

## CHAPTER 465. (Reserved)

§§ 465.1--465.31. (Reserved).

### CHAPTER 465a. ACCOUNTING AND INTERNAL CONTROLS

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### **§ 465a.1. Accounting records.**

(a) A slot machine licensee shall maintain complete, accurate and legible records of all transactions pertaining to the revenues and expenses of each licensed facility.

(b) General accounting records shall be maintained on a double entry system of accounting with transactions recorded on a basis consistent with generally accepted accounting principles in the United States. Detailed, supporting and subsidiary records sufficient to meet the requirements of subsection (c) shall also be maintained in accordance with the requirements of this chapter.

(c) The detailed, supporting and subsidiary records include:

(1) Records pertaining to revenue that is taxable or subject to taxation under the act.

(2) Records pertaining to the financial statements and all transactions impacting the financial statements of the slot machine licensee including contracts or agreements with licensed manufacturers, suppliers, gaming junket enterprises, certified and registered gaming service providers, contractors, consultants, management companies, attorneys and law firms, accountants and accounting firms, insurance companies, and financial institutions, including statements and reconciliations related thereto.

(3) Records which identify the handle, payout, actual win amounts and percentages, theoretical win amounts and percentages, and differences between theoretical and actual win amounts and percentages, for each slot machine on a week-to-date, month-to-date and year-to-date basis.

(4) Records documenting the costs of complimentary services and items as defined in § 401a.3 (relating to definitions).

(5) Records of loans and other amounts payable by the slot machine licensee.

(6) Records of investments, advances, loan and receivable balances due to the slot machine licensee.

(7) Records created in connection with the system of internal controls submitted to the Board under § 465a.2 (relating to internal control systems and audit protocols).

(8) Records of returned checks.

**§ 465a.2. Internal control systems and audit protocols.**

(a) An applicant for, or holder of, a slot machine license shall submit to the Board and the Department a written description of its initial system of administrative and accounting procedures, including its internal control systems and audit protocols (collectively referred to as its "internal controls") at least 90 days before gaming operations are to commence. A written system of internal controls must include:

(1) Records of direct and indirect ownership in the proposed slot machine license, its affiliates, intermediaries, subsidiaries or holding companies.

(2) Organization charts depicting segregation of functions and responsibilities.

(3) A description of the duties and responsibilities of each licensed or permitted position shown on the organization charts and their respective lines of authority.

(4) A detailed narrative description of the administrative and accounting procedures designed to satisfy the requirements of this subpart.

(5) A record retention policy in accordance with § 465a.6 (relating to retention, storage and destruction of books, records and documents).

(6) Procedures to ensure that assets are safeguarded, and counted in conformance with effective count procedures.

(7) Procedures governing the conduct of all gaming related promotions to be offered by the slot machine licensee.

(8) Procedures to ensure compliance with section 1513 of the act (relating to political influence) to:

(i) Prevent political contributions.

(ii) Provide an annual certification that the slot machine licensee has conducted a good faith investigation that has not revealed any violations and to the Department of State's Bureau of Commissions, Elections and Legislation.

(9) Procedures to ensure that the slot machine licensee's employees comply with Chapter 435a (relating to employees).

(10) Other items the Board may request in writing to be included in the internal controls.

(b) A submission must be accompanied by the following:

(1) An attestation by the chief executive officer or other competent person with a direct reporting relationship to the chief executive officer attesting that the officer believes, in good faith, that the submitted internal controls conform to the requirements of the act and this subpart.

(2) An attestation by the chief financial officer or other competent person with a direct reporting relationship to the chief financial officer attesting that the officer believes, in good faith, that the submitted internal controls are designed to provide reasonable assurance that the financial reporting conforms to generally accepted accounting principles in the United States and complies with applicable laws and regulations, including the act and this subpart.

(c) The initial submission must also be accompanied by a report from an independent registered public accounting firm, licensed to practice in this Commonwealth. The report should express an opinion as to the effectiveness of the design of the submitted system of internal controls over financial reporting and should further express an opinion as to whether the submitted system of internal controls materially deviates from the requirements of applicable laws and regulations, including the act and this subpart.

(d) A submission by a slot machine licensee or applicant must include, at a minimum, the following:

(1) Administrative controls which include the procedures and records that relate to the decision making processes leading to management's authorization of transactions.

(2) Accounting controls which have as their primary objectives the safeguarding of assets and revenues and the reliability of financial records. The accounting controls must be designed to provide reasonable assurance that:

(i) Transactions or financial events which occur in the operation of a slot machine are executed in accordance with management's general and specific authorization.

(ii) Transactions or financial events which occur in the operation of a slot machine are recorded as necessary to permit preparation of financial statements

in conformity with generally accepted accounting principles in the United States, the act and this subpart.

(iii) Transactions or financial events which occur in the operation of a slot machine are recorded in a manner which provides reliable records, accounts and reports, including the recording of cash and evidences of indebtedness, for use in the preparation of reports to the Board related to slot machines.

(iv) Transactions or financial events which occur in the operation of a slot machine are recorded to permit proper and timely reporting and calculation of gross terminal revenue, fees and taxes and to maintain accountability for assets.

(v) Access to assets is permitted only in accordance with management's general and specific authorization.

(vi) The recorded accountability for assets is compared with existing physical assets at reasonable intervals and appropriate action is taken with respect to any discrepancies.

(3) Procedures and controls for ensuring, in accordance with section 1323 of the act (relating to the central control computer system), that each slot machine directly provides and communicates all required activities and financial details to the central control computer system as set by the Board.

(4) Procedures and controls for ensuring that all functions, duties and responsibilities are segregated and performed in accordance with sound financial practices by qualified personnel.

(5) Procedures and controls for ensuring, through the use of surveillance and security departments, that the licensed facility is secure during normal operations and during any emergencies due to malfunctioning equipment, loss of power, natural disaster or any other cause.

(e) The Board, in consultation with the Department, will review each initial submission made under subsection (a) and determine whether it conforms to the requirements of the act and this subpart and provides adequate and effective controls to insure the integrity of the operation of slot machines at a licensed facility. If the Board determines that the submission is deficient in any area, the Board will provide a written notice of the deficiency to the slot machine applicant or licensee and allow the slot machine applicant or licensee to submit a revision to its submission. A slot machine licensee is prohibited from commencing gaming operations until its system of internal controls is approved by the Board.

(f) If a slot machine licensee intends to make a change or amendment to its system of internal controls, it shall submit the change or amendment electronically to the Bureau of Gaming Operations using the Internal Controls Amendment Request Form

posted on the Board's web site ([www.pgcb.state.pa.us](http://www.pgcb.state.pa.us)). A request for a change or amendment must include electronic copies of the attestations required under subsection (b)(1) and (2). The slot machine licensee may implement the change or amendment upon receipt of written notice of approval from the Board's Executive Director or on the 30th calendar day following the filing of a complete submission unless the slot machine licensee receives a notice under subsection (g) tolling the change or amendment or written notice of disapproval from the Board's Executive Director.

(g) If during the 30-day review period in subsection (f), the Bureau of Gaming Operations preliminarily determines that a procedure in a submission contains a substantial and material insufficiency likely to have a direct and materially adverse impact on the integrity of slot operations or the control of gross terminal revenue, the Bureau of Gaming Operations, by written notice to the slot machine licensee, will:

(1) Specify the nature of the insufficiency and, when possible, an acceptable alternative procedure.

(2) Direct that the 30 calendar day review period in subsection (f) be tolled and that any internal controls at issue not be implemented until approved under subsection (i).

(h) Examples of submissions that may be determined to contain a substantial and material insufficiency likely to have a direct and materially adverse impact on the integrity of slot operations or the control of gross terminal revenue may include the following:

(1) Submissions that fail to provide an audit trail sufficient to permit the review of gaming operations or the reconstruction of gross terminal revenue transactions.

(2) Submissions that fail to provide for the segregation of incompatible functions so that no employee is in a position both to commit an error or to perpetrate a fraud and to conceal the error or fraud in the normal course of the employee's duties.

(3) Submissions that do not include forms or other materials referenced in the submission or required by the act or this part that are essential elements of the internal controls.

(4) Submissions that would implement operations or accounting procedures not authorized by the act or this part.

(5) Submissions that are dependent upon the use of equipment or related devices or software not approved by the Board, unless the submissions are required as part of an authorized test of the equipment or related device or software.

(i) When a change or amendment has been tolled under subsection (g), the slot machine licensee may submit a revised change or amendment within 30 days of receipt of

the written notice from the Bureau of Gaming Operations. The slot machine licensee may implement the revised change or amendment upon receipt of written notice of approval from the Board's Executive Director or on the 30th calendar day following the filing of the revision unless it receives written notice under subsection (g) tolling the change or amendment or written notice of disapproval from the Board's Executive Director.

(j) A current version of the internal controls of a slot machine licensee shall be maintained in or made available in electronic form through secure computer access to the accounting and surveillance departments of the slot machine licensee and the Board's onsite facilities required under § 465a.8 (relating to licensed facility). The slot machine licensee shall also maintain a copy, either in paper or electronic form, of any superseded internal control procedures for a minimum of 5 years. The original signed two attestations required under subsections (b)(1) and (2) shall also be maintained for a minimum of 5 years. Each page of the internal controls must indicate the date on which it was approved by the Board.

### **§ 465a.3. Forms, records and documents.**

(a) Information required by this part to be placed on any form, record or document and in stored data shall be recorded on the form, record or document and in stored data in ink or other permanent form.

(b) Whenever duplicate or triplicate copies are required of a form, record or document, the original, duplicate and triplicate copies must have the name of the recipient receiving the copy preprinted on the bottom of that copy so as to differentiate between the copies.

(c) Whenever under this part, forms or serial numbers are required to be accounted for and an exception is noted, the exceptions shall be reported in writing to the slot machine licensee's internal audit department within 2 days of identification of the exception or upon its confirmation, whichever occurs earlier.

(d) Unless otherwise specified in this part, all forms, records, documents and stored data required to be prepared, maintained and controlled by this chapter must have the name of the licensed facility and the title of the form, record, document and, for stored data, the date imprinted or preprinted thereon.

(e) Nothing in this chapter shall be construed as prohibiting a slot machine licensee from preparing more copies of any form, record or document than those prescribed by this chapter.

### **§ 465a.4. Standard financial and statistical reports.**

(a) Within 30 days of the close of each calendar quarter, slot machine licensees shall file a report which includes a detailed reconciliation of the amount invoiced by the Department to the tax accrual determined by the slot machine licensee's revenue/income

audit process. The reconciliation shall be determined by the slot machine licensee on at least a weekly basis and the report must provide the date and the amount of any differences found during the reconciliation process. The report shall be filed electronically with the Board's Bureau of Gaming Operations and the Department's Bureau of Fiscal Management.

(b) The Board may prescribe standard reporting forms and corresponding filing instructions to be used by a slot machine licensee in filing the report referenced in subsection (a).

(c) The Board may request, in writing, financial, statistical or other reports to determine compliance by the slot machine licensee with the act and the Board's regulations.

### **§ 465a.5. Annual audit; other reports; suspicious activity and currency transaction reporting.**

(a) A slot machine licensee shall, at its own expense, cause its annual financial statements to be audited in accordance with generally accepted auditing standards (when applicable, the Standards of the Public Company Accounting Oversight Board (United States)) by an independent certified public accountant or, when appropriate, an independent registered public accounting firm, licensed to practice in this Commonwealth.

(b) The annual financial statements shall be prepared on a comparative basis for the current and prior fiscal year and present financial position and results of operations in conformity with generally accepted accounting principles in the United States.

(c) The financial statements required by this section must include a footnote reconciling and explaining any differences between the financial statements included in any annual report filed in conformity with § 465a.4 (relating to standard financial and statistical reports) and the audited financial statements. The footnote must, at a minimum, disclose the effect of adjustments on:

- (1) Revenue from the operation of slot machines.
- (2) Slot machine revenue net of expenses for complimentary services or items.
- (3) Total costs and expenses.
- (4) Income before extraordinary items.
- (5) Net income.

(d) One copy of the audited financial statements, together with any management letter or report prepared thereon by the slot machine licensee's independent certified public accountant or independent registered public accounting firm, shall be filed with the Bureau of Licensing not later than 60 days after the end of the licensee's fiscal year.

(e) The slot machine licensee shall require the independent certified public accountant or independent registered public accounting firm auditing its financial statements to render the following additional reports:

(1) A report on material weaknesses or significant deficiencies in the system of internal controls noted in the course of the examination of the financial statements.

