

**SAN JOSE POLICE DEPARTMENT
DIVISION OF GAMING CONTROL
MINIMUM INTERNAL CONTROL STANDARDS REGULATIONS
FOR CARDROOM PERMITTEES**

**CHAPTER 1
CARDROOM PERMITTEE'S ORGANIZATION**

- A. Organizational Standards.
- B. Tips.
- C. Miscellaneous.

A. Organizational Standards

1. Each Cardroom Permittee's system of internal controls shall include an organizational chart. Each Cardroom Permittee shall be permitted, except as otherwise provided in this section, to tailor its organizational structure to meet the needs or policies of its own particular management philosophy. Each Cardroom Permittee's organizational chart shall provide for:
 - a. A system delineating a line of authority which permits management and supervisory personnel to be held accountable for actions or omissions within their areas of responsibility.
 - b. The segregation of incompatible functions so that no employee is in a position to commit an error or fraud and conceal the error or fraud in the normal course of their duties.
 - c. Primary and secondary supervisory positions which permit the authorization or supervision of necessary transactions at all relevant times.
 - d. Areas of responsibility which are not so extensive as to be impractical for one person to monitor.
2. In addition to satisfying the requirements of Paragraph 1 above, each Cardroom Permittee's system of internal controls shall include the following functions:
 - a. Cardroom (Casino) Cage.
 - b. Table Games.
 - c. Internal Audit.
 - d. Accounting.
 - e. Information Technology.
 - f. Security/Surveillance.
 - g. Goods and Services Vendors and Contractor.
 - h. Food and Beverage.
3. Except for Paragraph 2(g), personnel responsible for each of the above functions shall be required to cooperate with yet perform independently from each other. A description of these functions and their respective responsibilities will be addressed in

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the accompanying Minimum Internal Control Standards.

4. Each Cardroom Permittee shall prepare and maintain a current jobs compendium detailing job descriptions and lines of authority for all personnel engaged in the operation of the cardroom.
5. A jobs compendium shall include the following sections, in the order listed:
 - a. An alphabetical table of contents listing the position title and job code for each job description included in paragraph 4 above and the page number on which the corresponding job description may be found.
 - b. A table of organization for each department and division illustrating by position title direct and indirect lines of authority within the department or division. Each page of a table of organization shall specify the following:
 - i. The date of its submission to the Division of Gaming Control.
 - ii. The date of previously submitted tables of organization which it supersedes.
 - iii. A unique title or other identifying designation for that table of organization.
 - c. A description of each employee's position which accurately corresponds to the position title as listed in the table of organization and as listed in the table of contents. Each position description shall be listed on a separate page, organized by departments or divisions, and shall include, at a minimum, the following:
 - i. Position title and corresponding department.
 - ii. Job duties and responsibilities.
 - iii. Salary range for each classification / position title.
 - iv. Detailed descriptions of experience or education requirements.
 - v. The date of submission of each employee position job description and the date of any prior job description it supersedes.
 - vi. The date of submission and page number of each table of organization on which the employee position title is included.

B. Tips

Note: Tips, tokens, and other gratuities in this section shall include cash, coins, vouchers, coupons, cardroom gaming chips, checks and other non-cash items (regardless of value and/or materiality).

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1. Cardroom managerial personnel [i.e., General Manager, Cardroom Manager, Casino Shift Manager, Manager on Duty (MOD), Poker Manager, California /Asian Games Manager, Casino Cage Manager, Controller, Finance and Accounting Supervisors, etc.] and security, surveillance and compliance department personnel shall be prohibited from soliciting and/or accepting any tips, tokens and other gratuities from any cardroom patron, the general public or other employee/co-worker, whether directly or indirectly and/or on or off duty, except for the following:
 - a. Non-managerial security personnel, i.e., personnel below the level of security shift supervisor, may be allowed to accept unsolicited tips, tokens, or gratuities from a patron for providing that patron non-gaming related services (i.e., escorting the patron to the vehicle, assisting stranded cardroom patron and other ancillary services, etc.).
2. Cardroom dealers, chip runners and cage cashiers shall be prohibited from soliciting tips, tokens and other gratuities from any cardroom patron, the general public or other employee/co-worker, whether directly or indirectly and/or on or off duty.
3. Tips/tokens shall not be co-mingled with cardroom assets.

C. Miscellaneous

1. For Permittee's authorized to operate ten (10) tables or less, the Permittee may submit in writing an alternative plan of organization and internal controls for approval by the Administrator of Gaming Control.
2. The Cardroom Permittees' personnel shall be trained in all current internal and accounting control practices and procedures relevant to each employee's individual function. Evidence of training (i.e., instructional materials, attendance records, schedules, etc.) certified by management shall be maintained for a minimum of five (5) years and a copy sent to the Division of Gaming Control within five (5) calendar days upon completion of a training class.

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**CHAPTER 2
CARDROOM (CASINO) CAGE**

- A.** General Standards.
- B.** Department Responsibilities.
- C.** Check Cashing.
- D.** Write-Off and Settlement Standards.
- E.** Customer Deposits.
- F.** Cage/vault Accountability.
- G.** Accounting Standards.
- H.** Auditing Standards.
- I.** Storage.

A. General Standards

1. A cardroom (casino) cage department is supervised by a cardroom employee holding a key employee's license with the position of Cage Manager.
2. The Cage Manager is responsible for the entire cage department and shall report directly to the Chief Executive Officer regarding administrative matters and daily operations. However, a Cardroom Permittee may allow the Cage Manager to report directly to a management executive of the Permittee other than the Chief Executive Officer if that executive reports directly to the Chief Executive Officer.

B. Department Responsibilities

The cardroom (casino) cage shall be responsible for, without limitation, the following:

1. The custody of currency, coin, patron checks, gaming chips, documents, and records normally associated with the operation of a cashier's cage.
2. The receipt, distribution, and redemption of gaming chips.
3. Such other functions normally associated with the operation of a cashier's cage.
4. Compliance with the Federal and State Currency Transaction Reporting and Suspicious Activities Reporting requirements.

C. Check Cashing

1. If personal checks, cashier's checks, or payroll checks are cashed, the cage cashier shall:

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- a. Examine and record at least one item of patron identification (e.g., driver's license, passport, military, or other government-issued photo identification cards).
 - b. Make a reasonable effort to verify the authenticity of cashier's check for amounts over \$1,000.
 - c. Make a reasonable effort to verify business authenticity for payroll checks.
2. When counter checks are issued, the following shall be included on the check:
 - a. The patron's name and signature.
 - b. The dollar amount (both alpha and numeric).
 - c. Date of issuance.
 - d. Signature or initials of the individual approving the transaction.
3. When traveler's checks/guaranteed drafts are presented, the cashier must comply with the examination and documentation procedures as required by the issuer.
4. A detailed listing is maintained to document all outstanding credit instruments and returned checks and this listing is prepared or reviewed by an individual independent of check cashing transactions and collections thereon.
5. Documentation (e.g., log, checklist, notation on repots) evidencing the performance of the above procedures shall be maintained for a minimum of five (5) years.

D. Write-Off and Settlement Standards

1. Written-off or settled credit instruments and returned checks are authorized in writing.
2. Such authorizations are made by at least two management officials, at least one of whom independent of the initial check cashing approval process, and the issuance and collection of credit and returned checks relative to the patron's account. The individuals approving the write-off or settlement must sign a document indicating their authorization.

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3. Completed written-off and settled credit instruments and returned checks documentation is submitted to the accounting department within 72 hours of completion.

E. Customer Deposits

1. The receipt or withdrawal of a customer deposit is evidenced by at least a two-part document with one copy going to the customer and one copy remaining in the cage file.
2. The multi-part receipt contains the following information:
 - a. Same receipt number on all copies.
 - b. Customer's name and signature.
 - c. Date of receipt and withdrawal.
 - d. Dollar amount of deposit/withdrawal.
 - e. Nature of deposit (cash, check, chips).
3. Procedures are established to:
 - a. Maintain a detailed record by patron name and date of all funds on deposit.
 - b. Maintain a current balance of all customer deposits which are in the cage/vault accountability.
 - c. Reconcile this current balance with the deposits and withdrawals at least daily.

F. Cage/Vault Accountability.

1. All transactions that flow through the cardroom (casino) cage are summarized on a cage accountability form on a per shift basis.
2. Increases and decreases to the cage inventory are supported by documentation. For any individual increase/decrease which exceeds \$100, the documentation indicates the date and shift, the reason for the increase/decrease, the person(s) completing the transaction, and for decreases indicate the person or department receiving the cage funds.

