and the dollar amount paid for each winning category. The gaming operation shall establish a reasonable retention period to maintain the information, which shall be subject to TGRA concurrence.</p> <p>(i) For contest/tournament prize pools where the amount of the pool is determined through patron contributions from card game pots, the daily contributions and the total contributions shall be recorded.</p> <p>(ii) Two employees, one of whom is independent of the collection of entry fees, shall reconcile the total amount of card game chips issued for the contest/tournament in exchange for entry fees to the final chip count at the end of the contest/tournament. The reconciliation shall be documented and signed by the employees.</p> |
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§ 543.9 What are the minimum internal control standards for Card Games?

Comparison of TGWG to 2008 Final Rule and 2010 Draft Regulation

NIGC Comments to TGWG Proposed Regulation

Effect of 2010 Draft Regulation: The draft regulation is intended to provide specific guidance to a gaming operation with regard to promotional pools, pots, and tournaments to ensure that patron's monies are accurately accounted for and the integrity of promotional pools, pots, and tournaments does not come into question by the public.

Effect of TGWG Proposal: The proposed standard appears to lack any specificity regarding the conduct and accountability of promotional pools, pots, contests, and tournaments. Promotional activities are frequently subject to fraud and abuse and an effective framework of internal control standards serves to lessen the frequency of those occurrences. The standard could be more specific. Further, it is not clear whether (i)(2) is intended to require verification of increases and decreases to the promotional pool amount, supported by documentation, recorded and reconciled to the cash by an agent independent of the card room once per day or once per week.

TGWG Guidance

(j) Rules for Card Games and Related Promotions and Tournaments.

(1) General Rules. Controls must require rules to be posted or otherwise made available to patrons. Such rules must:

(i) Inform patrons of any conditions required for the patron to participate in the game (i.e., minimum buy in, re-buy, bankroll);

(ii) Fee schedules for the games offered and any related promotions (i.e., any contest, tournament, progressives); and

(iii) Best practice suggests that the process for resolving disputes should be posted or otherwise made available for patron review.

(2) Promotions. Controls must require that the rules including the conditions for participating in card game promotions are documented and made available for patron review.

Such documentation should include the following:

(i) Rules of the promotion;

(ii) Name of the promotion;

(iii) Date(s) of the promotion;

(iv) Amount of funds to be contributed by patrons (i.e., entry fee, per pot contribution, buy-in);

(v) Administrative fees, if any;

(vi) Nature of qualifying hand to win;

(vii) List of available prizes;

(viii) Allocation of the promotional prize payout;

(ix) Amount of each promotional pool; and

(x) Aggregate amount of all pools.

(3) Tournaments. Controls must require that the rules including the conditions for participating in card game tournaments are documented and made available for patron review.

Such documentation should include the following:

(i) Rules of the tournament;

(ii) Name of the tournament;

(iii) Date(s) of the tournament;

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- (iv) Entry fee;
- (v) Administrative fees, if any;
- (vi) List of available prizes;
- (vii) Allocation of the tournament prize payout;
- (viii) Amount of each tournament pool; and
- (ix) Aggregate amount of all pools.

(k) Promotional Progressive Pots and Pools. Controls should be developed to properly account for the funds contributed by patrons to promotional pots or pools. These controls should include:

- (1) Procedures for the collection of patron contributions. Such procedures must include:
 - (i) Security of the patron contributions.

(A) Patron contributions should be segregated from gaming funds and accounted for separately. For example, cash or cash equivalents may be converted into a non-redeemable promotional chip of the same value.

(B) When patron contributions are collected, the cash or cash equivalents should be placed in a locked container.

(C) Agents transporting the locked container must be prohibited from access to the content key.

(2) Counting and Recording. Best practice suggests that the counting and recording of the promotional locked box contents should be performed by agents independent of the card game department, hosting department(s), and other sponsors. The count should be performed under a surveillance camera and the documentation forwarded to accounting.

- (l) Audit and Accounting.

(1) Controls must be established for audit and accounting in accordance with MICS 543.19 (What are the minimum internal control standards for audit and accounting?) and the guidance provided in the associated document.

(2) Best practice suggests that each operational area secure daily audit and accounting records, forms, and documents prior to audit. For example a cashier may place records in a locked box for next-day delivery to accounting for audit.

NIGC Comments to TGWG Guidance

Guidance appears relevant.

In addition to including applicable controls stated in (j) - Rules for Card Games and Related Promotions and Tournaments – the following controls should also be considered for inclusion in this part:

- How are promotional funds paid out?
- How and when contributed funds are added to the jackpot?
- Amount or percentage allocated to primary and secondary jackpots?
- Reconciliation of posted pool amount increases to the cash previously counted.
- Accounting for decreases to pooled amounts.

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The TAC should also consider creating separate parts/controls for promotional progressive pots and pools maintained in the card room and the promotional progressive pots and pools maintained in the cage.