(2) A report expressing the opinion of the independent certified public accountant or independent registered public accounting firm as to the adequacy of the slot machine licensee's system of internal controls over financial reporting based upon the description of the system of internal controls approved for the slot machine licensee under § 465a.2 (relating to internal control systems and audit protocols). When appropriate, the report should make specific recommendations regarding improvements in the system of internal controls.

(f) The slot machine licensee shall prepare a written response to the independent certified public accountant's or independent registered public accounting firm's reports required by subsection (e)(1) and (2). The response must indicate, in detail, corrective actions taken. The slot machine licensee shall submit a copy of the response to the Bureau of Licensing within 90 days of receipt of the reports.

(g) The slot machine licensee shall file with the Bureau of Licensing one copy of the reports required by subsection (e), and one copies of any other reports on internal controls, administrative controls, or other matters relative to the slot machine licensee's accounting or operating procedures rendered by the licensee's independent certified public accountant or independent registered public accounting firm within 120 days following the end of the licensee's fiscal year or upon receipt, whichever is earlier.

(h) If the slot machine licensee, or a licensed holding company, licensed intermediary or licensed principal entity of the slot machine licensee, is publicly held, the slot machine licensee shall submit a notice to the Bureau of Licensing when it files any report, including forms S-1, 8-K, 10-Q, 10-K, proxy or information statements and registration statements, required to be filed by the slot machine licensee, licensed holding company, licensed intermediary or licensed principal entity of the slot machine licensee, with the SEC or other domestic or foreign securities regulatory agency. The notice must include a listing of the reports or forms filed and the date of the filing. The notice to the Bureau of Licensing shall be made within 10 days of the time of filing with the applicable Commission or regulatory agency.

(i) If an independent certified public accountant or independent registered public accounting firm who was previously engaged as the principal accountant to audit the slot machine licensee's financial statements resigns or is dismissed as the slot machine licensee's principal accountant, or another independent certified public accountant or independent registered public accounting firm is engaged as principal accountant, the slot machine licensee shall file a report with the Bureau of Licensing within 10 days following the end of the month in which the event occurs, setting forth the following:

(1) The date of the resignation, dismissal or engagement.

(2) Whether in connection with the audits of the 2 most recent years preceding a resignation, dismissal or engagement there were any disagreements with the former accountant on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, including a description of each disagreement. The disagreements to be reported include those resolved and those not resolved.

(3) Whether the principal accountant's report on the financial statements for either of the past 2 years contained an adverse opinion or disclaimer of opinion or was qualified. The nature of the adverse opinion, disclaimer of opinion or qualification shall be described.

(j) The slot machine licensee shall request the former accountant to furnish to the slot machine licensee a letter addressed to the Bureau of Licensing stating whether he agrees with the statements made by the slot machine licensee in response to subsection (i)(2). The letter shall be filed with the Bureau of Licensing as an exhibit to the report required by subsection (i)(2).

(k) The slot machine licensee shall file with BIE a copy of any Suspicious Activity Report-Casino (SARC) it is required to file under 31 CFR 103.21 (relating to reports by casinos of suspicious transactions). Each SARC shall be filed with BIE concurrently with the Federal filing.

(l) A slot machine licensee, director, officer, employee or agent who reports a suspicious activity under subsection (k) may not notify any person involved in the suspicious activity that the suspicious activity has been reported.

(m) The slot machine licensee shall file with BIE a copy of any Currency Transaction Report by Casino (CTRC) it is required to file under 31 CFR 103.22 (relating to reports of transactions in currency). Each CTRC shall be filed with BIE concurrently with the Federal filing.

(n) Prior to commencing gaming operations, a slot machine licensee shall file with the Bureau of Gaming Operations, in a manner to be prescribed by Bureau of Gaming Operations, a copy of its compliance program required under 31 CFR 103.64 (relating to special rules for casinos). Thereafter, a slot machine licensee shall file with

the Bureau of Gaming Operations any amendment or supplement to its compliance program on or before the effective date of the amendment or supplement.

**§ 465a.6. Retention, storage and destruction of books, records and documents.**

(a) For the purposes of this section, "books, records and documents" means any book, record or document pertaining to, prepared in or generated by the operation of the licensed facility including all forms, reports, accounting records, ledgers, subsidiary records, computer generated data, internal audit records, correspondence and personnel records required to be generated and maintained under § 451a.1 (relating to recordkeeping generally) or this part. This definition applies without regard to the medium through which the record is generated or maintained, for example, paper, magnetic media or encoded disk.

(b) Original books, records and documents pertaining to the operation of a licensed facility shall be:

(1) Prepared and maintained in a complete, accurate and legible form. Electronic data must be stored in a format that ensures readability, regardless of whether the technology or software that created or maintained it has become obsolete.

(2) Retained in a secure location in the licensed facility that is equipped with a fire suppression system or at another location approved under subsection (d).

(3) Kept immediately available for inspection by agents of the Board, the Department and the Pennsylvania State Police during all hours of operation.

(4) Organized and indexed in a manner to provide immediate accessibility to agents of the Board, the Department and the Pennsylvania State Police.

(5) Destroyed only after expiration of the minimum retention period specified in subsection (c), except that the Board may, upon the written request of a slot machine licensee and for good cause shown, permit the destruction at an earlier date.

(c) Original books, records and documents shall be retained by a slot machine licensee for a minimum of 5 years with the following exceptions:

(1) Documentation with regard to gaming vouchers reported to the Board as possibly counterfeit, altered or tampered with should be retained for a minimum of 2 years.

(2) Coupons entitling patrons to cash or slot machine credits, whether unused, voided or redeemed shall be retained for a minimum of 6 months.

(3) Voided gaming vouchers and gaming vouchers redeemed at a location other than a slot machine shall be retained for a minimum of 6 months.

(4) Gaming vouchers redeemed at a slot machine shall be retained for a minimum of 7 days.

(d) A slot machine licensee may request, in writing, that the Bureau of Gaming Operations approve a location outside the licensed facility to store original books, records and documents. The request must include the following:

(1) A detailed description of the proposed location, including security and fire suppression systems.

(2) The procedures under which the Board, the Department and the Pennsylvania State Police will be able to gain access to the original books, records and documents retained at the location outside the licensed facility.

(e) A slot machine licensee may request, in writing, that the Board approve a microfilm, microfiche or other suitable media system for the copying and storage of original books, records and documents. The request must include representations regarding:

(1) The processing, preservation and maintenance methods which will be employed to insure that the books, records and documents are available in a format which makes them readily available for review and copying.

(2) The inspection and quality control methods which will be employed to insure that microfilm, microfiche or other media when displayed on a reader/viewer or reproduced on paper exhibits a high degree of legibility and readability.

(3) The availability of a reader/printer for use by the Board, the Department and the Pennsylvania State Police at the licensed facility or other location approved by the Board and the readiness with which the books, records or documents being stored on microfilm, microfiche or other media can be located, read and reproduced.

(4) The availability of a detailed index of all microfilmed, microfiched or other stored data maintained and arranged in a manner to permit the immediate location of any particular book, record or document.

(f) Nothing herein shall be construed as relieving a slot machine licensee from meeting any obligation to prepare or maintain any book, record or document required by any other Federal, State or local governmental body, authority or agency.

#### **§ 465a.7. Complimentary services or items.**

(a) A slot machine licensee shall develop, maintain and apply adequate internal controls over the authorization and issuance of complimentary services or items as defined in § 401a.3 (relating to definitions). The slot machine licensee shall maintain a written record of the internal controls under this section and the specific employees to whom they apply. Slot machine licensees are not required to obtain Board approval of the internal controls under this section.

(b) The internal controls must include the following:

(1) The procedures by which the slot machine licensee delegates to its employees the authority to approve the issuance of complimentary services or items.

(2) The procedures by which the slot machine licensee establishes or modifies any conditions or limits, to delegated authority, including limits based on relationships between the authorizer and recipient.

(3) The provisions employed to insure the auditing of complimentary services or items.

(c) Complimentary services or items shall be recorded as follows:

(1) A complimentary service or item provided directly to a patron in the normal course of a slot machine licensee's business shall be recorded at an amount based upon the full retail price normally charged for the service or item by the licensee.

(2) A complimentary service or item not offered for sale to a patron in the normal course of a slot machine licensee's business but provided directly by the slot machine licensee shall be recorded at an amount based upon the actual cost to the slot machine licensee of providing the service or item.

(3) A complimentary service or item provided directly or indirectly to a patron on behalf of a slot machine licensee by a third party not affiliated with the slot machine licensee shall be recorded at an amount based upon the actual cost to the licensee of having the third party provide the service or item.

(4) A complimentary service or item provided directly or indirectly to a patron on behalf of a slot machine licensee by a third party who is affiliated with the licensee shall be recorded by the licensee in accordance with this section as if the affiliated third party were the licensee.

(d) If a slot machine licensee provides complimentary cash and noncash gifts recorded at a value of \$10,000 or more to a person and the person's guests within a consecutive 5-day period, the slot machine licensee shall record the reason why the gifts were provided and maintain the records available for inspection by the Board and the Pennsylvania State Police. When the reason complimentary cash and noncash gifts were provided involves the person's player rating, that rating must be based upon an evaluation

of the amount and frequency of play by the person as recorded in the slot machine licensee's player rating system. For the purposes of this section, "guest" means any person who receives complimentary services or items as a result of his relationship with the person receiving the primary complimentary services or items.

(e) A slot machine licensee shall submit to BIE a report listing each person who, under subsection (d), received \$10,000 or more in complimentary cash and noncash gifts within a consecutive 5-day period ending during the preceding month. The report shall be filed by the last day of the month following the month in which the complimentary cash and noncash gifts were issued and include the total amount of complimentary cash or noncash gifts provided to each person broken down into categories for food and beverage, hotel accommodations, travel and other services.

### **§ 465a.8. Licensed facility.**

(a) A licensed facility must be equipped with a surveillance system configured and approved in accordance with §§ 465a.9 and 465a.10 (relating to the surveillance system; surveillance department control; surveillance department restrictions; and surveillance system recording formats). Except as otherwise provided in subsection (d)(1), the surveillance system shall be under the exclusive control of the surveillance department.

(b) Restricted areas within the licensed facility shall be designated for the repair and storage of slot machines. Areas approved and utilized within the licensed facility for slot machine repair shall be covered by the approved surveillance system.

(c) Emergency exits from the gaming floor and any other doors designated by the Bureau of Gaming Operations must be equipped with an audible alarm system that produces a loud, distinguishable warning sound, discernable in the vicinity of the exit, whenever the emergency door is opened. The alarm system shall be designed to require deactivation and reset by means of a key. The key is to be maintained by the security department.

(d) Slot machine licensees shall, in accordance with section 1207(13) of the act (relating to regulatory authority of board), provide for and maintain onsite facilities for use by the Board, the Department and the Pennsylvania State Police for the purpose of carrying out their respective responsibilities (collectively referred to as the "onsite facilities"). The onsite facilities must be located in the same building as the gaming floor, in locations approved by the Bureau of Gaming Operations and include suitable office space, equipment, partitions and supplies to meet the continuing needs of the Board, the Department and the Pennsylvania State Police at the facility including the following:

(1) A surveillance system monitoring room, located within the onsite facilities, with full camera control capability for the reception of transmissions generated by each camera approved for use as part of the slot machine licensee's surveillance

system. Full camera control capability includes the ability to override the camera control capability of the slot machine licensee's surveillance system.

(2) An area for the detention of individuals detained or taken into custody by the Pennsylvania State Police. The detention area must be located within the onsite facilities and consist of a bench or other apparatus which is permanently affixed to the wall or floor to which the person in custody can be handcuffed with as little discomfort to that person as is possible under the circumstances.

(3) A fingerprinting and photographing facility for use by the Pennsylvania State Police located in conformance with and outfitted in compliance with specifications established by the Pennsylvania State Police.

(4) Adequate computer, telephone and copying capability to meet the Board's, the Department's and the Pennsylvania State Police's continuing data processing and related needs.

(5) Direct telephone connections between the onsite facilities and the slot machine licensee's surveillance monitoring room and its security department.

(6) Computer terminals providing read only access to any computerized slot monitoring system or casino management system, or both, used by the slot machine licensee in its gaming operations.

(7) An area for the operation and storage of the central control computer equipment which must be equipped with an uninterruptible power supply.

(8) Signs indicating the location of the Board's office. The size, location and design of the signs must be approved by the Bureau of Gaming Operations.