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3. The cage and vault inventories are examined and counted by at least two persons, attested to by signature, and recorded in ink or other permanent form at the end of each shift during which activity took place, and in no case less than once daily. Such documentation is to include the date and shift for which the count was performed.
4. All net changes in outstanding cardroom (casino) accounts receivables, including all returned checks, are summarized on a cage accountability form or similar document on a per shift basis.
5. Such information is summarized and posted to the accounting records on at least a monthly basis.

G. Accounting Standards

1. The cage accountability is reconciled to the general ledger at least monthly.
2. A listing of cardroom (casino) accounts receivable, including the name of patron and current balance, is prepared at least monthly for active, inactive, settled or written-off accounts. (A listing of written-off items, i.e., worthless items at the time of write-off, and another listing of payments on items previously written-off are acceptable.)
3. The listing of cardroom (casino) accounts receivable is reconciled to the general ledger each month.
4. The reconciliation and any follow-up performed is documented and maintained for a minimum of five (5) years.

H. Auditing Standards,

1. In addition to the internal audit standards under Chapter 4, an individual independent of the cage and/or collection functions performs all of the following at least four times (quarterly) per year:
 - a. Ascertain compliance with check cashing limits and other established cash advance issuance procedures.
 - b. Randomly reconcile outstanding balances of both active and inactive (including write-offs and settlements) accounts on the listing to individual check cashing records and physical instruments. For inactive accounts, this procedure is required to be performed once per year.

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- c. Examine check cashing records to determine that appropriate collection efforts are being made and payments are being properly recorded.
 - d. For a minimum of five (5) days during each review, all partial payments are subsequently reconciled to the payments recorded by the cage for the day and are numerically accounted for.
- 2. For one day each month, accounting/audit personnel trace the amount of cage deposits to the amounts indicated in the bank statements.
- 3. For one day each month, accounting/audit personnel review a sample of returned checks to determine that the required information was recorded by cage personnel when the check was cashed.
- 4. For one day each quarter, accounting/audit personnel performs a complete count of all funds in cage and vault. All casino (cardroom) chips are counted by denomination and type. Individual strapped, bagged, and loose currencies are counted and traced to the amount recorded on the appropriate accountability form to ensure the proper amount is recorded. Documentation is maintained evidencing the count amounts for each count and the subsequent comparison to the appropriate accountability form.

Note: The above counts (1) and (2) are separate from the count completed by internal audit. It is recommended, but not mandatory, that the individual responsible for the funds should perform the actual count while observed by the accounting/audit personnel.

- 5. For each calendar quarter, accounting/audit personnel selects a sample of invoices for chips purchased during the calendar quarter being reviewed. Accounting/audit personnel trace the dollar amount of chips indicated on the purchase invoice to the accountability document indicating the increase to the chip inventory to ensure the proper dollar amount of chips has been recorded on an accountability form.
- 6. For all contests/tournaments, the following documentation is maintained:
 - a. Copies of the information provided to the patrons describing the contest/tournament.

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- b. Effective dates.
- c. Accounting treatment, including general ledger accounts, if applicable.
- 7. Monthly, accounting/audit personnel reviews payout documentation and interviews cardroom management to ensure that contests/tournaments are conducted in accordance with conditions provided to the patrons.
- 8. For each day, accounting/audit personnel reconciles all parts of the form used for increases/decreases to the cage inventory, investigate any variances noted, and document the results of such investigations.
- 9. Documentation (i.e., log, checklist, notation on reports, etc.) evidencing the performance of card room (casino) cage and credit including check cashing audit procedures, the exceptions noted and follow-up of all cardrooms (casino) cage and credit including check cashing audit exceptions is maintained for a minimum of five (5) years.

I. Storage.

All original source documents generated in the cardroom (casino) cage, including, but not limited to cage/vault accountability, window count sheets, books, records, logs, forms, ledgers, etc., must be routed to and maintained in the accounting department for a minimum of five (5) years.

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**CHAPTER 3
TABLE GAMES**

- A.** General Standards.
- B.** Department Responsibilities.
- C.** Table Games Drop Box Removal Standards.
- D.** Table Games Count Standards.
- E.** Key Control Standards
- F.** Gaming Equipment Control.
- G.** Gaming Table Movement Control.
- H.** Table Games Rules and Dealing Procedures.
- I.** Table Games Accounting/Revenue Audit Procedures.
- J.** Tournaments
- K.** Statistics.
- L.** Supervision.
- M.** Storage.

A. General Standards

1. A table games department is supervised by a cardroom employee holding a key employee's license with the position of Casino Manager.
2. The Casino Manager is responsible for the entire table games department and shall report directly to the Chief Executive Officer regarding administrative matters and daily operations. However, a Cardroom Permittee may allow the Casino Manager to report directly to a management executive of the Permittee other than the Chief Executive Officer if those executive reports directly to the Chief Executive Officer.

B. Department Responsibilities

The table games department shall be responsible for, without limitation, the following:

1. The operations and conduct of permissible games that cardrooms are authorized to play pursuant to Title 16 of the San Jose Municipal Code.
2. Supervision of dealers, chip runners, and other floor personnel.
3. Ensuring that a written description of how each game conducted on the premises is played, the game rules are posted in a conspicuous place, and that the game rules are made available in other languages as required by Section 16.18.060 of the San Jose Municipal Code.
4. The maintenance of a log and record of the tables that are open, moved, and the

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games played at each table by date and shift.

5. The maintenance of a log or record of the personnel assigned to the table games department by table, date, and shift.
6. The conspicuous posting of game fees and table limits.

C. Table Games Drop Box Removal Standards.

1. The setting out of empty drop boxes at card tables and the removal of drop boxes from the card tables is a continuous process. The drop box removal process begins with the removal of the first card table drop box.
2. Procedures shall be implemented to ensure that unauthorized access to empty drop boxes does not occur from the time the boxes leave the storage racks until they are placed on the card tables.
3. At the end of each shift, an individual or individuals independent of the table games department shall remove all locked drop boxes from the card tables.
4. If drop boxes are not placed on all card tables, then the table games department shall document which card tables were open during the shift. All such documentation must be forwarded to the accounting department at the end of each shift,
5. Upon removal from card tables, drop boxes are transported directly to the count room and locked in a secure manner until the count takes place.
6. The transporting of drop boxes is performed by a team consisting at least three individuals from at least two departments, one of whom is an in-coming Casino Shift Manager (who is independent of the shift being dropped). The remainder of the drop team must consist of individuals independent of the table games department.
7. The term "shift" as used in these standards refers to an 8-hour interval unless otherwise approved by the Division of Gaming Control.

D. Table Games Count Standards.

1. The count begins with the opening of the first card game drop box and ends when a member of the cage/vault department signs the count sheet/summary and assumes accountability of the proceeds.

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2. From the time the first drop box is opened until the cage accepts the drop proceeds into the cage accountability, transfer of chips and/or any other items in/out of the count room is strictly prohibited.
3. If counts from various revenue centers are occurring simultaneously in the count room, procedures are in effect which prevent the commingling of funds from different revenue centers.
4. The count is performed by a count team consisting of at least three employees who are independent of transactions being reviewed and counted and the subsequent accountability of drop proceeds (i.e., independent of the card games, cage and accounting departments).
5. At no time during the count will there be a count team of fewer than three employees in the count room until the monies (chips) have been accepted into cage/vault accountability.
6. Count team members are rotated on a routine basis. (Rotation is such that the count team recorder is not consistently the same three individuals more than four days per week.)
7. The drop boxes are individually emptied and counted in such a manner that will prevent the commingling of funds between boxes until the count of the box has been recorded.
8. The count of each box is recorded in ink or other permanent form of recordation.
9. Drop boxes, when empty, are shown, to another member of the count team and to recorded or live surveillance.
10. Corrections to information originally recorded by the count team on count documentation are made by crossing out the error, entering the correct figure, and then obtaining the initials of at least two count team members who verified the change.

Note: the correction of the error and the verification/attestation by the count team members must take place contemporaneously.

11. The count sheet is independently reconciled to the entire count by a count team member who does not function at the recorder for that count.

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12. All members of the count team attest by signature on the count documentation to the accuracy of the games drop count. Three verifying signatures on the count sheet are adequate if all additional count team members sign a supplemental document evidencing their involvement in the count process.
13. Prior to all monies (chips) being turned over to the cage/vault, a cage/vault cashier (who is independent of the count team) independently counts and verifies the entire drop that is being turned over to the cage/vault department and reconciles it to the drop amount recorded on the count document. Any variance is reconciled and documented.
14. The cage/vault cashier certifies by signature on the count documentation the accuracy of the monies (chips) and assumes accountability of the drop proceeds.
15. All monies (chips) that were counted are then turned over to the cage/vault after standard # 14 above has been completed.
16. Access to stored drop boxes, full or empty, is restricted to authorized members of the drop and count teams.
17. Access to the count room during the count is restricted to members of the drop and count teams, excluding authorized observers, supervisors for resolution of problems, and authorized repair personnel under an emergency repair situation with all such repair work documented and maintained for five (5) years.
18. The count sheet, with all supporting documents, is immediately delivered to the accounting department at the conclusion of the count by a count team member. Alternatively, it may be adequately secured in the security office in a locked container to which only accounting personnel can gain access until retrieved by the accounting department.