No Comparable TGWG Section

| July 2010 Draft MICS | TGWG Version |
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| <p>§ 543.9(i) Computerized Player Tracking Systems</p> <p>(1)The following standards apply only to computerized player tracking systems that accumulate points that are subsequently redeemed by the customer for cash, merchandise, etc.</p> <p>(2)The addition/deletion of points to player tracking accounts other than through an automated process related to actual play must be sufficiently documented (including substantiation of reasons for increases) and authorized or performed by supervisory personnel of the player tracking, promotions, or card games departments.</p> <p>(i) The addition/deletion of points to player tracking accounts authorized by supervisory personnel shall be documented and randomly verified by accounting/audit personnel on at least a quarterly basis.</p> <p>(ii)The above requirements do not apply to the deletion of points related to inactive or closed accounts through an automated process.</p> <p>(3) Employees who redeem points for patrons shall not have access to inactive or closed accounts without supervisory personnel authorization. Documentation of such access and approval shall be created and maintained.</p> <p>(4) Customer identification shall be required when redeeming points for cash or at any time points are being redeemed without a player tracking card.</p> <p>(5) Changes to the player tracking system parameters, such as point structures and employee access, must be performed by supervisory personnel independent of the card games department. Alternatively, changes to</p> | <p>NO COMPARABLE SECTION</p> |

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| <p>player tracking system parameters may be performed by card games supervisory personnel if sufficient documentation is generated and the propriety of the changes is randomly verified by personnel independent of the card games department on a quarterly basis.</p> <p>(6) Rules and policies for player tracking accounts including the awarding, redeeming and expiration of points shall be prominently displayed or available for customer review at the gaming operation.</p> | |
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NIGC Comments to TGWG Proposed Regulation

Effect of 2010 Draft Regulation: The draft regulation, 543.9(i), is intended to give gaming operations minimum internal control standards regarding the issuance and redemption of player points when a player tracking system is utilized to reward a patron's card game play. The intent is to provide a framework which a TGRA can expand upon to ensure that the use of a player tracking system is properly authorized and documented.

Effect of TGWG Proposal: The TGWG revision is silent as to standards for card game player tracking systems. Although player tracking systems were initially designed to reward slot players for their play in the form of points that are redeemable for prizes or cash, improvements in technology have expanded the player tracking systems to table games, card games, and counter games.

TGWG Guidance

None provided.

NIGC Comments

None.

§ 543.9 What are the minimum internal control standards for Card Games?

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| July 2010 Draft MICS | TGWG Version |
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| <p>§ 543.9(50)(c) Accounting/Audit Standards</p> <p>(1) The card games audit shall be conducted by personnel independent of the card games department.</p> <p>(2) On a daily basis, audit/accounting personnel shall reconcile the amount indicated on the progressive sign/meter to the cash counted or received by the cage and the payouts made for each promotional progressive pot and pool. This reconciliation must be sufficiently documented (including substantiation of differences, adjustments, etc.).</p> <p>(3) The following procedures shall be performed by accounting/audit personnel using the appropriate document prepared by the count team members for each day:</p> <p>(i) Reconcile the dollar amount of drop proceeds to the dollar amount recorded in the applicable accountability document using, if applicable, the transfer forms indicating all transfers in/out of the count room, both during and at the end of the count. Investigate and document any variance noted.</p> <p>(ii) Recalculate card game proceeds (all funds received by the gaming operation as compensation for conducting the game) in total and by shift. For computerized master games sheets that total the count proceeds from each box, accounting personnel are to recalculate rake in total and by shift for one day each month.</p> <p>(iii) Verify that the correct total of card game proceeds is recorded in the accounting records.</p> <p>(4) At least monthly, accounting/audit personnel shall review all payouts for the promotional progressive pots, pools, or other promotions to determine proper accounting treatment.</p> <p>(5) At least monthly, accounting/audit personnel shall perform procedures to ensure that payouts for the promotional progressive</p> | <p>NO COMPARABLE SECTION</p> |

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| <p>pots, pools, or other promotions are conducted in accordance with conditions provided to the customers.</p> <p>(6) Daily, accounting/audit personnel shall reconcile all contest/tournament entry and payout forms to the dollar amounts recorded in the appropriate accountability document.</p> <p>(7) Documentation (e.g., log, checklist, notation on reports, and tapes attached to original documents) evidencing the performance of card games audit procedures, the exceptions noted, and the follow-up of all card games audit exceptions shall be maintained,</p> | |
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NIGC Comments to TGWG Proposed Regulation

Effect of 2010 Draft Regulation: The draft regulation is intended to ensure that card game revenues and progressive pots and pools are appropriately audited and accurately accounted for. During the drafting process these standards were relocated to Part 543.50 Revenue Audit (c) Card Games. However maintaining Accounting and Audit standards within the respective is generally considered best practice and results in a more complete and comprehensive document, whatever the revenue center.

Effect of TGWG Proposal: The proposed TGWG revision, 543.9, is silent as to accounting and revenue auditing standards.

TGWG Guidance

None

NIGC Comments

None.