(e) Keys or alternative locking mechanisms securing access to the onsite facilities shall be under the exclusive custody and control of the Board, the Department or the Pennsylvania State Police respectively.

(f) Slot machine licensees shall provide additional accommodations within the licensed facility upon receipt of a written request from the Board, the Department or the Pennsylvania State Police to accommodate periodic audit, compliance or investigative reviews at the licensed facility.

(g) Slot machine licensees shall provide adequate parking spaces adjacent or proximate to the onsite facilities, clearly marked for the Board, the Department or Pennsylvania State Police use only.

(h) Slot machine licensees shall equip licensed facilities with communication systems necessary to insure communication between the licensed facility and the Board,

the Department, the Pennsylvania State Police, any applicable local law enforcement agency or emergency first responders.

**§ 465a.9. Surveillance system; surveillance department control; surveillance department restrictions.**

(a) The surveillance system of a licensed facility must comply with 18 Pa.C.S. section 1522 (relating to Wiretapping and Electronic Surveillance Control Act) and section 1522 of the act (relating to interception of oral communications) and shall be submitted to and approved by the Board under § 465a.2 (relating to internal control systems and audit protocols). The Bureau will review surveillance system specifications, inclusive of the camera configuration and any changes or modifications to the system specifications, to determine whether the system provides the adequate and effective surveillance of activities inside and outside the licensed facility mandated by section 1207(11) of the act (relating to regulatory authority of board). A slot machine licensee may not commence gaming operations until its surveillance system is approved by the Board.

(b) A slot machine licensee shall at all times provide the Board and the Pennsylvania State Police with access to its surveillance system and its transmissions. Each member of its surveillance department shall comply with any request made by the Board or the Pennsylvania State Police to:

(1) Use, as necessary, any surveillance monitoring room in the licensed facility.

(2) Display on the monitors in the monitoring room any event capable of being monitored by the surveillance system.

(3) Make a video and, if applicable, audio recording of, and take a still photograph of, any event capable of being monitored by the surveillance system.

(i) The slot machine licensee shall preserve and store each recording or photograph in accordance with the directions of the Board or the Pennsylvania State Police.

(ii) The Board and the Pennsylvania State Police shall have unfettered access to each recording or photograph and, at the request of the Board or Pennsylvania State Police, access to a recording or photograph may be denied to a particular employee or department of the slot machine licensee.

(c) The surveillance system required in this section must include the following:

(1) Light sensitive cameras with lenses of sufficient magnification to allow the operator to read information on a slot machine reel strip and credit meter and

equipped with 360° pan, tilt and zoom capabilities, without camera stops, to clandestinely monitor in detail and from various vantage points, including the following:

- (i) The gaming conducted at the slot machines in the licensed facility.
- (ii) The operations conducted at and in the cashiers' cage and any satellite cage.
- (iii) The operations conducted at automated bill breaker machines, automated gaming voucher and coupon redemption machines, automated jackpot payout machines and automated teller machines.
- (iv) The count processes conducted in the count room.
- (v) The movement of cash and slot cash storage boxes within the licensed facility.
- (vi) The entrances and exits to the licensed facility, the gaming floor and the count room.

(2) Video recording equipment which, at a minimum, must:

- (i) Permit the preservation and viewing of a clear copy of the transmission produced by any camera connected to the surveillance system.
- (ii) Be capable of superimposing the time and date of the transmission on each recording made by the video recording equipment.
- (iii) Enable the operator to identify and locate, through the use of a meter, counter or other device or method, a particular event which was recorded.

(3) Recording media which shall be replaced immediately upon the manifestation of significant degradation in the quality of the images or sound, if applicable, recorded thereon. If videotape is utilized, it may be used for no more than 1 year.

(4) One or more monitoring rooms in the licensed facility which shall be staffed by employees of the slot machine licensee's surveillance department who shall at all times monitor the activities enumerated in paragraph (1). Each monitoring room shall be equipped with or serviced by:

- (i) A communication system capable of monitoring all of the licensed facility's security department activities.

(ii) Computer terminals which provide read only access to any computerized slot monitoring system or casino management system, or both, used by the slot machine licensee in its gaming operation.

(iii) Connections to all casino alarm systems. The systems must provide a visible, audible or combination signal. A robbery, fire or emergency alarm must be perceptually distinguishable from all nonemergency alarms.

(iv) An updated photo library, consisting of photographs that are no more than 4 years old, of all current employees of the slot machine licensee and a separate photo library that contains the photographs of individuals who are on the Board's self-exclusion list. These photo libraries shall be available to the Board and the State Police.

(v) Contain and have readily available current copies of the following:

(A) An operational blueprint of the gaming floor and all areas of the licensed facility subject to camera coverage.

(B) Operating procedures addressing the evacuation of the licensed facility in the event of fire or other emergency.

(C) A contingency plan addressing a planned shutdown of the surveillance system and the contingency plan required by subsection (g) addressing any equipment failure that affects the slot machine licensee's monitoring room together with an emergency contact listing with telephone numbers for persons required to be notified of those events.

(5) An emergency power system, tested at intervals not to exceed 6 months, which can be used to operate the surveillance system in the event of a power failure.

(6) A preventive maintenance program, implemented by technicians assigned to the surveillance department, which insures that the entire surveillance system is maintained in proper working order and that the covers over the cameras are cleaned in accordance with a routine maintenance schedule.

(d) Areas subject to camera coverage under this section must contain continuous lighting that is of sufficient quality to produce clear video recordings and still picture reproductions.

(e) A slot machine licensee's surveillance system must continuously record, during the times and in the manner indicated in this subsection, transmissions from cameras used to observe the following locations, persons, activities or transactions:

(1) Each transaction conducted on the gaming floor or at a cashiers' cage or satellite cage. Coverage of the transaction must include, but not be limited to, recording transmissions from cameras used to observe the face of each patron transacting business at a cashiers' cage or satellite cage from the direction of the cashier.

(2) The main bank, vault and other areas specified in writing by the Board.

(3) The collection of slot cash storage boxes.

(4) The count procedures conducted in the count room.

(5) Any armored car collection or delivery.

(6) The operations conducted at automated bill breaker machines, automated gaming voucher and coupon redemption machines, automated jackpot payout machines and automated teller machines.

(7) The entrances and exits to the licensed facility, the gaming floor, the main bank, the vault, the cashiers' cage and any satellite cages and the count room.

(8) The gaming conducted at slot machines.

(f) Slot machine licensees shall maintain a surveillance log of all surveillance activities in the monitoring room. The log shall be maintained by monitoring room personnel in a book with bound numbered pages that cannot be readily removed or shall be maintained in an electronic format which has an audit function that prevents modification of information after the information has been entered into the system. The log shall be stored and retained in accordance with § 465a.6 (relating to retention, storage and destruction of books, records and documents). The following information shall be recorded in a surveillance log:

(1) The date and time each surveillance event commenced.

(2) The name and Board issued credential number of each person who initiates, performs or supervises the surveillance.

(3) When suspicious activity, suspected or alleged regulatory violations or suspected or alleged criminal activity is involved, the reason for the surveillance, including the name, if known, alias or description of each individual being monitored, and a brief description of the activity in which the person being monitoring is engaged. This entry should also include a notation of the reading on the meter, counter or device specified in subsection (c)(2)(iii) that identifies the point on the video recording at which the event was recorded.

(4) The time at which each video recording is commenced and terminated, if different than when surveillance commenced or terminated.

(5) Time each surveillance event terminated.

(6) A summary of the results of the surveillance.

(7) A complete description of the time, date and, if known, the cause of any equipment or camera malfunctions, and the time at which the security department was apprised of the malfunction in accordance with the casino licensee's internal controls submitted under § 465a.2(d) (5).

(g) In accordance with § 465a.2(d)(5), each slot machine licensee shall have a contingency plan, to be utilized whenever there is an equipment failure that affects the slot machine licensee's monitoring room or other aspect of its surveillance system or operations.

(h) The casino compliance representatives at the licensed facility shall be notified within 30 minutes of any incident of equipment failure as noted in subsection (f) including the time and cause of the malfunction, if known, the time the slot machine licensee's security department was notified of the malfunction and the nature of communications with the security department relating to the malfunction.

(i) The casino compliance supervisor at the licensed facility shall be notified at least 48 hours in advance of the following:

(1) Relocation of an approved camera.

(2) Change in an approved camera's specifications.

(3) Change in lighting for areas required to be subject to camera coverage.

(4) Addition or change to the surveillance system.

(j) The surveillance recordings required under subsection (e) (1), (5), (6) and (7) shall be retained for a minimum of 30 days. All other surveillance recordings shall be retained for a minimum of 7 days. Surveillance recordings shall be made available for review upon request by the Board or the Pennsylvania State Police.

(k) Any recording determined by the Board or the Pennsylvania State Police as being of potential evidentiary value shall be stored in accordance with Board or Pennsylvania State Police directives or turned over to the Board or the Pennsylvania State Police upon request. At the request and expense of the slot machine licensee, a copy of any recording turned over to the Board or the Pennsylvania State Police may be made available to the slot machine licensee.

(l) A surveillance employee assigned to the monitoring room shall work from the employee's own monitoring station.

(m) In accordance with § 465a.2(a)(5), each slot machine licensee shall be required to submit, for Board approval, a minimum staffing submission with regard to its surveillance monitor rooms. The minimum staffing submission must consider the size and layout of the licensed facility as well as the number of slot machines and must at all times provide for surveillance of activities inside and outside the licensed facility. A slot machine licensee may not implement a change or amendment in its surveillance monitor room minimum staffing submission without prior Board approval of the change or amendment.

(n) A slot machine licensee's surveillance department employees shall be independent of all other departments.

(o) A present or former surveillance department employee may not accept employment as a key employee or gaming employee with the same slot machine licensee for whom he was previously employed as a surveillance department employee unless 1 year has passed since the former surveillance department employee worked in the surveillance department. The present or former surveillance department employee may file a written petition as required under § 493a.4 (relating to petitions generally) requesting the Board to waive this restriction and permit the employment of a present or former surveillance department employee in a particular position. The Board may grant or deny the waiver upon consideration of the following factors:

(1) Whether the former surveillance department employee will be employed in a department or area of operation that the surveillance department monitors.

(2) Whether the surveillance and security systems of the slot machine licensee will be jeopardized or compromised by the employment of the former surveillance department employee in the particular position.

(3) Whether the former surveillance department employee's knowledge of the procedures of the surveillance department would facilitate the commission by any person of irregularities or illegal acts or the concealment of any actions or errors.

(p) Entrances to the surveillance monitoring rooms may not be visible from the gaming floor. A person entering the surveillance monitoring room who is not an employee of the surveillance department assigned to the monitoring room on the particular shift corresponding to the time of entry shall sign a monitoring room entry log upon entering the monitoring room. The monitoring room entry log shall be:

(1) Maintained in the monitoring room by monitoring room personnel and retained in accordance with § 465a.6 (relating to retention, storage and destruction of books, records and documents).

(2) Maintained in a book with bound numbered pages that cannot be readily removed or shall be maintained in an electronic format which has an audit function that prevents modification of information after the information has been entered into the system.

(3) Signed by each person entering the monitoring room, with each entry containing the following:

(i) The date and time of each entry.

(ii) The entering person's name, Board-issued credential number and department or affiliation.

(iii) The reason for entering the monitoring room.

(iv) The name of the person authorizing the person's entry into the monitoring room.

(v) The date and time of exiting the monitoring room.

(4) Made available for inspection by the Board and the Pennsylvania State Police.

#### **§ 465a.10. Surveillance system recording formats.**

(a) A slot machine licensee may utilize either an analog or digital video recording format provided the format selected incorporates current technology with regard to secure system access, video cameras, monitors, recorders, video printers, switches, selectors and other ancillary equipment and provides for surveillance of activities inside and outside the licensed facility.

(b) Digital video recording systems utilized by a slot machine licensee must be in compliance with the technical standards on digital video recording systems under § 465b.1 (relating to digital video recording formats).

#### **§ 465a.11. Slot machine licensee's organization.**

(a) Slot machine licensees' systems of internal controls must, in accordance with section 1322 of the act (relating to slot machine accounting controls and audits) and § 465a.2 (relating to internal control systems and audit protocols), include organization charts depicting segregation of functions and responsibilities and descriptions of the duties and responsibilities for each position shown on each organization chart. Slot machine licensees shall be permitted, except as otherwise provided in this section, to tailor organizational structures to meet the needs or policies of a particular management philosophy. A slot machine licensee's organization charts must provide for:

(1) A system of personnel and chain of command which permits management and supervisory personnel to be held accountable for actions or omissions within their areas of responsibility.