E. Key Control Standards,

1. The table games drop box release keys are separately keyed from the table game drop box contents keys.
2. The physical involvement of at least two individuals independent of the cage department is required to access stored empty drop boxes.

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3. Drop Box Release Keys shall be maintained as follows:
 - a. Drop box release keys are maintained by a department independent of the table games department.
 - b. Only the employees authorized to remove drop boxes from the tables are allowed access to the release keys. Note: The count team members may have access to the release keys during the count in order to reset the drop boxes.
 - c. Employees authorized to remove and transport the table games drop boxes are precluded from having access to drop box contents keys.
4. Drop Box Storage Rack Keys
 - a. An employee independent of the table games department is required to:
 - i. Accompany table games drop box storage rack keys from the time of their issuance until the time of their return.
 - ii. Observe each time drop boxes are removed from or placed in storage racks.
 - b. Employees authorized to obtain drop box storage rack keys are precluded from having access to drop box contents keys (with the exception of the count team).
5. Drop Box Contents Keys
 - a. At least three count team members are required to be present when table games count room and other count keys are issued for the table games count until the time of their return.
 - b. Access to the contents key at other than scheduled count times requires the involvement of at least three persons from three separate departments, including management. A separate report is maintained indicating the date, time table game number, reason for access, and signature or electronic signature of employees signing out/in the table games drop box contents key. Two employees from two separate departments are required to accompany the table games contents key from the time of their issuance until the time of their return.

Note: "Electronic signature" includes a unique employee PIN or card, or

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employee biometric identification validated and recorded through a computerized system.

6. Count Room Keys

- a. At least three count team members are required to be present from the time table games count room and other count keys are issued for the table games count until the time of their return.

7. Duplicate Keys

- a. All duplicate keys are maintained in a manner which provides the same degree of control over drop boxes, count room, and other sensitive gaming related areas as is required for the original keys.
- b. Records are maintained for each key duplicated which indicate the date of key manufactured or receipt of the duplicate key, number of keys made and signature of person(s) authorizing the duplication and reason for the duplication.
- c. Records are maintained for each key destroyed which indicate the key number, date of destruction and signature of person(s) authorizing the destruction and reason for the destruction.

F. Gaming Equipment Control.

1. "Gaming Equipment" as defined under this section shall include gaming tables, table layouts, drop boxes, drop slides, playing cards, card-dispensers (shoes), dice and dice cups, card shufflers, deck checkers and Pai Gow tiles.
2. New and used gaming equipment shall be maintained and perpetually inventoried by a department independent of the table games department (i.e., gaming equipment control room) to prevent unauthorized access and thus reduce the possibility of tampering. The gaming equipment room perpetual inventory must be reconciled to other subsidiary logs (i.e., podium logs) at least monthly.
3. Playing cards and Pai Gow tile control
Before new or used cards and tiles (set-ups) are placed in service the following procedures must be performed:

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- a. A gaming equipment control employee must first inspect the playing cards and tiles to ensure that all cards and tiles are accounted for and there are no defects (i.e., cracks, tears, fading, signs of wear and tear, any signs of marking and inconsistent coloration).
- b. Any card or tile that has a defect of any kind, whether intentional or accidental must be rejected and replaced.
- c. New or used cards and tiles, when determined to be defective or unusable, shall be destroyed with records maintained for five (5) years and must include the reason for destruction, date and method of destruction, signatures of the gaming equipment room supervisor, general manager or his/her designee and security shift supervisor authorizing and witnessing the destruction.
- d. New or used cards and tiles must be cleaned, if deemed necessary, and arranged into a complete set-up and then inspected to verify that there are no missing or duplicate cards or tiles in the set-up before being placed in service.
- e. Investigations must be performed by a casino supervisory personnel (i.e., Casino Shift Manager or above), if evidence of tampering is noted. The results of such investigations must be documented in writing and maintained for a minimum of five (5) years.
- f. Once inspected, cleaned, and verified, all new (secured) set-ups must be placed in a carrying case or bag and secured with a tamper resistant seal. A Gaming Equipment Control Log will be affixed to the carrying case or bag and the log is signed by the gaming equipment control room employee verifying the set-up.
- g. The gaming equipment control room employee shall transport the new set-up from the gaming control room as follows:
 - i. Directly to and secured in a designated gaming equipment control area of the gaming podium (hereafter referred to as podium). The podium shall be under lock and key at all times; or
 - ii. Directly to the gaming table where the equipment is turned over to the floor supervisor to be placed into service at the table.

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- h. An inventory log is maintained in the podium which must show, at a minimum, the following:
 - i. Date, time, shift and signature of the gaming equipment control room employee delivering the new (secured) set-ups to and retrieving the used set-ups from the podium.
 - ii. Date, time, shift and signature of the floor supervisor or a gaming equipment control room employee releasing the new set-ups to the floor supervisor at the gaming tables.
 - iii. Date, time, shift and signature of the floor supervisor or a gaming equipment control room employee returning the used set-ups from the gaming tables.
 - iv. Total number of decks (new and used set-ups) stored in the podium.
- i. The new set-ups must be retrieved from the podium by the floor supervisor, or the gaming equipment control room employee and the inventory log will be updated before the set-ups are taken to the gaming tables.
- j. The floor supervisor must verify in full view of the patrons that the new set-up contains an unbroken tamper resistant seal before the new set-up is released to the dealer at the gaming table. Upon receipt of the new set-up, the used set-up will be placed on the layout to be picked up by the floor supervisor.
- k. Upon receipt of the new set-up, the dealer will break the tamper resistant seal over the table layout and under camera coverage. The dealer must verify that the new set-up is complete by spreading and counting the cards on the table layout prior to the first hand being dealt.
- l. If the new set-up contains no apparent markings and the cards or tiles are properly accounted for, the new set-up will be placed in service. Otherwise, the set-up will be returned to the floor supervisor and the process of replacing the used set-up with a new set-up must start over.
- m. The used set-up will be immediately verified by the floor supervisor or the gaming equipment control room employee for completeness and the podium inventory log will be updated.

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- n. All used set-ups must be retrieved from the podium to the gaming equipment control room by the gaming equipment control room employee at least once every two (2) hours for inspection.
- o. When used set ups are removed from a podium to be returned to the gaming equipment control room, the inventory log will be updated by the gaming equipment control room employee.
- p. The set-ups (new and used) maintained in the podium and the inventory log maintained in the podium must be examined and verified by the gaming equipment control room employee at least once per 8-hour shift to ensure accountability.
- q. If there are missing cards or tiles in the used set-up, the gaming equipment control room employee must immediately notify the Casino Shift Manager and surveillance department and an investigation is initiated and the results of such investigation shall be documented in writing and maintained for a minimum of five (5) years.
- r. A tamper resistant seal must be placed on the computer chip(s) that governs the random selection process of all deck checkers, shufflers, and any other electronic gaming or gaming related equipment to ensure the integrity of the device.

Note 1: Standards k, l and m do not apply to those games played with multiple decks (i.e., Super Pan 9, No Bust 21s¹ Century Blackjack, etc.). Procedures for routing new playing cards and retrieving used playing cards for those games played with multiple decks are described under Standards s through v as follows:

- s. The new set-ups shall be transported directly from the gaming equipment control room to a floor supervisor at the gaming table by a gaming equipment room employee.
- t. The floor supervisor must verify that the tamper resistant seal is un-broken before releasing the new set-up to the dealer.
- u. The dealer will break the tamper resistant seal of the new set-up over the table layout and under camera coverage.
- v. Used cards for those games played with multiple decks are turned over to the gaming equipment room employee to be returned to the gaming equipment room for inspection.

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Note 2: During dealer rotations, playing cards (used set-ups) must be counted and verified for completeness by the in-coming dealer prior to the first hand being dealt.

G. Gaming Table Movement Control.

When a gaming table is to be relocated from one area to another area on the gaming floor or replaced by another gaming table, the following procedures are required:

1. Prior to relocating or replacing a gaming table a Casino Shift Manager will notify surveillance of the movement, and the entire movement shall be recorded with pan/tilt/zoom coverage. Additionally, the entire movement shall be noted on the surveillance log and a copy of the log is forwarded to the Division at least once daily.
2. Prior to removing the gaming table from the casino floor, the drop box shall be removed and safeguarded using the drop procedures established under section C of this chapter.
3. The contents of the drop box shall be counted using the count procedures established under Section D of this chapter.
4. Prior to placing the relocated or replaced gaming table into service, the Casino Shift Manager shall verify with surveillance that the gaming table after the relocation or replacement is under proper camera coverage, which allows a clear view of the table layout, cards or tiles, chips, dice and dice cup.
5. After the verification has been made a new drop box shall be installed at the gaming table using drop procedures established under section C of this chapter.
6. The Casino Shift Manager shall document the table games movement procedures including date, time, table number, area of casino floor, reason for the movement and name of personnel involved in the transaction. The documentation shall be maintained for a minimum of five (5) years.

H. Table Games Rules and Dealing Procedures.

1. "Table game rules" for purposes of this section are defined as the manner in which game is played, odds if any card, and tile dealing procedures including shuffle,

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collection of fees, collection, and payment methodology, etc.

2. Table game rules shall be submitted to the Division for review and approval prior to being placed into service.
3. Table game rules shall not be modified unless prior written approval from the Administrator has been obtained.
4. Playing cards, tiles, dice, and dice cups shall remain on and/or over the gaming table and in plain view of the patrons, dealers, and supervisors. No playing cards, tiles, dice and dice cups shall be allowed to be removed past the padded rail or outer edge of the gaming table during the play of the permissible game.

I. Table Games Accounting/Revenue Audit Procedures.

1. Revenue audit function is separate and apart from the Internal Audit function.
2. The table games accounting and revenue audit procedures are performed by personnel independent of the table games operations.
3. Accounting/audit personnel shall perform the following procedures on a daily basis:
 - a. Reconcile the dollar amount of count proceeds on the master games summary to the dollar amount recorded in the transfer form, if applicable, indicating all transfers in/out of the count room, both during and at the end of the count. Investigate and document any variance noted.
 - b. Recalculate count proceeds in total and by shift.
 - c. Verify that the correct total of count proceeds is recorded in the accounting records used to prepare the Cardroom Tax Monthly Statement that is submitted to the City of San Jose Finance Department.
4. A daily recap is prepared for the day and month-to-date which includes the total drop count.
5. Accounting/revenue audit employees review exception reports for all computerized table games systems, if applicable, at least monthly for propriety of transactions and unusual occurrences.

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6. All noted improper transactions or unusual occurrences are investigated with the results documented and maintained for five (5) years.
7. Evidence of table games revenue audit procedures and any follow-up performed shall be maintained for a minimum of five (5) years.

J. Tournaments.

1. All funds contributed by players into tournaments are returned when won (i.e., prize pool) in accordance with the posted rules with no commission withheld except for initial administrative fees authorized and approved by the Administrator.
2. No administrative fees may be deducted from re-buys.
3. A full accountability of all administrative fee collection and expenditures for each tournament shall be documented and maintained for five (5) years.
4. Rules governing each tournament shall be clearly posted in the gaming area and shall designate the following:
 - a. The tournament buy-in and re-buys amounts.
 - b. The limit on number and amount of re-buys that are allowed for the tournament, and the re-buy schedule (i.e., two \$40 re-buys after the 5th and 9th limit change or one \$25 re-buy at the end of the first hour, etc.).
 - c. The betting limits for the specific tournament, as well as limit increase schedule/policy.
 - d. The tournament's payout rule (i.e., number of places to be paid and the percentage of the prize pool that is paid to each place). The number of places paid out may be determined on the day of the tournament based on the number of participants at the discretion of the tournament director.
 - e. The total fees collected for the prize pool shall be posted within the first hour of the tournament. For a tournament with re-buys, the total prize pool shall be updated at the time when the re-buy period has expired.
5. All initial buy-in transactions shall be conducted at the casino cage. Re-buy transactions may be conducted at the casino cage or at the tournament tables.

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6. If re-buy transactions are allowed at the tournament tables, the funds removed from the tournament tables must be placed in a locked container in plain view of the public. Additionally, the following standards shall apply:
 - a. The locked container contents key is maintained by a department independent of the table game department, including the tournament director,
 - b. At least once a day, the locked container is removed by two employees, one of whom is independent of the table games department and transported directly to the casino cage to be counted.
 - c. At the casino cage, the locked container is opened by the key custodian in the presence of the casino cage cashier and the Tournament Director or designee, and the funds are counted, verified and recorded by the cashier before it is accepted into the cage accountability.
 - d. Employees authorized to transport the locked container to the casino cage are precluded from having access to the contents key.
 - e. The Tournament Director or his/her designee must maintain a log of all re-buy transactions.
 - f. At the conclusion of the re-buy period the original transaction log is delivered to the accounting office and a copy is maintained by the Tournament Director or his/her designee.
7. A tournament log must be maintained at the casino cage and this log shall reflect the following information:
 - a. The total number of tournament participants and total buy-in fees collected.
 - b. The total number of re-buys made, and the amount of total re-buy fee collected.
 - c. The amount of the payout to each winner.
 - d. The name of each participant including the dollar amount of the initial buy-in, and verified name of each participant receiving payouts in excess of \$3,000.

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Note: The casino cashier or tournament director or designee is responsible for the verification of all such information and attest by signature.

K. Statistics.

1. Revenue records for each type of permissible game are maintained by day, shift, cumulative month-to-date, cumulative year-to-date and cumulative life-to-date.
2. Revenue records are presented to and reviewed by the controller who is independent of the table games department on at least a monthly basis.
3. The controller investigates any unusual statistical fluctuations with table games supervisory personnel.
4. At a minimum, investigations are performed for all statistical percentage fluctuations from the base level (for same types of table games) for a month in excess of +/- 10%. The base level is defined as the Permittee's drop records per hour for the previous business year or previous 12 months.
5. The results of such investigations are documented in writing and maintained for a minimum of five (5) years.

L. Supervision

1. Table games supervisory personnel shall provide adequate supervision of all table games.
2. There shall be at least one Casino Shift Manager per each eight (8) hour shift. This manager must supervise the entire shift including table games supervisors, floor supervisors and dealers.
3. Each table game supervisor in the California gaming area shall supervise no more than 4 card tables. The supervisor seated at the high limit games can only supervise the table to which they are assigned. Note: California games are those Player/Banker games defined under SJMC, Title 16, §16.02.480.
4. Each table game supervisor shall supervise in the traditional poker area shall supervise no more than 8 card tables.

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M. Storage.

All original source documents generated in the table games area and/or table games department, including but not limited to books, records, logs, forms, ledgers, etc., must be routed to and maintained by the accounting department for a minimum of five (5) years.

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**CHAPTER 4
INTERNAL AUDIT**

- A. General Standards.
- B. Department Responsibilities.
- C. Internal Audit Standards.

A. General Standards.

1. An internal audit department is supervised by a cardroom employee holding a key employee's license with the position of Director of Internal Audit.
2. The Director of Internal Audit reports directly to the audit committee or in the absence of an audit committee, to the member of the Board of Directors or to the Cardroom Permittee.

B. Department Responsibilities.

The internal audit department shall be responsible for, without limitation, the following:

1. Ensuring the Permittee's system of internal control comply with the requirements of the Minimum Internal Control Standards.
2. Recommending procedures to eliminate any material weakness in the system of internal control.
 - a. A material weakness is defined as the ineffectiveness of a control(s) that even when applied properly will not allow management to detect or prevent errors or irregularities in a timely manner.
3. Performing internal audit work as required under this Chapter.
4. Reporting the results of internal audit work to an audit committee, or in the absence of an audit committee, to the members of the Board of Directors or the Cardroom Permittee, who are independent of the departments under audit.
5. Preparing documentation (i.e., checklists, programs, reports, etc.) to evidence all internal audit work performed as it relates to these requirements.
6. All exceptions resulting from internal audit work are investigated and resolved, with the results of such work being documented and retained for five (5) years.

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7. Whenever possible internal audit observations are to be performed covertly so that the observed employees are not aware that their activities are being observed.
8. An independent Certified Public Accountant is considered acceptable in lieu of an independent audit department provided all required standards are met.
9. If the independent Certified Public Accountant also performs the internal audit function, the independent Certified Public Accountant must perform separate observations of the table games drop and count, at least on a bi-annual basis, to satisfy the internal audit observation requirements. These procedures will be in addition to the independent Certified Public Accountant's Minimum Internal Control compliance work requirement.