(2) The segregation of incompatible functions, duties and responsibilities so that no employee is in a position both to commit an error or to perpetrate a fraud and to conceal the error or fraud in the normal course of the employee's duties.

(3) The performance of all functions, duties and responsibilities in accordance with sound financial practices by qualified personnel.

(4) The areas of responsibility which are not so extensive as to be impractical for one person to monitor.

(5) A chief executive officer. For the purposes of this section, a "chief executive officer" means the person located at the licensed facility who is ultimately responsible for the daily conduct of the slot machine licensee's gaming business regardless of the form of business association of the slot machine licensee or applicant or the particular title which that person or any other person holds. A slot machine licensee's organization chart may also include an assistant chief executive officer who is responsible for the daily conduct of the slot machine licensee's gaming business during the chief executive officer's absence. However, the assistant chief executive officer may not be the department head of one of the departments required by subsection (b). Each supervisor of a department required by subsection (b) shall report directly to the chief executive officer or assistant chief executive officer of the slot machine licensee regarding administrative matters and daily operations. The slot machine licensee's organization charts must designate which positions, in the absence of the chief executive officer and the assistant chief executive officer, shall be designated as having responsibility for the daily conduct of the slot machine licensee's gaming business.

(b) A slot machine licensee's system of internal controls must also include, at a minimum, the following departments and supervisory positions, each of which must be categorized as mandatory and must cooperate with, yet perform independently of, other mandatory departments and supervisory positions of the slot machine licensee. Notwithstanding the foregoing, a department or supervisor of a slot machine licensee that is not required or authorized by this section may operate under or in conjunction with a mandatory department or supervisor provided the organizational structure is consistent with the standards contained within the act and subsection (a). Mandatory departments and supervisory positions are:

(1) A surveillance department supervised by a person located at the licensed facility who functions, for regulatory purposes, as the director of surveillance. The director of surveillance shall be subject to the reporting requirements specified in subsection (c) and shall be licensed as a key employee. The surveillance department shall be responsible for the following:

- (i) The clandestine surveillance of the operation of, and gaming conducted at, slot machines.
- (ii) The clandestine surveillance of the operation of automated bill breaker, gaming voucher, coupon redemption and jackpot payout machines.
- (iii) The clandestine surveillance of the operation of the cashiers' cage and any satellite cage.
- (iv) The video recording of activities in the count room and the video recording of movements of cash and slot cash storage boxes.
- (v) The detection of cheating, theft, embezzlement and other illegal activities within the licensed facility.
- (vi) The detection of the presence of any person who may or is required to be excluded or ejected from the licensed facility under section 1514 or 1515 of the act (relating to regulation requiring exclusion of certain persons; repeat offenders excludable from licensed gaming facility) and Chapters 511a and 513a (relating to persons required to be excluded; and underage gaming), or is self excluded from the gaming floor and gaming activities at all licensed facilities under section 1516 of the act (relating to list of persons self excluded from gaming activities) and Chapter 503a (relating to self exclusion).
- (vii) The video recording of those locations, persons, activities or transactions required under § 465a.9(e) (relating to surveillance system; surveillance department control; surveillance department restrictions) and of any illegal and unusual activities monitored by the surveillance department.
- (viii) The provision of immediate notice to supervisors designated in the internal controls, the casino compliance representatives and the Pennsylvania State Police at the licensed facility upon detecting, and also upon commencing video recording of, a person who is engaging in or attempting to engage in, or who is suspected of cheating, theft, embezzlement, a violation of this part or other illegal activities, including a person who is required to be excluded or ejected from the licensed facility under section 1514 of the act, who may or is required to be excluded or ejected from the licensed facility under section 1514 or 1515 of the act and Chapters 511a or 513a or is self-excluded from the gaming floor and gaming activities at all licensed facilities under section 1516 of the act and Chapter 503a.
- (ix) The clandestine surveillance of any slot computer system or equipment designated for coverage by the Board in conjunction with the approval of a slot machine system, including a slot monitoring system, casino management system, wide area progressive system, gaming voucher system and any communication equipment with the central control computer.

(2) An internal audit department supervised by a person located at the licensed facility who functions, for regulatory purposes, as the director of internal audit. The director of internal audit shall be subject to the reporting requirements specified in subsection (c) and shall be licensed as a key employee.

(3) An information technology department supervised by a person located at the licensed facility who functions, for regulatory purposes, as the information technology director. The information technology director shall be licensed as a key employee and be responsible for the quality, reliability and accuracy of all slot computer systems used by the slot machine licensee regardless of whether data, software or systems are located within or outside the licensed facility. The information technology director shall further be responsible for the security and physical integrity of, and the accountability and maintenance of, the following:

(i) Access codes and other security controls used to insure limited access to computer software and the system wide reliability of data.

(ii) Computer tapes, disks or other electronic storage media containing data relevant to the slot machine licensee's operations.

(iii) Computer hardware, communications equipment and software used in the conduct of the slot machine licensee's operations.

(iv) The computerized slot monitoring system utilized by the slot machine licensee. In specific, the information technology director shall ensure that:

(A) Slot machines located on the gaming floor are connected electronically to the slot machine licensee's computerized slot monitoring system and to the Commonwealth's central control computer in accordance with section 1323 (relating to central control computer system).

(B) The security features of the computerized slot monitoring system prohibit, at a minimum, the deletion, creation or modification of any data unless a permanent record is created that sets forth:

(I) The original information.

(II) Modifications to the original information.

(III) The identity of the employee making the modification.

(IV) The identity of each employee authorizing the modification, if applicable.

(C) Computerized jackpot payout systems utilized by the slot machine licensee are configured to require that any modification of \$100 or more to the original amount recorded on a computerized jackpot payout or system override is authorized by two finance department employees, one of whom is in a position of greater authority than the individual preparing the jackpot payout.

(D) Procedures and controls are in place that define and limit interaction between both the slot operations department and finance department and the computerized slot monitoring system including access to system menus, the establishment of slot machine profile parameters, and the ability of each department to access, delete, create or modify information contained in the slot monitoring system.

(4) A slot operations department supervised by a person located at the licensed facility who functions, for regulatory purposes, as the director of slot operations. The director of slot operations shall be licensed as a key employee and be responsible for the operation of, and conduct of gaming at, slot machines within the licensed facility.

(5) A security department supervised by a person located at the licensed facility who functions, for regulatory purposes, as the director of security. The director of the security department shall be licensed as a key employee and be responsible for the overall security of the licensed facility including the following:

(i) The physical safety of natural persons.

(ii) The physical safeguarding of assets.

(iii) The protection of the property of both the patron and the slot machine licensee from illegal activity.

(iv) In collaboration with the human resources department or its functional equivalent, the design, implementation and enforcement of a system for the issuance of access badges.

(v) The design, implementation and enforcement of a system for the issuance of temporary access credentials.

(vi) The recording of any unusual incidents within the licensed facility in which the security department is involved. Each incident shall be recorded by security department personnel in a book with bound numbered pages that cannot be readily removed or be maintained in an electronic format which has an audit function that prevents modification of information after the information has been entered into the system. The log shall be stored and retained in accordance with § 465a.6 (relating to retention, storage and destruction of books, records and documents). The following information shall be recorded:

(I) The assignment number of the incident.

(II) The date and time.

(III) The nature of the incident.

(IV) The persons involved in the incident.

(V) The security department employees assigned to cover the incident.

(vii) The identification and removal of any person who is required to be excluded or ejected from the licensed facility under section 1514 of the act, who may be excluded or ejected from the licensed facility under section 1515 of the act or is self excluded from the gaming floor and gaming activities at all licensed facilities under section 1516 of the act.

(viii) The performance of the duties and responsibilities required under the system of internal controls submitted and approved under § 465a.2.

(ix) The provision of immediate notice to the Pennsylvania State Police upon detecting the presence in the licensed facility of a person possessing a weapon in violation of § 465a.13 (relating to possession of weapons within a licensed facility).

(x) The provision of immediate notice to supervisors designated in the internal controls and the casino compliance representatives and the Pennsylvania State Police at the licensed facility upon detecting any person who is engaging in or attempting to engage in, or who is suspected of cheating, theft, embezzlement, a violation of this part or other illegal activities.

(xi) The provision of immediate notice to supervisors designated in the internal controls and the casino compliance representatives and the Pennsylvania State Police at the licensed facility upon detecting any person who is required to be excluded or ejected from the licensed facility under section 1514 or 1515 of the act and Chapter 511a or 513a or is self-excluded from the gaming floor and gaming activities at all licensed facilities under section 1516 of the act and Chapter 503a.

(6) A finance department supervised by a person located at the licensed facility who functions, for regulatory purposes, as the director of finance. The director of finance shall be licensed as a key employee and shall be responsible for all finance functions including the preparation and control of records and data, the control of stored data, the control of unused forms, the accounting for and comparison of operational data and forms, and the control and supervision of the cashiers' cage, satellite cages and the count room. In addition to the requirement that the director of finance be licensed as a key employee, the supervisor of the cashiers' cage shall, on all shifts, be licensed as a key employee.

(c) The supervisors of the surveillance and internal audit departments required by subsection (b) shall report directly to one of the following persons or entities regarding matters of policy, purpose, responsibility and authority, which persons or entities shall also control the hiring, termination and salary of each supervisor:

(1) The independent audit committee of the slot machine licensee's board of directors.

(2) The independent audit committee of the board of directors of any holding or intermediary company of the slot machine licensee which has authority to direct the operations of the slot machine licensee.

(3) The senior surveillance or internal audit executives of any holding or intermediate company included in paragraph (2) if the most senior executive in the reporting line reports directly to the independent audit committee of the board of directors of the holding or intermediary company.

(4) For slot machine licensees or holding companies which are not corporate entities, the noncorporate equivalent of any of the persons or entities listed in paragraphs (1)--(3).

(5) An independent audit committee or other persons designated by the Board in the slot machine licensee's Statement of Conditions under § 423a.6 (relating to license, permit, registration and certification issuance and statement of conditions).

(d) The slot machine licensee's personnel shall be trained in all policies, procedures and internal controls relevant to each employee's individual function. Special instructional programs shall be developed by the slot machine licensee in addition to any on-the-job instruction sufficient to enable all members of the departments required by this section to be thoroughly conversant in, and knowledgeable of, the required manner of performance of all transactions relating to their functions.

(e) Notwithstanding other provisions to the contrary, a slot machine licensee may designate and assign more than one person to serve jointly as the supervisor of a department required by this section. Each person approved to serve as a joint supervisor of a mandatory department shall be located at the licensed facility and shall be individually and jointly accountable and responsible for the operations of that department.

(f) In the event of a vacancy in the chief executive officer position or any mandatory department supervisory position required by subsection (b), the following apply:

(1) The slot machine licensee shall notify the Board within 5 days from the date of vacancy. The notice must be in writing and indicate the following information:

(i) The vacant position.

(ii) The date on which the position will become or became vacant.

(iii) The date on which it is anticipated that the vacancy will be filled on a permanent basis.

(2) The slot machine licensee shall designate a person to assume the duties and responsibilities of the vacant position within 30 days after the date of vacancy. The person may assume the duties and responsibilities of the vacant position on a temporary basis, provided that:

(i) The person does not also function as the department supervisor for any other mandatory department required by this section.

(ii) The person's areas of responsibility will not be so extensive as to be impractical for one person to monitor.

(iii) The position shall be filled on a permanent basis within 120 days of the original date of vacancy.

(3) Within 5 days of filling a vacancy under paragraph (2), the slot machine licensee shall notify the Board thereof. The notice must be in writing and indicate the following:

(i) The position.

(ii) The name of the person designated.

(iii) The date that the vacancy was filled.

(iv) An indication of whether the position has been filled on a temporary or permanent basis.

(4) The notices required in this subsection shall be directed to the Bureau of Licensing.

#### **§ 465a.12. Access badges and temporary access credentials.**

(a) Slot machine licensees shall develop an access control matrix indicating the restricted areas in a licensed facility that an employee may access for each employee job description. Access to restricted areas by an employee shall be limited to the restricted areas that the employee needs to access in the course of the performance of the employee's normal duties listed in the employee's job description.

(b) In the internal controls required to be submitted under § 465a.2 (relating to internal control systems and audit protocols), the slot machine licensee shall designate the individuals who shall be responsible for determining the appropriate level of access for each job description and updating the level of access when a job description changes. The level of access information for each employee shall be transmitted to the individual or individuals designated in subsection (c).