C. Internal Audit Standards.

Observations and examinations of the following activities, with emphasis on compliance with the Division of Gaming Control's Minimum Internal Control Standards, are performed (based on the Permittee's business year end) on the following activities as applicable to the operation:

1. The following are reviewed at least once during every six-month period:
 - a. Table games-table games operation, monetary exchange procedures, surprise testing of drop and count procedures and the subsequent transfer of funds, location and control over sensitive keys, the tracing of source documents to summarized documentation and accounting records, and reconciliation to the Cardroom Tax Monthly Statement as submitted to the City of San Jose.
 - b. Cage and vault procedures - all cage, check cashing, and collection procedures, and the reconciliation of trial balances to physical instruments on a sample basis.
 - c. Cage accountability is reconciled to the general ledger.
 - d. Information Technology - review for compliance with IT standards.
2. The following are reviewed at least annually:
 - a. At least annually, gross revenue is reconciled from the accounting records to the Cardroom Tax Monthly Statement as submitted to the City of San Jose.

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- b. In addition to the observation and examinations performed above, follow-up observations and examinations are performed to verify that corrective action has been taken regarding all instances of noncompliance cited by internal audit, the Division and/or the independent accountant. The verification is performed within six (6) months following the date of notification.
- c. At least annually the internal audit staff tests for compliance with Chapters 16.10 and 16.18 of Title 16 of the San Jose Municipal Code and Division of Gaming Control Regulation 1.

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**CHAPTER 5
ACCOUNTING DEPARTMENT**

- A. General Standards.
- B. Department Responsibilities.
- C. Accounting Records.
- D. Forms, Books, Records and Documents.
- E. Retention, Storage and Destruction of Forms, Books, Records & Document.
- F. Storage.

A. General Standards.

1. An accounting department is supervised by a cardroom employee holding a key employee's license with the position of Controller.
2. The Controller is responsible for the entire accounting department and shall report directly to the Chief Financial Officer regarding administrative matters and daily operations. However, a Cardroom Permittee may allow the Controller to report directly to a management executive of the Permittee other than the Chief Financial Officer if that executive reports directly to the Chief Financial Officer. The Chief Financial Officer may report either directly to the Chief Executive Officer or to the Cardroom Permittee.

B. Department Responsibilities.

The accounting department shall be responsible for, without limitation, the following:

1. Accounting and administrative minimum internal controls.
2. The preparation, control, and retention of accounting records and data.
3. The control of stored data, the supply of unused forms, and the accounting for and comparing of forms used in operating the cardroom.
4. Compliance with Federal and State currency transaction reporting and suspicious activities reporting requirements.

C. Accounting Records.

Each Cardroom Permittee shall maintain:

1. Complete, accurate, and legible records of all accounting transactions.

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2. General accounting records on a double entry system of accounting with transactions recorded on a full accrual basis. Detailed, supporting, and subsidiary records sufficient to meet the requirements of Paragraph 4 below shall also be maintained.
3. A uniform chart of accounts and accounting classification in order to ensure consistency, comparability, and effective disclosure of financial information. The following is required for the chart of accounts:
 - a. The chart of accounts shall provide the classifications necessary to prepare standard financial statements including a balance sheet, income statement, and a statement of cash flows.
 - b. The chart of accounts shall be the minimum level of detail that the Cardroom Permittee shall maintain for each accounting classification.
 - c. The Cardroom Permittee shall not use other than the chart of accounts as required in subparagraph a above but may expand the level of detail for some or all accounting classifications and/or alter the account numbering system. In such instances, the permittee shall maintain a cross-reference from the Cardroom Permittee's chart of accounts to the prescribed chart of accounts.
 - d. The Cardroom Permittee shall keep a general ledger, which documents all accounting transactions completed and posted to accounts listed in the chart of accounts.
4. Detailed, supporting, and subsidiary records shall include, but not necessarily be limited to:
 - a. Statistical game records to reflect revenue by table for each game and by each shift.
 - b. Records which identify the purchase, receipt, and destruction of gaming chips.
 - c. Records provided for in the system of internal accounting controls submitted to the Administrator of Gaming Control.
 - d. Records that identify the purchase, receipt, routing and destruction of all gaming and gaming related equipment, including but not limited to, playing cards, Pai Gow tiles, dice and dice cups, drop boxes.

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D. Forms, Books, Records and Documents.

1. All information required by this section to be placed on any media shall be recorded on such media in a permanent form.
2. Whenever copies are required of a form, book, record, or document:
 - a. The original and copies shall have the name of the recipient originally receiving a copy preprinted on the bottom of that copy so as to differentiate one from the other.
 - b. Whenever forms or serial numbers are required to be accounted for, or copies of forms are required to be compared for agreement and exceptions are noted, the permittee shall maintain a record and explanation of such exceptions.
3. Unless otherwise specified in this section, all forms, books, records, documents, and stored data required to be prepared, maintained, and controlled by this section shall:
 - a. Be in forms prescribed or approved by the Administrator of Gaming Control.
 - b. Have the name of the establishment and the title of the form, book, record, document, and stored data imprinted or preprinted thereon or therein.
4. A complete listing of all forms used, including a copy of each and every form used shall be on file with the Administrator of Gaming Control. Subsequent changes to existing forms and copies of any new form(s) to be used shall be submitted to the Administrator of Gaming Control within 30 days of implementation of such new/revised forms.

E. Retention, Storage and Destruction of Forms, Books, Records & Document.

1. All original forms, books, records, and documents pertaining to the Cardroom operation shall:
 - a. Be the responsibility of the Cardroom Permittee.
 - b. Be prepared and maintained in a complete, accurate and legible form.

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- c. Be retained on the site of the approved cardroom operation or at another secure location approved by the Administrator of Gaming Control for a minimum of five years or the minimum retention period as may be required by any other local, state, or federal statute, whichever is greater.
 - d. Be made immediately available for inspection by the Division of Gaming Control during all hours of operations.
 - e. Be organized and indexed in such a manner so as to provide immediate accessibility to the Division of Gaming Control.
2. For the purpose of this section, "books, records and documents" shall be defined as those items defined in SJMC, Title 16, Section 16.06.070 (D) and in addition shall include any writing containing information pertaining to, prepared in or generated by the operation of a cardroom including, but not limited to, all forms, reports, schedules, accounting records, ledgers, subsidiary ledgers, computer-generated data, internal audit records, correspondence and personnel records. This definition shall apply without regard to the medium through which the record is generated or maintained, for example, paper, magnetic media or encoded disk.
3. All original forms, books, records, and documents shall be retained by the Cardroom Permittee. For purposes of this subsection, "original books, records or documents" shall not include copies of originals, except for copies that contain original comments or notations or parts of multi-part forms.
4. A Cardroom Permittee may petition the Administrator of Gaming Control at any time for approval of a facility off-site of the approved cardroom building to be used to generate or store original forms, books, records, and documents. Such petition shall include:
- a. A detailed description of the proposed off-site facility, including security and fire safety systems.
 - b. The procedures pursuant to which the Division of Gaming Control will be able to gain immediate access to the original books, records, and documents retained at the off-site facility.
5. A Cardroom Permittee may copy and store original forms, books, records, and documents on a microfilm, microfiche, or other suitable media system approved by

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the Administrator of Gaming Control as an option to maintaining original documents. A microfilm, microfiche or other media system shall contain, at a minimum, the following elements:

- a. A system that provides for the processing, preservation, and maintenance of books, records, and documents in a form which makes them readily available for review and copying on the site of the approved cardroom building or other site approved by the Administrator of Gaming Control.
 - b. A system of inspection and quality control which ensures that microfilm, microfiche or other media when displayed on a reader (viewer) or reproduced on paper exhibit a high degree of legibility and readability.
 - c. A reader-printer available for use by the Division of Gaming Control on the site of the approved cardroom building or other site approved by the Administrator of Gaming Control which permits the ready location, reading, and reproduction of any book, record, or document being stored on microfilm, microfiche, or other media.
 - d. A detailed index of all microfilmed, microfiche or other stored data maintained and arranged in such a manner as to permit the immediate location of any particular book, record or document.
6. A Cardroom Permittee shall notify the Administrator of Gaming Control in writing, except for the items listed on the retention policy issued by the Administrator of Gaming Control, at least 15 days prior to the scheduled destruction of any original books, records, or documents. The notice must contain the following:
- a. A list of each type of book, record, and document scheduled for destruction.
 - b. A description sufficient to identify the books, records and documents included the retention period; and the date of destruction.
7. The Administrator of Gaming Control may prohibit the destruction of any original book, record or document by so notifying the cardroom permittee in writing within 30 business days of the receipt of notice of destruction pursuant to Paragraph 6 above. Such original book, record or document may thereafter be destroyed only upon notice from the Administrator of Gaming Control or by order of the Administrator of Gaming Control upon the petition of the Cardroom Permittee or by the Administrator

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of Gaming Control on his/her own initiative.