(c) In the internal controls required to be submitted under § 465a.2, the slot machine licensee shall designate the individuals who shall develop and maintain an electronic database system, or its functional equivalent, which contains the access level of all employees of the slot machine licensee. The electronic database system must be capable of tracking who enters or changes the access level assigned to each employee.

(d) In the internal controls required to be submitted under § 465a.2, the slot machine licensee shall designate the individuals who shall be responsible for entering or making changes to the access level of employees of the slot machine licensee in the electronic database system.

(e) Read-only access to the electronic database system shall be made available through secure computer access to the Board's representatives at the licensed facility.

(f) Slot machine licensees shall develop an access badge system consisting of a badge that contains the employee's name and a color, code or symbol that indicates the areas in the licensed facility that the employee is allowed to access.

(g) Employees of a slot machine licensee shall be required to wear an access badge in a visible location at all times while they are working in a licensed facility.

### **§ 465a.13. Possession of weapons within a licensed facility.**

(a) Individuals, including security department personnel, are prohibited from possessing any deadly weapon as defined in 18 Pa.C.S. § 2301 (relating to definitions), stun gun or other device designed to injure or incapacitate a person within a licensed facility without the express written approval of the Board.

(b) The prohibition in subsection (a) does not apply to:

(1) Pennsylvania State Police assigned to its Gaming Enforcement Office.

(2) An on-duty officer or agent of any local, State or Federal law enforcement agency when the officer or agent is acting in an official capacity.

(c) To obtain approval for the possession of a deadly weapon, stun gun or other device designed to injure or incapacitate a person within a licensed facility, an individual shall be required to submit a written request to the Board which includes:

(1) An explanation of the compelling need for the possession of the deadly weapon, stun gun or device designed to injure or incapacitate a person within the licensed facility.

(2) If the request is for possession of a firearm as defined in 18 Pa.C.S. § 6105 (relating to persons not to possess, use, manufacture, control, sell or transfer firearms), proof that the individual holds a valid license to possess the firearm.

(d) A slot machine licensee shall post in a conspicuous location at each entrance to the licensed facility signs that may be easily read stating the following:

The possession of a deadly weapon, stun gun or other device designed to injure or incapacitate a person by any person within this licensed facility without the express written permission of the Pennsylvania Gaming Control Board is prohibited.

#### **§ 465a.14. Security department minimum staffing.**

(a) In accordance with § 465a.2(d)(5) (relating to internal control systems and audit protocols), slot machine licensees shall be required to submit a minimum staffing submission with regard to its security department. The minimum staffing submission must consider the size and layout of the licensed facility as well as the number and configuration of slot machines on the gaming floor and must at all times provide for security of the gaming floor and restricted areas servicing the gaming operation. A slot machine licensee may not implement a change or amendment in its security department minimum staffing submission without Board approval of the change or amendment.

(b) A slot machine licensee may not employ off-duty law enforcement officers to provide security related services in the licensed facility or in any manner in connection with the conduct of slot machine operations.

#### **§ 465a.15. Cashiers' cage.**

(a) A licensed facility shall have on, immediately adjacent or proximate to the gaming floor, a physical structure known as a cashiers' cage to house the cashiers and to serve as the central location in the licensed facility for:

(1) The custody of the cage inventory comprised of cash (currency or coin) and the forms, documents and records normally associated with the operation of a slot cage.

(2) The initial financial consolidation of all transactions relating to slot machine activity.

(3) Other functions normally associated with the operation of a cashiers' cage.

(b) The supervisor of the cashiers' cage shall, regardless of shift, be licensed as a key employee.

(c) The cashiers' cage must be designed and constructed to provide maximum security for the materials housed therein and the activities performed therein. Its design and construction must include:

(1) Manually triggered silent alarm systems located at the cashiers' window, vault and in ancillary office space adjacent or proximate thereto. The systems must be connected directly to the monitoring room of the surveillance department and to the security department.

(2) A double door entry and exit system that will not permit a person to pass through the second door until the first door is securely locked. In addition, the following apply:

(i) The first door leading from the gaming floor of the double door entry and exit system must be controlled by the security department or the surveillance department.

(ii) The second door of the double door entry and exit system must be controlled by the cashiers' cage, security department or the surveillance department, provided that the first and second door may not be controlled by the same department.

(iii) The double door entry and exit system must have surveillance coverage which shall be monitored by the surveillance department.

(iv) An entrance to the cashiers' cage that is not a double door entry and exit system must be an alarmed emergency exit door only.

(3) If manual locks are used to secure each door of the double door entry and exit system, the keys to each door must be different from each other.

(4) A slot machine licensee may use a Board-approved computerized access system to meet the double door entry system requirements in paragraph (2) if:

(i) The computerized access system provides a functionally equivalent level of security.

(ii) The slot machine licensee includes provisions in the slot machine licensee's internal controls which will provide a functionally equivalent level of security when the computerized access system is not functioning.

(d) A licensed facility may also have one or more satellite cages separate and apart from the cashiers' cage, established to maximize security, efficient operations or patron convenience. A satellite cage may perform all of the functions of the cashiers' cage

and must be equipped with an alarm system in compliance with subsection (c)(1). The functions which are conducted in a satellite cage shall be subject to the accounting controls applicable to a cashiers' cage set forth in this subpart.

(e) A slot machine licensee shall maintain, immediately available to the Board and the Pennsylvania State Police, a current list, with credential numbers, of all persons:

(1) Possessing the combination or keys to the locks securing the double door entry and exit system restricting access to the cashiers' cage and any satellite cage and the vault.

(2) Possessing the ability to activate or deactivate alarm systems for the cashiers' cage, any satellite cage and vault.

#### **§ 465a.16. Accounting controls for the cashiers' cage.**

(a) The assets for which cage cashiers are responsible shall be maintained on an imprest basis. At the end of each shift, cage cashiers assigned to the outgoing shift shall record on a cashiers' count sheet the face value of each cage inventory item counted and the total of the opening and closing cage inventories and shall reconcile the total closing inventory with the total opening inventory. Each cashier's count sheet shall be signed by the preparing cage cashier attesting to the accuracy of the information thereon.

(b) At the opening of every shift, in addition to the imprest funds normally maintained by cage cashiers, each slot machine licensee shall have in the cashiers' cage, a reserve cash bankroll sufficient to pay winning patrons.

(c) The cashiers' cage and any satellite cage shall be physically segregated by personnel and function as follows:

(1) Cage cashiers shall operate with individual imprest inventories of cash and their functions include the following:

(i) The receipt of cash and cash equivalents from patrons in exchange for cash under § 465a.22 (relating to cash equivalents).

(ii) The receipt of personal checks for gaming purposes from patrons in exchange for cash, subject to the limitations on amount required by the Board under § 465a.20 (relating to personal check cashing).

(iii) The receipt of cash, cash equivalents, checks issued by the slot machine licensee, annuity jackpot checks, wire transfers and cashless funds transfers from patrons to establish a customer deposit under § 465a.23 (relating to customer deposits).

(iv) The receipt of customer deposit forms from patrons in exchange for cash under § 465a.23.

(v) The preparation of jackpot payout slips in accordance with this subpart and technical standards adopted by the Board under § 465a.26 (relating to jackpot payouts).

(vi) The receipt of gaming vouchers from patrons, or from authorized employees who received gaming vouchers as gratuities, in exchange for cash.

(vii) Issuance, receipt and reconciliation of imprest funds used by slot attendants, including an imprest change/pouch payout fund.

(viii) The issuance of gaming vouchers.

(2) Main bank cashier functions include the following:

(i) The receipt of cash, cash equivalents, gaming vouchers, jackpot payout slips and personal checks received for gaming purposes from cage cashiers in exchange for cash.

(ii) The receipt of cash from the count rooms.

(iii) The receipt of personal checks accepted for gaming purposes from cage cashiers for deposit.

(iv) The preparation of the overall cage reconciliation and accounting records.

(v) The preparation of the daily bank deposit for cash, cash equivalents and personal checks.

(vi) The issuance, receipt and reconciliation of imprest funds used by slot attendants.

(vii) The receipt from cage cashiers of documentation with signatures thereon, required to be prepared for the segregation of functions in the cashiers' cage.

(viii) The responsibility for the reserve cash bankroll.

(ix) The receipt of unsecured currency and unsecured gaming vouchers and preparation of reports thereon.

(x) The issuance, receipt and reconciliation of cash and gaming vouchers to and from automated bill breaker, automated gaming voucher and coupon

redemption and automated jackpot payout machines and preparation of related documentation.

(d) At the end of the gaming day a copy of the cage cashiers' count sheets and related documentation shall be forwarded to the accounting department for agreement of opening and closing inventories, agreement of amounts thereon to other forms, records and documents required by this subpart and recording of transactions.

**§ 465a.17. Bill validators and slot cash storage boxes.**

(a) Slot machines must be equipped with a bill validator configured to accept any combination of currency, gaming vouchers, coupons and other instruments authorized by the Board for incrementing credits on a slot machine.

(b) Access to the bill validator must be controlled by at least one lock, the key to which shall be controlled by the slot operations department.

(c) The bill validator in a slot machine must contain a secure tamper resistant container known as a slot cash storage box. Currency, gaming vouchers, coupons and Board-approved instruments inserted into the bill validator shall be deposited into the slot cash storage box.

(d) The slot cash storage box must be secured to the bill validator by two separate locks, the keys to which shall be different from each other, one of which may be the lock to the belly door or main door of the slot machine and a second of which is the lock on the release mechanism on the slot cash storage box. If there is not a full door on the bill validator, the lock on the release mechanism on the slot cash storage box must detect and display whether it is locked or unlocked and communicate whether it is locked or unlocked to a slot monitoring system. The keys shall be maintained and controlled as follows:

(1) The key to the belly door or main door of the slot machine shall be maintained and controlled by the slot operations department.

(2) The key to the lock securing the release mechanism on the slot cash storage box shall be maintained and controlled by the security department. The security department shall establish a sign-out and sign-in procedure with regard to this key which includes documentation of this transfer.

(e) A slot cash storage box must:

(1) Have at least one lock securing the contents of the slot cash storage box, the key to which shall be maintained and controlled by the finance department.

(2) Have a slot opening through which currency, gaming vouchers and coupons can be inserted into the slot cash storage box.

(3) Have a mechanical arrangement or device that prohibits removal of currency, gaming vouchers and coupons from the slot opening whenever the slot cash storage box is removed from the bill validator.

(4) Be fully enclosed, except for openings that may be required for the operation of the bill validator or the slot cash storage box. However, the location and size of the openings may not affect the security of the slot cash storage box, its contents or the bill validator.

(5) Have an asset number that is permanently imprinted, affixed or impressed on the outside of the slot cash storage box which corresponds to the asset number of the slot machine to which the bill validator has been attached. In lieu of the asset number, a slot machine licensee may develop and maintain, with prior Board approval, a system for assigning a unique identification number to its slot cash storage boxes. The system must ensure that each slot cash storage box can readily be identified, either manually or by computer, when in use with, attached to, and removed from a particular bill validator. Each unique identification number must be permanently imprinted, affixed or impressed on the outside of each slot cash storage box that does not otherwise bear an asset number. The asset number or unique identification number must be conspicuous and clearly visible to persons involved in removing or replacing the slot cash storage box in the bill validator and through the slot machine licensee's surveillance system. Notwithstanding the foregoing, emergency slot cash storage boxes may be maintained without an asset number or a unique identification number, provided the word "emergency" is permanently imprinted, affixed or impressed thereon, and when put into use, are temporarily marked with the asset number of the slot machine to which the bill validator is attached.

(6) Be designed and installed in a manner that renders the slot machine inoperable in the event of the removal or absence of the slot cash storage box.

**§ 465a.18. Transportation of slot cash storage boxes to and from bill validators; storage.**

(a) Slot machine licensees shall file with the Bureau of Gaming Operations a schedule setting forth the specific times at which slot cash storage boxes will be brought to or removed from the bill validators along with specifications as to what areas of the gaming floor will be dropped on each pick-up day and the specific transportation route to be utilized from the gaming floor to the count room.

(b) Slot machine licensees shall maintain immediately available to the Bureau of Gaming Operations and the Pennsylvania State Police, a current list, with credential numbers, of all employees participating in the transportation of slot cash storage boxes. Any deviation from the schedule setting forth the specific times at which slot cash storage boxes will be brought to or removed from the bill validators, change in the areas to be dropped or the transportation route to the count room shall be noticed to the Bureau of Gaming Operations in advance.