8. Each Cardroom Permittee shall retain this record of destruction for a minimum of five (5) years.
9. The Cardroom Permittee may utilize the services of a disposal company previously approved by the Administrator of Gaming Control for the destruction of any books, records or documents.
10. Nothing herein shall be construed as relieving a Cardroom Permittee 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.

F. Storage.

Unless specified elsewhere in this or any other section of the Minimum Internal Control Standards, all forms, books, records and any and all other original (source) or duplicate documentation required to be maintained by the Cardroom Permittee, either generated in the accounting or any other department must be maintained by the accounting office either on the Cardroom premises or an approved outside storage facility for a minimum of five (5) years.

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**CHAPTER 6
INFORMATION TECHNOLOGY (IT)**

- A. General Controls.
- B. User Controls.
- C. IT Department General Standards.
- D. IT Department Responsibilities.
- E. Storage.

A. General Controls.

1. The main computers (i.e., hardware, software and data files) for each application (i.e., count room, food and beverage, accounting, casino cage, etc.) are secured in area(s) with access restricted to authorized persons, including vendors.
2. Gaming and food/beverage personnel are precluded from having unrestricted access to the secured computer area(s).
3. The computer systems, including application software, are secured through the use of passwords, biometrics, or other means approved by the Administrator.
4. Management personnel, or persons independent of the department being controlled, assign and control access to system functions to ensure adequate segregation of duties.
5. Adequate backup and recovery procedures are in place include:
 - a. Daily backup of data files (if data files have been updated).
 - b. Backup of all in-house developed and purchased software programs. Backup of purchased software is not required if the software can be reinstalled by the vendor.
 - c. Secured storage of all backup data files and software programs, or other adequate protection to prevent the permanent loss of any data.
 - d. Backup data files and programs can be stored:
 - i. In a secured manner in another building on or off the premises that is physically separated from the building where the system's hardware and software are located, or

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- ii. In the same building as the hardware/software as long as they are secured in a fireproof safe or some other manner that will ensure the safety of the files and programs in the event of a fire or other disaster.
 - e. Maintenance of a written plan outlining procedures for restoring data and program files.
 - f. Backup data and program files recovery procedures shall be tested at least annually with the test results documented and maintained for a minimum of five (5) years.
 - g. Data files that are used in place of printed reports, which shall be tested at least quarterly to ensure that the files are properly maintained.
6. Adequate system documentation is maintained, including description of hardware and software (including version numbers), operator's manuals, etc.

B. User Controls.

- 1. User identification numbers/names and passwords are controlled as follows unless otherwise addressed in these standards:
 - a. When multiple identification numbers/names per application are used, only one number may be active at a time and the user name has a unique prefix/suffix to easily identify the users with multiple operator numbers.
 - b. At least quarterly, personnel independent of the system functions under review perform verification procedures, by using the personnel access listing, to ensure that each employee's assigned system functions are being used as authorized, the assigned functions provide an adequate segregation of duties, and to verify that terminated employees do not have access to system functions.
 - c. Generic identifications (user name) are prohibited unless user access is restricted to inquiry only functions.
 - d. Passwords are changed at least quarterly with changes documented for a minimum of five (5) years. Documentation is not required if the system prompts users to change passwords and then denies access if the change is not completed.

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- e. The system is updated to change the status of terminated employees from active to inactive status within 72 hours of termination.
 - i. Note: It is encouraged that inactive user identifications for IT Department employees are deleted from the system immediately upon termination.
- 2. System exception information (i.e., changes to system parameters, corrections, overrides, voids, etc.) is documented and maintained for a minimum of five (5) years.
- 3. Personnel access listings are documented and maintained for a minimum of five (5) years which include at a minimum:
 - a. Employee name and title or position.
 - b. Employee identification.
 - c. Listing of functions the employee can perform or equivalent means of identifying same.

Note: This listing may be archived daily in lieu of printing.

If a separate IT department is maintained or if there are in-house developed systems, the following is applicable.

C. IT Department General Standards.

- 1. An Information Technology (IT) department is supervised by a cardroom employee holding a key employee's license with the position of Director of IT.
- 2. The Director of IT is responsible for the entire IT department and shall report directly to the Chief Executive Officer regarding administrative matters and daily operations; provided, however, a Cardroom Permittee may allow the Director of IT to report directly to a management executive of the Permittee other than the Chief Executive Officer if that executive reports directly to the Chief Executive Officer.
- 3. The IT department is independent of the gaming areas (e.g., cage card games, count rooms, etc.).
- 4. IT department personnel are precluded from undocumented access to:

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- a. Computers and terminals located in gaming areas.
- b. Source documents.
- c. Live data files (not test data),

D. IT Department Responsibilities.

1. The IT department shall be responsible for the quality, reliability, and accuracy of all computer systems used by the Cardroom Permittee in the conduct of cardroom operations including, without limitation, specification of appropriate computer software, hardware, and procedures for security, physical integrity, audit, and maintenance of:
 - a. Access codes and other data-related security controls used to ensure appropriately limited access to computers and the system-wide reliability of data.
 - b. Computer tapes, disks, or other electronic storage medium containing data relevant to cardroom operations,
 - c. Computer hardware, communications equipment and software used in the conduct of cardroom operations.
2. Program changes for in-house developed systems are documented as follows:
 - a. Requests for new programs or program changes are reviewed by the Director of IT. Approvals to begin work on the program are documented.
 - b. A written plan of implementation for new and modified programs is maintained and includes, at a minimum, the date the program is to be placed into service, the nature of the change (if applicable), a description of procedures required in order to bring the new or modified program into service (conversion or input of data, installation procedures, etc.), and an indication of who is to perform all such procedures.
 - c. Testing of new and modified programs is performed and documented prior to implementation.
 - d. A record of the final program or program changes, including evidence of user

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acceptance, date in service, programmer, and reason for changes, is documented and maintained.

3. Computer security logs, if generated by the system, are reviewed by the Director of IT for evidence of:
 - a. Multiple attempts to log-on. Alternatively, the system will deny user access after three attempts to log-on.
 - b. Changes to live data files.
 - c. Any other unusual transactions.
4. Program Optical Disk Document Storage
 - a. Documents may be scanned or directly stored to WORM ("Write Once Read Many") optical disk under the following conditions:
 - i. The optical disk must contain the exact duplicate of the original document.
 - ii. All documents stored on optical disk must be maintained with a detailed index containing the name of the cardroom department and date of creation.
 - iii. Upon request by Division representatives, hardware (terminal, printer, etc.) must be provided in order to perform auditing procedures.
 - iv. Controls must exist to ensure the accurate reproduction of records, up to and including the printing of stored documents used for auditing purposes.

E. Storage.

All original source documents generated in the IT department, including but not limited to security logs, password change logs, other forms and ledgers, etc., must be routed to and maintained in the accounting department for a minimum of five (5) years.

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A. Definitions.

- 1. "Dedicated camera" or "Fixed Camera" means a video camera used to continuously observe and record a specific area or activity in a Permitted Cardroom.
- 2. Digital video Recording" (DVR) means the "visual images of the natural world converted into numbers and stored on tape, digital video disk, or other storage medium, for later reproduction."
- 3. "Drop" means the Table Games Drop Box Removal Standards under Section C of Chapter 3 of the Minimum Internal Control Standards Regulations.
- 4. PTZ" camera means a video camera that possess, at a minimum, pan, tilt and zoom capabilities or features comparable there to.
- 5. "Motion Activated Dedicated Camera" means a video camera which, upon its detection of activity or motion in a specific area, automatically records the activity or area.
- 6. "Satellite Surveillance Equipment" means surveillance monitors, recorders, printers, remote selectors, computers, CPUs, and other ancillary equipment located in an area other than the surveillance room used for cardroom surveillance.
- 7. "Surveillance" means the capability to observe and record activities being conducted inside as well as parking area(s) of a Permitted Cardroom

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8. "Surveillance Room" means a secure location in a Permitted Cardroom used exclusively for cardroom surveillance and surveillance related purposes.
9. "Surveillance System" means a system of video cameras, monitors, recorders, video printers, switches, selectors, and other ancillary equipment used for Cardroom surveillance.

B. General Standards.

1. It is the responsibility of each Cardroom Permittee to ensure that its surveillance system is used to accomplish the stated purpose and is not used in an improper manner which would bring discredit to legalized cardroom gaming within the City of San Jose.
2. The Cardroom Permittee and the Director of Surveillance shall be ultimately responsible for the proper operation and maintenance of surveillance equipment.
3. The surveillance system of each Permittee shall consist of, at a minimum, video cameras, monitors, video recorders, printers, switches, selectors and other ancillary equipment with the capability to record and observe activities being conducted inside and in the parking area(s) of a Permitted Cardroom.
4. Surveillance room employees shall be full or part-time employees assigned only to the surveillance room and who at all times shall not be sensitive key custodians; and shall not perform any and all table games, cardroom cage, table games drop box removal and table fees count procedures, security, gaming equipment control and any other function deemed incompatible by the Administrator.
5. The surveillance system provides a service which is considered compensatory in nature. As such, it shall not be construed as a primary control in the design of the overall system of internal control of the Cardroom Permittee.