(c) Slot cash storage boxes removed from bill validators shall be transported directly to, and secured in, the count room or a trolley storage area located immediately adjacent thereto, configured and secured by a minimum of three employees, at least one of which is a member of the security department and at least one of which is a member of the finance department.

(1) Upon its removal from a bill validator, a slot cash storage box shall be placed immediately in an enclosed trolley which is secured by two separately keyed locks. The keys shall be maintained and controlled as follows:

(i) The key to one lock shall be maintained and controlled by the finance department.

(ii) The key to the second lock shall be maintained and controlled by the security department. Access to the security department's key shall be controlled, at a minimum, by a sign-out and sign-in procedure. The security department key shall be returned to its secure location immediately upon the completion of the collection and transportation of the slot cash storage boxes.

(2) Prior to the movement of any trolley containing slot cash storage boxes from the gaming floor into the count room, the drop team supervisor shall verify that the number of slot cash storage boxes being transported from the gaming floor equals the number of slot cash storage boxes scheduled to be collected that day.

(3) A slot cash storage box being replaced by an emergency slot cash storage box shall be transported to, and secured in, the count room by a minimum of three employees, at least one of which is a member of the finance department and at least one of which is a member of the security department.

(d) Slot cash storage boxes not contained in a bill validator, including emergency slot cash storage boxes that are not actively in use, shall be stored in the count room or other secure area outside the count room approved by the Board, in an enclosed storage cabinet or trolley and secured in the cabinet or trolley by a separately keyed, double locking system. The keys shall be maintained and controlled as follows:

(1) The key to one lock shall be maintained and controlled by the finance department.

(2) The key to the second lock shall be maintained and controlled by the security department. Access to the security department's key shall be controlled, at a minimum, by a sign-out and sign-in procedure.

(e) Notwithstanding subsection (c), the security department may, immediately prior to the commencement of the count process, issue its key to the storage cabinet or trolley to a count room supervisor for the purpose of allowing count room personnel to gain access to the slot cash storage boxes to be counted. A key transferred from the

custody of the security department to the count room supervisor shall be returned immediately following the conclusion of the count of the slot cash storage boxes and the return of the empty emergency drop boxes and slot cash storage boxes to their respective storage cabinet or trolley by the count room supervisor. The security department shall establish a sign-out and sign-in procedure which includes documentation of this transfer.

(f) If the central computer control system is not online prior to commencement of the drop of the slot cash storage boxes, a drop team supervisor shall contact the casino compliance representatives at the licensed facility to witness and certify the drop. The drop may not commence until a casino compliance representative is present.

#### **§ 465a.19. Acceptance of tips or gratuities from patrons.**

Notwithstanding the requirements of § 461a.8(n) (relating to gaming vouchers), a key employee or gaming employee who serves in a supervisory position is prohibited from soliciting or accepting, and no other gaming employee may solicit, a tip or gratuity from a patron of the slot machine licensee where he is employed. The slot machine licensee may not permit any practices prohibited by this section.

#### **§ 465a.20. Personal check cashing.**

(a) Personal checks accepted by a slot machine licensee under § 501a.6 (relating to check cashing) to enable a patron to take part in gaming must be:

(1) Drawn on a commercial bank, savings bank, saving and loan association or credit union and payable on demand.

(2) Drawn for a specific amount.

(3) Made payable to the slot machine licensee.

(4) Currently dated, but not postdated.

(b) Personal checks accepted under subsection (a) shall be presented by the patron directly to a slot cashier who shall:

(1) Restrictively endorse the check "for deposit only" to the bank account designated by the slot machine licensee.

(2) Initial the check.

(3) Date and time stamp the check.

(4) Verify that the signature of the patron on the personal check and the patron's physical appearance agree with information recorded in a patron signature file created and maintained by the slot machine licensee in accordance with subsection (c) or

with the signature and photograph or physical description contained on a government-issued identification presented by the patron. The slot cashier shall document how the signature verification was performed in connection with the acceptance of each personal check.

(5) For personal checks equaling or exceeding \$500, verify the validity of the check directly with the commercial bank, savings bank, saving and loan association or credit union upon which it is drawn or obtain an authorization and guarantee of the check from a check verification and warranty service certified as a gaming service provider by the Board. The slot cashier shall document how the check verification was performed in connection with the acceptance of each personal check.

(6) Immediately exchange the personal check for cash in an amount equal to the amount for which the check is drawn or place the amount in a customer deposit account under § 465a.23 (relating to customer deposits) for subsequent use at the licensed facility. A slot machine licensee may not accept a check or multiple checks which in the aggregate exceed \$2,500 per patron per gaming day.

(c) To record a patron's signature in a patron signature file, a slot cashier shall require the person for whom the file is to be created to present for examination the following:

(1) If the identity of the patron is to be confirmed in accordance with subsection (d)(1), one identification.

(2) If the identity of the patron is to be confirmed in accordance with subsection (d)(2), two forms of identification, at least one of which must contain a photograph or general physical description of the patron.

(d) Before a slot machine licensee may use a signature recorded in a patron signature file to verify the identity of a patron or the validity of a signature on a document, the slot machine licensee shall confirm the identity of the patron by either:

(1) Comparing the signature on the identification presented by the patron under subsection (c)(1) with the signature obtained from the patron and verifying the address of the patron's residence with a credit bureau, commercial bank or, if neither of these sources has the person's address on file or will not provide the information, with an alternative source, which does not include any documentation presented by the patron at the cashiers' cage.

(2) Comparing the signature on each of two forms of the identification presented by the patron under subsection (c)(2) with the signature obtained from the patron and comparing the photograph or general physical description contained on at least one of the forms of identification with the patron's actual physical appearance.

(e) A patron signature file established and maintained by a slot machine licensee under subsection (c) must include, in addition to the patron's signature, the following:

(1) The patron's name.

(2) The address of the patron's residence.

(3) The types of identification examined under subsection (d) and an indication whether the identification contained a photograph or physical description of the patron.

(4) For the purposes of this section, a physical description of the patron which includes:

(i) Date of birth.

(ii) Approximate height.

(iii) Approximate weight.

(iv) Hair color.

(v) Eye color.

(5) The date and time that the patron signature file was established.

(6) The procedure by which the identity of the patron was confirmed under subsection (d), including:

(i) The source of confirmation, date and time if confirmed under subsection (d)(1).

(ii) The date and time of confirmation if confirmed under subsection (d)(2).

(7) The signature of the slot cashier or cashiers' cage supervisor who examined the identification of the patron and established the patron signature file. The signature will evidence that:

(i) The signature of the patron recorded in the patron signature file is consistent with the signature on each form of identification that was examined.

(ii) The physical description recorded in the patron signature file is consistent with both the actual appearance of the patron and any photograph or physical description that may be contained on an identification that was examined.

(f) A slot machine licensee that charges a fee for cashing checks shall comply with the Check Cashier Licensing Act (63 P.S. §§ 2301 – 2334).

(g) Prior to accepting personal checks, each slot machine licensee shall establish a comprehensive system of internal controls applicable to the acceptance of personal checks. The internal controls shall be submitted to and approved by the Board under § 465a.2 (relating to internal control systems and audit protocols). The internal controls submitted by the slot machine licensee must address procedures for complying with this section including the dollar limitation per gaming day contained in subsection (b)(6).

### **§ 465a.21. Wire transfers.**

(a) A wire transfer accepted by a slot machine licensee on behalf of a patron under § 501a.6 (relating to check cashing) to enable a patron to take part in gaming shall be recorded in the slot machine licensee's cashiers' cage accountability no later than the next gaming day.

(b) Prior to commencing acceptance of wire transfers for gaming purposes, a slot machine licensee shall establish a comprehensive system of internal controls addressing the acceptance, verification, accounting for and sending of wire transfers. The internal controls shall be submitted to and approved by the Board under § 465a.2 (relating to internal control systems and audit protocols).

(c) The internal control procedures developed and implemented by the slot machine licensee under subsection (b) must include:

(1) A cashiers' cage log to record the following information with regard to wire transfers accepted:

(i) A sequential number assigned by the slot machine licensee to the wire transfer transaction.

(ii) The date and time of notification.

(iii) The name of the financial institution and account number to which the funds were transferred.

(iv) The amount of funds transferred.

(v) The name of the patron for whose benefit the funds were transferred.

(vi) The name and address of the financial institution from which the funds were transferred and the account number from which the funds were debited.

(vii) The method by which the slot machine licensee was notified of the receipt of the wire transfer and, if noticed by telephone, the name and title of the person providing notice.

(viii) The signature of the cashiers' cage employee receiving and recording the information required by this subsection.

(ix) A notation that the wire transfer has been reversed under subsection (d), when applicable.

(2) A requirement that a cashiers' cage supervisor other than the cashiers' cage employee who initially documented receipt of the wire transfer verify receipt of the wire transfer.

(3) A requirement that the cashiers' cage supervisor verifying receipt of the wire transfer document the verification process performed in the log required under paragraph (1) including:

(i) The method by which the receipt of the wire transfer was verified and, if verified by telephone, the name and title of the person providing the verification.

(ii) The date and time of verification.

(iii) The signature of the cashiers' cage supervisor verifying receipt of the wire transfer.

(4) The procedures used to:

(i) Establish, verify and document the identity of the patron.

(ii) Make the wire transfer proceeds available to the patron at the cashiers' cage

(iii) Adjust the cashiers' cage accountability.

(5) A cashiers' cage log to record the following information with regard to wire transfers sent on behalf of a patron:

(i) The name of the patron.

(ii) The date of the transaction.

(iii) The amount of funds transferred.

(iv) The source of funds transferred (cash, cash equivalent, jackpot payout).

(v) The name and address of the financial institution to which the funds will be transferred and the account number to which the funds will be credited.

(vi) The signature of the patron if the request to send a wire transfer is made in person at the cashiers' cage.

(vii) Documentation supporting the receipt of a request by the slot machine licensee to send a wire transfer on behalf of a patron if the request was not made in person at the cashiers' cage.

(viii) The signature of the cashiers' cage employee receiving and recording the information required by this subsection.

(ix) The signature of the cashiers' cage supervisor or accounting department supervisor authorizing the wire transfer.

(6) When sending a wire transfer on behalf of a patron, the procedures used to:

(i) Verify and document the identity of the patron.

(ii) Adjust the cashiers' cage accountability.

(d) A slot machine licensee, on the next gaming day, shall take all steps necessary to return to a patron by wire transfer an amount initially accepted by wire transfer if, at the expiration of 14 gaming days following the deposit into its operating account of a wire transfer which has no documented business purpose other than having been accepted to enable a patron to take part in gaming, both of the following circumstances exist:

(1) The wired funds remain in a slot machine licensee's operating account or cashiers' cage accountability.

(2) The patron has engaged in minimal or no slot play.

(e) The wire transfer returned under subsection (d) shall be sent to the financial institution from which the funds were debited. This reversal of the wire transfer shall be recorded in the wire transfer log maintained under subsection (c)(1).

## **§ 465a.22. Cash equivalents.**

(a) Prior to accepting cash equivalents for gaming purposes as permitted under § 501a.6 (relating to check cashing), a slot machine licensee shall establish a

comprehensive system of internal controls addressing the acceptance and verification of cash equivalents. The internal controls shall be submitted to and approved by the Board under § 465a.2 (relating to internal control systems and audit protocols).

(b) The internal control procedures developed and implemented by the slot machine licensee under subsection (a) must include:

(1) A requirement that cashiers' cage employees perform the specific verification procedures required by the issuer of each cash equivalent accepted. The slot machine licensee shall retain adequate documentation evidencing the verification of each cash equivalent.

(2) A requirement that cashiers' cage employees examine each cash equivalent for counterfeiting, forgery or alteration.

(3) When a slot machine licensee elects to incorporate into its verification procedures a level of reliance on previously accepted cash equivalents, the procedures must articulate the general parameters governing the reliance.

(4) Criteria for cashiers' cage supervisor involvement in the verification process.

(5) Procedures for verifying any patron signature on the cash equivalent. Signature verification must be accomplished in accordance with the signature verification procedures in § 465a.20 (relating to personal check cashing). The slot machine licensee shall retain adequate documentation evidencing how each signature was verified.

### **§ 465a.23. Customer deposits.**

(a) At the request of a patron, a slot machine licensee may hold cash, funds accepted by means of personal check in accordance with § 465a.20 (relating to personal check cashing) or wire transfer in accordance with § 465a.21 (relating to wire transfers) or cash equivalents accepted in accordance with § 465a.22 (relating to cash equivalents) for a patron's subsequent use at the licensed facility. For the purposes of this section, after complying with this chapter for acceptance and verification, noncash items shall be considered converted to cash and deposited as cash for credit to the patron in a customer deposit account maintained in the cashiers' cage.

(b) Prior to agreeing to hold a patron's cash, funds accepted by means of personal check in accordance with § 465a.20 or wire transfer in accordance with § 465a.21 or cash equivalents accepted in accordance with § 465a.22 for a patron's subsequent use at the licensed facility, each slot machine licensee shall establish a comprehensive system of internal controls addressing the receipt and withdrawal of a customer deposit. The internal controls shall be submitted to and approved by the Board under § 465a.2 (relating to internal control systems and audit protocols).

(c) The internal control procedures developed and implemented by the slot machine licensee under subsection (b) must include:

(1) A requirement that customer deposits be accepted at the cashiers' cage.

(2) A requirement that customer deposits be withdrawn by the patron at the cashiers' cage or upon receipt by the slot machine licensee of a written request for withdrawal whose validity has been established.

(3) A requirement that the patron receive a receipt for any customer deposit accepted reflecting the total amount deposited, the date of the deposit and the signature of the cashiers' cage employee accepting the customer deposit.

(4) Procedures for verifying the identity of the patron at the time of withdrawal. Signature verification must be accomplished in accordance with the signature verification procedures under § 465a.20 (relating to personal check cashing). The slot machine licensee shall maintain adequate documentation evidencing the patron identification process and how the signature was verified.

#### **§ 465a.24. Count room characteristics.**

(a) A slot machine licensee shall have adjacent or proximate to the cashiers' cage a room, to be known as a count room, specifically designated, designed and used for counting the contents of slot cash storage boxes.

(b) The count room shall be designed and constructed to provide maximum security for the materials housed therein and for the activities conducted therein. Each slot machine licensee shall design and construct a count room with the following security measures:

(1) A metal door installed on each entrance and exit equipped with an alarm device which audibly signals the surveillance department monitoring room and the security department whenever a door to the count room is opened at times other than those times for which the slot machine licensee has provided prior notice under § 465a.25 (relating to counting and recording of slot cash storage boxes).

(2) Each entrance and exit door must be equipped with two separate locks, the keys to which must be different from each other and different from the lock securing the contents of each slot cash storage box. The keys shall be maintained and controlled as follows:

(i) The key to one of the locks shall be maintained and controlled by the security department.

(ii) The key to the other lock shall be maintained and controlled by finance.

(iii) Sign-out and sign-in procedures shall be established for both keys.

(c) The following must be located within the count room:

(1) A table constructed of clear glass or similar material for the emptying, counting and recording of the contents of slot cash storage boxes.

(2) Surveillance cameras capable of video monitoring of:

(i) The entire count process.

(ii) The interior of the count room, including any storage cabinets or trolleys used to store slot cash storage boxes and any Board-approved trolley storage area located adjacent to the count room.

#### **§ 465a.25. Counting and recording of slot cash storage boxes.**

(a) A slot machine licensee shall file with the Bureau of Gaming Operations a schedule setting forth the specific times during which the contents of slot cash storage boxes are to be counted and recorded. Any deviation from the schedule shall be noticed to the Bureau Gaming Operations and the casino compliance supervisor at the licensed facility in advance.

(b) Computerized equipment utilized to count and strap currency, gaming vouchers and coupons must:

(1) Automatically provide two separate counts of the funds at different stages of the count process and, if the separate counts are not in agreement, document the discrepancy.

(2) Be capable of determining the value of a gaming voucher or coupon by independently examining information printed on the gaming voucher or coupon. The information is used by the counting equipment to either calculate the value internally or obtain the value directly from the gaming voucher system or coupon system in a secure manner. If the gaming voucher system is utilized to obtain the value of a gaming voucher or coupon, the gaming voucher system must perform a calculation or integrity check to ensure that the value has not been altered in the system in any manner since the time of issuance.

(c) Persons accessing the count room when uncounted funds are present shall wear clothing without any pockets or other compartments with the exception of

representatives of the Board, the Department, the Pennsylvania State Police, the security department and the internal audit department.

(d) Persons present in the count room may not:

(1) Carry a handbag or other container unless it is transparent.

(2) Remove their hands from or return them to a position on or above the count table or counting equipment unless the backs and palms of the hands are first held straight out and exposed to the view of other members of the count team and a surveillance camera.

(e) Immediately prior to the commencement of the count, a count room employee shall notify the surveillance department that the count is about to begin to facilitate the recording, under § 465a.9(e) (relating to surveillance system; surveillance department control; surveillance department restrictions), of the entire count process.

(f) Prior to commencing gaming operations, a slot machine licensee shall establish a comprehensive system of internal controls addressing the opening, counting and recording of the contents of slot cash storage boxes. The internal controls shall be submitted to and approved by the Board under § 465a.2 (relating to internal control systems and audit protocols).

(g) The internal controls developed and implemented by the slot machine licensee under subsection (f) must include a description of all computer equipment used in the counting and recording process and other systems, if any, that communicate with that computer equipment for purposes related to the counting of gross terminal revenue.

(h) A gaming voucher or coupon deposited in a slot cash storage box shall be counted and included in the calculation of gross terminal revenue without regard to the validity of the gaming voucher or coupon.

(i) A coupon which has not already been canceled upon acceptance or during the count shall be canceled prior to the conclusion of the count.

(j) If the central computer control system is not online prior to commencement of the count of the slot cash storage boxes, a count room employee shall contact the casino compliance representatives at the licensed facility to witness and certify the count. The count may not commence until a casino compliance representative or other BIE employee is present.

#### **§ 465a.26. Jackpot and credit meter payouts.**

(a) Prior to commencing gaming operations, a slot machine licensee shall establish a comprehensive system of internal controls addressing jackpot and credit meter payouts that are not paid directly from a slot machine. The internal controls shall be

submitted to and approved by the Board under § 465a.2 (relating to internal control systems and audit protocols).

(b) The internal control procedures developed and implemented by the slot machine licensee under subsection (a) must, at a minimum, include:

(1) The use of a two-part electronically generated jackpot/credit meter payout slip created by a slot attendant or slot supervisor or higher slot operations department employee, verifying the winning combination of characters or a code corresponding to the winning combination of characters on the slot machine and the amount of the jackpot or credit meter payout based on the observed winning combinations.

(2) A requirement that if the jackpot or credit meter payout is equal to or between \$1,200 and \$9,999.99, a security department member or a slot operations department member other than the preparer, shall sign the jackpot/credit meter payout slip verifying the winning combination of characters or a code corresponding to the winning combination of characters on the slot machine, the amount of the jackpot or credit meter payout and the payment of the jackpot or credit meter payout to the patron.

(3) A requirement that if the jackpot or credit meter payout is equal to or between \$10,000 and \$24,999.99, a security department member, a slot supervisor or other employee holding the same or greater level of authority than a slot supervisor shall sign the jackpot/credit meter payout slip verifying the winning combination of characters or a code corresponding to the winning combination of characters on the slot machine, the amount of the jackpot or credit meter payout and the payment of the jackpot or credit meter payout to the patron. If the two-part electronically generated jackpot/credit meter payout slip required under paragraph (1) is created by a slot supervisor or higher slot operations department employee, the verification required by this paragraph may be completed by a slot attendant, security department member, a slot supervisor or other employee holding the same or greater level of authority than a slot supervisor.

(4) A requirement that if the jackpot or credit meter payout amount is \$25,000 or more, a slot shift manager or other employee holding the same or greater level of authority than a slot shift manager shall sign the jackpot/credit meter payout slip verifying the winning combination of characters or a code corresponding to the winning combination of characters on the slot machine, the amount of the jackpot or credit meter payout and the payment of the jackpot or credit meter payout to the patron. If the two-part electronically generated jackpot/credit meter payout slip required under paragraph (1) is created by a slot supervisor or higher slot operations department employee, the verification required by this paragraph may be completed by a slot attendant, security department member, a slot supervisor or other employee holding the same or greater level of authority than a slot supervisor.

(5) A requirement that the following information be on all two-part electronically generated jackpot/credit meter payout slips:

(i) The date and time of the jackpot or credit meter payout.

(ii) The asset number of the slot machine on which the jackpot or credit meter payout was registered.

(iii) The winning combination of characters constituting the jackpot or a code corresponding to the winning combination of characters constituting the jackpot.

(iv) The type of win (that is, progressive, jackpot or credit meter payout).

(v) The amount that is to be paid to the winning patron. This amount may, at the slot machine licensee's discretion, be rounded up to the nearest whole dollar.

(vi) A unique number generated by the slot monitoring system.

(vii) The signature or identification code of the preparer.

(viii) The signature or identification code of the witness when the amount is equal to or greater than \$1,200.

(ix) The signature or identification code of the cashier providing the funds to the preparer, if applicable.

(6) A requirement that the two-part electronically generated jackpot/credit meter payout slip not be susceptible to any changes or deletion from the slot monitoring system by any personnel after preparation.

(7) A requirement that whenever a winning patron is paid directly by a slot attendant's imprest fund, a two-part manual jackpot/credit meter payout slip is completed that contains the following information:

(i) The date and time of the jackpot or credit meter payout.

(ii) The asset number of the slot machine on which the jackpot or credit meter payout was registered.

(iii) The winning combination of characters constituting the jackpot or a code corresponding to the winning combination of characters constituting the jackpot.

(iv) The type of win (that is, progressive, jackpot or credit meter payout).

(v) The amount paid to the winning patron. This amount may, at the slot machine licensee's discretion, be rounded up to the nearest whole dollar.

(vi) The signature or identification code of the preparer.

(vii) The signature or identification code of the witness when the amount is equal to or greater than \$1200.

(8) When jackpot or credit meter payouts are made from slot attendants' imprest funds, procedures for the replenishment of the imprest funds and the reconciliation process to be used by the slot attendants.

(9) A requirement that the slot machine licensee's accounting department perform, at the conclusion of each gaming day, effective audit procedures over the issuance of jackpot and credit meter payouts including adequate comparisons to the slot monitoring system.

(10) Detailed procedures on the processing of all system overrides or adjustments to jackpot or credit meter payouts. All jackpot or credit meter payouts that do not match the payout amount electronically sent from the slot machine to the slot monitoring system require an override.

(11) Detailed procedures for the processing of all voided jackpot/credit meter payout slips.

(12) Detailed procedures for the processing of unclaimed taxable jackpot payouts. The procedure must include notice to the casino compliance representatives at the licensed facility when an unclaimed taxable jackpot payout or credit meter payout occurs.

(13) Back-up procedures that will be used when the slot monitoring system is offline or an electronic jackpot payout slip can not be created, including the use of a three-part manual jackpot or credit meter payout book or equivalent. The three-part manual jackpot payout book or equivalent must contain preprinted, serial numbered three-part manual jackpot/credit meter payout slips that include the following information:

(i) Preprinted serial numbers.

(ii) The date and time of the jackpot or credit meter payout.

(iii) The asset number of the slot machine on which the jackpot or credit meter payout was registered.

(iv) The amount of the jackpot or credit meter payout.

(v) The method of payment requested by the patron.

(vi) The signature or identification code of the preparer.

(vii) The signature or identification code of the witness when the amount is equal to or greater than \$1200.

(14) A requirement that the unused manual jackpot payout books or equivalent be maintained in a secured locked cabinet, that the key to the cabinet be controlled by the security department or the finance department and that the manual jackpot payout books or equivalent can only be signed out by a slot supervisor when the slot monitoring system is offline.

(15) A requirement that the surveillance department be verbally notified of all jackpot or credit meter payouts when the amount of the jackpot or credit meter payout is \$5,000 or more. The surveillance department shall log all calls regarding jackpot or credit meter payouts in the surveillance log.

#### **§ 465a.27. Annuity jackpots.**

(a) A slot machine licensee offering an annuity jackpot payable over 10 years or more may offer a winning patron the option to be paid in a single cash payout, in lieu of the annuity jackpot, in an amount that is equal to the present value of the face amount of the jackpot payout as calculated in subsection (b).

(b) A slot machine licensee may offer a cash payment option. The present value of the cash payout option on an annuity shall be determined by applying a discount rate to each of the future annuity jackpot payments, taking into consideration the number of years until each jackpot payment would otherwise have been received and adding to that amount the amount of the first cash payment that would otherwise have been received. For the purposes of this subsection, the discount rate must equal the United States Treasury constant maturity rate for 20 year United States government securities for the week ending prior to the date of the jackpot, as identified in the applicable H.15 Statistical Release issued by the Federal Reserve Board plus 0.5%.