C. Surveillance Room/Equipment Standards.

1. The surveillance system for each Permittee shall be maintained, secured and operated from a surveillance room.

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2. The entrance to the surveillance room shall be located so that it is not readily accessible by either casino employees who work primarily on the casino floor or the general public.
3. Access to a surveillance room shall be limited to surveillance personnel, key employees and other personnel authorized in accordance with the Permittee's policy as set forth in its written surveillance system plan. Upon request and presentation of City of San Jose identification, any and all sworn personnel of the San Jose Police Department and any other representative(s) approved by the Administrator of Gaming Control shall be provided with immediate and unhindered access into the surveillance room.
4. Surveillance room equipment shall have total override capability over all other satellite surveillance equipment located outside the surveillance room, except for the remote surveillance equipment dedicated exclusively to and operated by the Division of Gaming Control.
5. In the event of power loss to the surveillance system, an auxiliary or backup power source ("Uninterrupted Power Supply") shall be available and capable of providing immediate restoration of power to all elements of the surveillance system that enable surveillance personnel to observe the table games remaining open for play, the counting of the table fees in the count room and all areas covered by dedicated cameras. The uninterrupted power supply shall have the capacity to provide for continuous backup power source to all elements of the surveillance system until power is restored.
6. The uninterrupted power supply shall be tested at least once each calendar quarter to ensure that it is functioning properly. The uninterrupted power supply testing shall be performed at a time other than the designated table games drop box removal or table fees count times pursuant to Regulation 1, Section 1.080 (1). The date and time of the testing shall be communicated in writing to the Division no less than five (5) business days prior to the actual testing being performed. Additionally, a record of all such testing shall be documented and maintained for a minimum of five (5) years.
7. The surveillance system shall include date and time generators that possess the capability to display the date and time of recorded events on all video recordings in a consistent manner. The displayed date and time shall not significantly obstruct the recorded view.

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8. The surveillance room shall be manned 24 hours each day and every day of the year by surveillance personnel trained in the use of the surveillance equipment. The surveillance personnel shall possess knowledge of the permissible games and house rules sufficient to protect the integrity of the cardroom operation. When necessary, the surveillance room may be unattended for periods of time not to exceed one (1) hour in any eight (8) hour period to allow appropriate meal and rest breaks. The surveillance personnel shall be required to demonstrate their knowledge, upon request by Division representatives, with respect to:
 - a. The rules of the permitted games.
 - b. Playing card and dice control.
 - c. Table drop box removal and collection fees count procedures.
 - d. Regulation 3 - Observed Patron Monitoring Requirements.
 - e. Cheating detection.
9. Each video camera required by these standards shall be installed in a manner that will prevent it from being readily obstructed, tampered with or disabled by patrons or employees.
10. Employees and contractors shall not intentionally obstruct surveillance system equipment.
11. All PTZ cameras shall be placed behind a smoked dome, one-way mirror or similar materials that conceal the camera from view.
12. Each video camera required by these standards shall possess the capability of having its picture displayed on a monitor and recorded continually. The surveillance system shall include sufficient numbers of monitors and recorders to simultaneously display and record multiple gaming and count room activities, and record the views of all dedicated cameras, PTZ cameras and other motion activated dedicated cameras.
13. Reasonable effort shall be made to correct or repair each malfunction of surveillance system equipment required by these standards within seventy-two (72) hours after the malfunction is discovered. The Permittee shall immediately notify the Division via

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facsimile within one (1) hour of the discovery of the malfunction, stating the action to be taken to correct or repair the malfunction, and the approximate time the malfunction will be corrected or repaired.

14. In the event of a dedicated camera malfunction, the Permittee shall immediately provide alternative camera coverage or other security measures, such as additional supervisory or security personnel, to protect the subject activity. If other security measures are taken, the Permittee shall immediately contact the Division, which will determine whether the other security measures are adequate.

D. Required Surveillance Coverage - Table Games.

1. The Cardroom Permittee is required to have one (1) overhead fixed camera for each card table on the casino floor.
2. The Cardroom Permittee is required to have at a minimum one (1) pan, tilt, zoom (PTZ) camera for every four (4) card tables on the casino floor.
3. The surveillance system shall have the capability to monitor and record:
 - a. Each table game area, with sufficient clarity to view and identify patrons, dealers, proposition players, funded players, floor supervisors, and chip runners.
 - b. Each table game surface, with sufficient coverage and clarity to simultaneously view the table fees and determine the configuration of wagers, card/tile values and game outcome.

E. Required Surveillance Coverage - Cardroom Cage and Vault.

1. The surveillance system of all Permittees shall have the capability to monitor and record a general overview of activities occurring in each casino cage and vault area, with sufficient clarity to identify employees within the cage and patrons and employees at the counter areas.
2. The casino cage or vault area in which check cashing is transacted shall be monitored by a dedicated camera that provides coverage with sufficient clarity to identify the amount indicated on the check being cashed, cash and/or chip values and identification of the patron.

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F. Required Surveillance Coverage - Table Games Drop Process.

1. The Permittees shall continuously monitor and record the entire table games drop box removal/exchange ("drop") process beginning from the time empty drop boxes are retrieved from the count room to the time the full drop boxes are removed from the tables and secured in the count room.
2. The cameras used in connection with the drop process shall produce sufficient clarity to identify employees of the drop team and employees responsible for the safeguarding of empty and full drop boxes during the entire drop process.

G. Required Surveillance Coverage - Count Room.

1. The surveillance system of all Permittees shall have the capability to monitor and record, in both audio and video, all areas where chips or other cash equivalent may be stored or counted, including the count room, all doors to the count room, all drop boxes, safes and counting surfaces and all count team personnel.
2. The counting surface area and all areas where uncounted chips may be stored during the drop and count process shall be continuously monitored by a dedicated camera during the count. The table games drop box storage rack or area shall be monitored by either a dedicated camera or a motion-activated camera.

H. Required Surveillance Coverage - Security Office.

1. The casino surveillance system of all Permittees shall possess the capability to monitor and record, in both audio and video, the area of any security office or other room(s) in which persons may be detained and or questioned by cardroom security personnel. A notice shall be posted in the security office or other room(s) advising all persons that the area is under video and audio surveillance. When a person is detained or questioned by cardroom security personnel in the casino security office, the detention and any questioning shall be audio and video recorded.

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2. When a person is detained by cardroom security personnel in the cardroom security office or other room(s) in which persons may be detained and or questioned by cardroom security personnel, the detention and any questioning, must be audio and video recorded in its entirety. A person is considered to be detained when the person has been confined by the security personnel in such a manner as to deprive him/her of the ability to leave voluntarily.

I. Record Retention.

1. All video recordings of coverage in the following areas as required to be provided by dedicated cameras, motion-activated dedicated cameras, and Pan/Tilt/Zoom (PTZ) cameras shall be retained for a minimum of 15 days:
 - a. Casino Floor Overview.
 - b. Table Games.
 - c. Casino Cage and Vault.
 - d. Count Rooms.
2. All video recordings of coverage in the following areas are required to be provided by dedicated cameras, motion-activated dedicated cameras and Pan/Tilt/Zoom (PTZ) cameras and these following video recordings shall be retained for a minimum of fourteen (14) days:
 - a. Perimeter of the cardroom property including parking lots
 - b. All entrances and exits of the Cardroom location
3. All video recordings of detentions and questioning by cardroom security personnel shall be retained for a minimum of ninety (90) days.
4. Each Cardroom Permittee shall include in its written surveillance system plan and comply with procedures for the storage and identification of all video recordings.
5. A copy of the storage media recording of a recorded event shall be provided to a Division representative upon his/her request.

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6. Each Cardroom Permittee shall have the capability to produce a still copy or photograph of the images depicted on a video recording, which shall be provided to a Division representative upon request. This may be accomplished using a video printer, still camera or other available means.
7. Each Cardroom Permittee shall maintain a malfunction log that documents each malfunction and repair of the surveillance system. The log shall state the date and time the malfunction was discovered; nature of each malfunction, the efforts expended to repair the malfunction and the date of each effort, the reasons for any delays in repairing the malfunction, the date the malfunction is repaired and where applicable, any alternative security measures that were taken. The log should also reference, by date and time, any communication with the Division concerning any malfunction or corrective action. The log shall be retained for a minimum of three (3) years.
8. Each Permittee shall maintain a surveillance room access log. The log shall include, at a minimum, name, date, time-in/time-out of each person, reason for access and signature of the visitor and surveillance authorizing the access.