(c) A slot machine licensee may not offer an annuity jackpot payout unless:

(1) The terms and conditions of the annuity jackpot, including the effect on the calculation of the theoretical payout percentage, comply with the act, this subpart and technical standards on jackpot payouts approved by the Board and published in the *Pennsylvania Bulletin* and posted on the Board's website.

(2) The Board has approved the specific offer of the annuity jackpot.

(d) A cash payout made in connection with an annuity jackpot must be made in accordance with § 465a.26 (relating to jackpot payouts).

(e) Prior to the payment of an annuity jackpot, each slot machine licensee shall establish a comprehensive system of internal controls addressing the payment of an annuity jackpot. The internal controls shall be submitted to and approved by the Board under § 465a.2 (relating to internal control systems and audit protocols).

(1) The internal control procedures developed and implemented by the slot machine licensee must include:

(i) Procedures to be followed by a winning patron to exercise a cash payout option.

(ii) Procedures with regard to the administration of the trust agreement established to insure the future cash payments due under the annuity jackpot award.

(iii) A requirement that the trustee for the trust fund established by the trust agreement be a banking institution in this Commonwealth, slot machine licensee or, for a wide area progressive system offering an annuity jackpot, the slot system operator for that wide area progressive system.

(2) A slot machine licensee may not offer an annuity jackpot until its supporting trust agreement and the internal controls required under this section have been approved in writing by the Board under § 465a.2.

#### **§ 465a.28. Merchandise jackpots.**

(a) A slot machine licensee may not offer a merchandise jackpot payout unless:

(1) The terms and conditions of the merchandise jackpot, including the effect on the calculation of the theoretical payout percentage, comply with the act, this subpart and technical standards on jackpot payouts approved by the Board and published in the *Pennsylvania Bulletin* and posted on the Board's website.

(2) The Executive Director has approved the specific offer of the merchandise jackpot. To obtain the Executive Director's approval, a slot machine licensee shall file a written request with the Bureau of Gaming Operations containing all of the details related to the merchandise jackpot payout including:

(i) A detailed description of the merchandise jackpot.

(ii) A description of the slot machines that will offer the merchandise jackpot.

(iii) Supporting documentation relating to the valuation of the merchandise offered as the merchandise jackpot.

(b) A merchandise jackpot may consist of one of the following:

(1) A payout that consists of both merchandise and cash.

(2) A payout of merchandise only with an optional cash payout that the patron may elect to receive in lieu of receiving the merchandise.

(c) A cash payout made in connection with a merchandise jackpot shall be made in accordance with § 465a.26 (relating to jackpot payouts).

(d) Prior to offering of a merchandise jackpot, each slot machine licensee shall establish a comprehensive system of internal controls addressing the payment of a merchandise jackpot. The internal controls shall be submitted to and approved by the Board under § 465a.2 (relating to internal control systems and audit protocols).

(e) Whenever a slot machine licensee offers a merchandise jackpot consisting of merchandise or an optional cash payment, the cash equivalent value of the merchandise must equal or exceed the value of the optional cash payment. The cash equivalent value of the merchandise shall be determined as follows:

(1) Merchandise that is sold directly to the public in the normal course of the slot machine licensee's business shall be recorded at an amount based upon full retail price normally charged for the item.

(2) Merchandise which is not offered for sale to the public in the normal course of the slot machine licensee's business but which is provided directly to the patron by the slot machine licensee shall be recorded at an amount based upon the actual cost to the slot machine licensee of providing the item.

(3) Merchandise provided directly or indirectly to the patron on behalf of a slot machine licensee by a third party not affiliated with the slot machine licensee shall be recorded at an amount based upon the actual cost to the slot machine licensee of having the third party provide the item.

(4) Merchandise provided directly or indirectly to the patron on behalf of a slot machine licensee by a third party who is affiliated with the slot machine licensee shall be recorded by the slot machine licensee in accordance with this subsection as if the affiliated party were the slot machine licensee.

(f) Slot machine licensees shall retain and make available to the Board upon request supporting documentation relating to the acquisition and valuation of merchandise offered as a merchandise jackpot.

(g) A merchandise jackpot will be considered to be winnings for the purpose of calculating gross terminal revenue and the payout percentage of any slot machine. The value of the merchandise jackpot will be determined as follows:

(1) For a combination of merchandise and cash, the cash equivalent value of the merchandise as calculated under subsection (e) plus the amount of cash awarded.

(2) For merchandise or an optional cash payment in lieu of the merchandise, the value of the award selected by the winning patron.

(h) Slot machine licensees shall notify the Department of the slot machines that will be offering the merchandise jackpot and the value of each merchandise jackpot awarded.

(i) Advertising of merchandise jackpots must include the following at a minimum:

(1) An accurate description of the merchandise jackpot.

(2) The dates the merchandise jackpot will be offered.

(3) The cash equivalent value of the merchandise jackpot.

(4) The optional cash payment that will be offered in lieu of the merchandise, if an optional cash payment is offered.

(j) Until the merchandise jackpot is won by a patron, a slot machine licensee may not decrease the probability of winning the merchandise jackpot, increase the denomination of a slot machine offering the merchandise jackpot, nor in any other way vary the terms upon which the merchandise jackpot is offered to the public.

(k) Slot machines which are linked to offer the same merchandise jackpot must have the same probability of winning that jackpot.

(l) A slot machine which offers a merchandise jackpot as a payout which is removed from the gaming floor shall be returned to or replaced on the gaming floor within 5 days. If the slot machine is not returned or replaced, the merchandise jackpot shall, within 5 days of the slot machine's removal, be offered as a payout on another slot machine or slot system approved by the Board which offers the same or a greater probability of winning the merchandise jackpot, and accepts a denomination of coin the same or less than the denomination accepted by the slot machine which was removed.

#### **§ 465a.29. Automated teller machines.**

(a) Automated teller machines may be placed at any location within a licensed facility.

(b) An automated teller machine must have a label on the top of the automated teller machine and on the front of the automated teller machine that displays a unique identification number of the automated teller machine. The labels must have white

lettering on a black background or other color combination approved by the Bureau of Gaming Operations may not be easily removed and must be easily visible to the surveillance department. The label on the top of the automated teller machine must be at least 1.5 inches by 5.5 inches and the label on the front of the automated teller machine must be at least 1 inch by 2.5 inches.

### **§ 465a.30. Waiver of requirements.**

(a) The Board may, on its own initiative, waive one or more of the requirements of this chapter or technical standards applicable to accounting and internal controls adopted by the Board and published in the *Pennsylvania Bulletin* and posted on the Board's website upon a determination that the nonconforming control or procedure nonetheless meets the operational integrity requirements of the act, this subpart and technical standards adopted by the Board and published in the *Pennsylvania Bulletin* and posted on the Board's website.

(b) A slot machine licensee may submit a request to the Board for a waiver for one or more of the requirements in this chapter or the technical standards applicable to accounting and internal controls adopted by the Board and published in the *Pennsylvania Bulletin* and posted on the Board's web site. The request must:

(1) Be filed as a petition under § 493a.4 (relating to petitions generally).

(2) Include supporting documentation demonstrating how the accounting and internal controls for which the waiver has been requested will still meet the operational integrity requirements of the act, this subpart and technical standards adopted by the Board and published in the *Pennsylvania Bulletin* and posted on the Board's web site.

(3) Be approved by the Board.

### **§ 465a.31. Gaming day.**

(a) The beginning and ending times of the gaming day will be 6:00 a.m. to 5:59.59 a.m.

(b) Prior to commencing gaming operations, each slot machine licensee shall submit to the Board, in writing, its hours of operation, which times must correspond to the portion of its gaming day it will be open to the public for the purpose of gaming activities. A slot machine licensee may not commence gaming operations until its hours of operation are approved by the Board.

(c) Any change in a slot machine licensee's hours of operation shall be submitted as a change to the slot machine licensee's internal controls in accordance with the requirements in § 465a.2(f) (relating to internal control systems and audit protocols) at least 72 hours in advance of the change.

### **§ 465a.32. Signature.**

An employee signature may be in either of the following formats:

(1) The employee's first initial, last name and Board license number, written by the employee, immediately adjacent to or above the clearly printed or preprinted title of the employee.

(2) The employee's unique identification number or other computer identification code issued to the employee by the slot machine licensee, if the document to be signed is authorized by the Board to be generated by a slot computer system and the method of signature is approved or required by the Board.

### **§ 465a.33. Access to areas containing central control computer equipment.**

A slot machine licensee shall develop and submit to the Board and the Department, as part of the submission required under § 465a.2 (relating to internal control systems and audit protocols), procedures for safeguarding and limiting access to the central control computer (CCC) equipment housed within the licensed facility. At a minimum, these procedures must include the following requirements:

(1) The area containing CCC equipment must:

(i) Be secured with a manual key lock system, the keys to which must be different from any other keys used in the licensed facility.

(ii) Have a door, that when opened, audibly signals the surveillance monitoring room.

(iii) Have adequate surveillance camera coverage to record all activity in the area.

(2) Access to the area containing the CCC system equipment may not be permitted unless prior arrangements have been made with the operator of the CCC system and the casino compliance representatives at the licensed facility.

(3) All keys which access the area containing CCC equipment shall be maintained by the slot machine licensee's security department. The keys may only be signed out by the director of security or the security shift manager to employees of the Department or the operator of the CCC system who are on the authorized access list. The authorized access list shall be obtained from the Department and made available to the casino compliance representatives at the licensed facility. A verbal notification shall be made to the surveillance monitoring room, the operator of the CCC system and the casino compliance representatives at the licensed facility prior to signing out the keys.

(4) The slot machine licensee shall maintain an access log for the area containing CCC equipment. The log shall be maintained in a book with bound numbered pages that cannot be readily removed and placed in close proximity to the CCC equipment. Casino compliance representatives at the licensed facility may review the log upon request. The log shall be stored and retained in accordance with § 465a.6 (relating to retention, storage and destruction of books, records and documents). The following information shall be recorded in a log:

(i) The date and time of each entry.

(ii) The entering person's name, Board-issued credential number and department or affiliation.

(iii) The reason for entering the area containing CCC equipment.

(iv) The name of the person authorizing the person's entry into the area containing CCC equipment.

(v) The date and time of exiting the area containing the CCC equipment.

(5) Individuals who are not authorized to have access to the area containing CCC equipment may only be granted access for emergency situations requiring environmental adjustments, such as electrical, plumbing or HVAC malfunctions, with a security escort. When emergency access is granted, the slot machine licensee shall provide notice to the Department and the casino compliance representatives at the licensed facility prior to permitting entry to the area containing CCC equipment.

#### **§ 465a.34. Automated gaming voucher and coupon redemption machine accounting controls.**

(a) Prior to commencing use of an automated gaming voucher redemption machine, an automated coupon redemption machine, bill breaker or some combination thereof, a slot machine licensee shall establish a comprehensive system of internal controls. The internal controls shall be submitted to, and approved by the Board under § 465a.2 (relating to internal control systems and audit protocols).

(b) The internal controls required by subsection (a) shall include procedures which:

(1) Address the distribution of currency or coin, or both, to the machines, the removal of gaming vouchers, coupons or currency accepted by the machines and the reconciliations associated therewith.

(2) Require that the key to the lock securing the compartment housing the storage box in the automated gaming voucher redemption machine, automated coupon

redemption machine, bill breaker or combination thereof shall be controlled by the slot operations or security department and that the key to the lock securing the storage box within the compartment shall be controlled by the finance department.

(3) Require that the key to the lock securing the compartment housing the currency cassettes in the automated gaming voucher redemption machine, automated coupon redemption machine, bill breaker or combination thereof shall be controlled by the finance department.

(4) Require that the lock securing the contents of the storage box in the automated gaming voucher redemption machine, automated coupon redemption machine, bill breaker or combination thereof, the key to which must be different from the keys referenced in paragraphs (1) and (2), be controlled by an employee of the finance department other than the employee controlling the keys referenced in paragraphs (1) and (2).

(5) Require that the keys to the locks securing the contents of the currency cassettes in the automated gaming voucher redemption machine, automated coupon redemption machine, bill breaker or combination thereof be controlled by the finance department.

(6) Require either the finance department or slot operations department to clear the error conditions listed in § 461a.10(o) (relating to automated gaming voucher and coupon redemption machines).