J. Digital Video Recording Standards.

1. All DVR equipment and systems used by a Cardroom Permittee shall:
 - a. Be capable of recording and thereafter, being viewed, at a minimum of fifteen (15) images per second, full screen, in real time.
 - b. Have visual resolution of sufficient clarity to meet all published Surveillance Standards.
 - c. Maintain for a period of not less than fourteen (14) days, all images obtained from the video cameras.
 - d. Have a failure notification system that provides an audible, as well as a visual notification of any failure in the surveillance system or the DVR media storage system.
 - e. Have a media storage system that is configured so that a failure of any single component will not result in the loss of any data from the media storage system.

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- f. For areas where gaming is conducted, cameras not specifically addressed by the surveillance standards must provide a minimum of seven and one half (7.5) full screen frames per second.
2. Any part of a Cardroom Permittee's surveillance system that uses a DVR shall not have more than 8 cameras required by the published surveillance standards in the first stage of concentration, unless the licensee has a fault tolerant or redundant system so there is no loss of data in the event of a failure of a single first stage of concentration.
3. Access, or the ability to access, a surveillance system using DVR's, from any location outside of the surveillance room, must be disclosed in a report filed with the Division of Gaming Control which sets forth the location and to whom access is being provided. The Director of Compliance of each Cardroom must certify that the transmission is encrypted, fire walled on both ends and password protected.
4. All digital video disks or other storage media produced from the DVR system must contain the data with the time and date it was recorded superimposed, the media player that has the software necessary to view the DVR images, as well as a video verification encryption code (also known as a watermark).
5. A video verification encryption code (watermark) must be submitted to the Division of Gaming Control, at no cost to the Division, before the Division's inspection and approval of the DVR system.
6. Any failure of a DVR storage media system must be repaired or replaced within 8 hours of the failure. The date and time of the failure and the related repair or replacement of the storage media system must be documented with a copy provided to the Division of Gaming Control no later than 4 hours after the repair or replacement has been made.
7. A Cardroom Permittee shall immediately provide written notification to the Division if any portion of its surveillance system is changed from an analog to a DVR format, setting forth what the change will be, when the change will occur, and how the change will affect their surveillance system as a whole.
8. A copy of the digital recording of a recorded event shall be provided to a Division representative upon his/her request.

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K. Storage.

All original source documents generated in the surveillance department, including but not limited to equipment malfunction logs, surveillance room access logs, incident reports, break-in-procedure logs, other forms and ledgers, etc., shall be maintained for a minimum of five (5) years.

L. Remote Surveillance System Dedicated for Division of Gaming Control.

1. Each Cardroom Permittee shall, at its own expense, install a remote surveillance system at the offices of the Division of Gaming Control. This remote surveillance system shall be installed at the offices of the Division of Gaming Control within seven (7) calendar days from the effective date of this regulation.
2. The surveillance system provided to the Division of Gaming Control shall allow for twenty-four (24) hours per day, seven (7) days per week remote viewing from the offices of the Division of Gaming Control. Such remote viewing must be delivered in real time, full screen and at a minimum standard of fifteen (15) images per second or to the satisfaction of the Administrator. Time-lapse recording will not be accepted.
3. The surveillance system provided to the Division of Gaming Control shall have the capability for:
 - a. Continuing viewing, without a "time-out" feature.
 - b. A play-back feature.
 - c. A search feature; and
 - d. A recording feature.
4. The entire area of the gaming floor, including all entrances, all card tables, pit podiums, casino cage, cash dispensing machines, funding source stations/podiums, and any other areas deemed necessary by the Administrator shall be able to be remotely viewed by:
 - a. A minimum of one (1) dedicated (fixed) camera for each card table, and
 - b. A minimum of four (4) PTZ cameras, and

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- c. A minimum of two (2) 42" LCD (Liquid Crystal Display) monitors that would allow:
 - i. One (1) monitor for the immediate and simultaneous showing from each dedicated camera over each and every card table, whether opened or closed, and on the same screen or expanded to full screen; and
 - ii. One (1) monitor that would have the capacity to allow for each PTZ camera to be displayed simultaneously or expanded to full screen.
- 5. All necessary software and hardware, including but not limited to, cameras, computers, keyboards, joysticks, servers, monitors, etc., required to facilitate the remote viewing of the cardroom activities by the Division of Gaming Control shall be provided by the Cardroom Permittee and approved by the Administrator.
- 6. All costs associated with the remote surveillance system dedicated to and operated by the Division, including periodic repair/maintenance and/or replacement, shall be borne by each Cardroom Permittee

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**CHAPTER 8
GOODS AND SERVICES VENDORS/CONTRACTORS**

A. General Standards.

A. General Standards.

1. Each Cardroom Pennittee shall maintain a list of all vendors/contractors providing any and all gaming equipment, gaming associated equipment, and gaming related services or other non-gaming related goods and/or services to the gaming establishment or related location(s). This list shall be made readily available for review by the representatives of the Division of Gaming Control upon request.
 - a. The list shall include name, address and employer's identification number (EIN) of the vendor/contractor; date and amount of contract and/or agreement, nature of goods/services provided and approximate date of delivery of goods or service.
2. Any goods and/or services contract/agreement that calls for payment in the aggregate of \$10,000 or more (per vendor/contractor) on an annual basis (calendar year or fiscal year) shall have such contract in writing and a copy of the contract shall be submitted to the Division of Gaming Control no later than 30 days from the date of the signing of the contract.

Note: The Permittee needs only submit to the Division copies of signed original contract/agreement that calls for payment in the aggregate of \$10,000 or more per annum per vendor that supplies recurring goods and services to the cardroom. After the initial or first year contract with a vendor who supplies recurring goods and services, the cardroom needs to provide the Division with a written notice of the renewal of the contract for the succeeding year, along with a copy of any new or materially changed terms and conditions.

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**CHAPTER 9
FOOD AND BEVERAGE**

- A. Food and Beverage Sales Standards.
- B. Accounting/Audit Standards.

A. Food and Beverage Sales Standards.

1. All food and beverage sales shall be recorded in such a manner as to be readily identifiable by employee name and/or identification number, individual sale, in total, and by area.
2. For sales recorded in a computerized point-of-sale system, the date/time and transaction number shall also be recorded for each individual sale.
3. Each individual sale shall be identified by type (i.e., food item, beverage item, menu item number, menu/purchase price, etc.).
4. The internal cash register tape of point-of-sale information shall be inaccessible to bartenders/cashiers (i.e., keys/passwords are maintained by an individual independent of these functions).
5. All cash register tape or point-of-sale system overrings, disputes and/or voids shall require the authorization of appropriate managerial personnel designated by the Cardroom Permittee.
6. All food and beverage sales and dispute refunds require the authorization of appropriate managerial personnel designated by the Cardroom Permittee. All refunds shall be documented and maintained.
7. The computation of cash proceeds for each food and beverage server, bartender and cashier shall be documented, verified and signed by at least two employees.
8. The bartenders/cashiers/food and beverage server's banks shall be reconciled to the sales documentation, with an investigation being performed into cash overages or shortages of one hundred dollars or more.

B. Accounting/Audit Standards.

1. On a daily basis, accounting shall prepare a breakdown of gross sales for each date and time period that summaries the total of sales by type and server (using documents as required by Standards A.I. and A.2. above).

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2. On a daily basis, the food and beverage summaries shall be reviewed by revenue audit to verify the propriety of charges (i.e., over-rings, disputes, refunds and voids, etc. have the proper authorizations) prior to being posted to the accounting records.
3. For locations with non-computerized entertainment sales system, all cash register tapes shall be reviewed by revenue audit to ensure the register was totaled and/or subtotaled properly.
4. At least monthly, personnel independent of the food/beverage and table games departments observe all areas of the licensed gaming establishment at varying times of the day and night to ensure that food and beverage complimentary is not offered or extended to casino patrons.
 - a. Personnel performing the observation shall document the date, time, shift and area(s) of the gaming establishment observed and attest by signature as to whether or not the gaming establishment is in compliance with SJMC §16.18.100 (B).
 - b. Investigations must be performed if any evidence of non-compliance with SJMC §16.18.100 (B) is noted with the follow up documented.
 - c. A copy of the observation and follow up documentation shall be forwarded to the accounting department to be included as part of the audit procedures as required in Standard B # 5.
5. Documentation (i.e., log, checklist, notation on reports, and tapes attached to original documents, etc.) is maintained by the accounting department evidencing the performance of food and beverage audit procedures. This documentation and the follow-up performed on all food and beverage audit exceptions shall be maintained for five (5) years.