

Title 36
MARYLAND STATE LOTTERY AND GAMING CONTROL
AGENCY
Subtitle 03 GAMING PROVISIONS

Notice of Proposed Action

[16-178-P]

The Maryland Lottery and Gaming Control Agency proposes to amend:

- (1) Regulations **.11** and **.18** under **COMAR 36.03.02 Investigation and Licensing**;
- (2) Regulation **.07** under **COMAR 36.03.04 Enforcement**;
- (3) Regulations **.07**, **.20**, **.24**, **.26**, **.27**, **.36**, **.44**, **.45**, and **.49** under **COMAR 36.03.10 Video Lottery Facility Minimum Internal Control Standards**; and
- (4) Regulation **.04** under **COMAR 36.03.11 Facility Standards**.

This action was considered at the Maryland Lottery and Gaming Control Commission open meeting held on May 26, 2016, notice of which was given pursuant to General Provisions Article, §3-302(c), Annotated Code of Maryland.

Statement of Purpose

The purpose of this action is to:

- (1) Clarify the waiver and exemption process under COMAR 36.03.02.11;
- (2) Authorize Commission staff to waive the requirement for facility personnel to display their identification card for a specific date and time under COMAR 36.03.02.18;
- (3) Remove the requirement to have a report expressing an opinion as to the adequacy of the facility operator's Commission-approved internal controls over financial reporting under COMAR 36.03.10.07;
- (4) Remove the restriction on charging check cashing fees and allow facility operators the ability to submit alternate procedures to accept and verify personal checks equal to or exceeding \$500 under COMAR 36.03.10.20;
- (5) Remove the requirement limiting the authority to extend credit or to approve a change to a principal employee in a direct reporting line above the director of gaming operations under COMAR 36.03.10.24;
- (6) Remove the requirement to have a five-part manual counter check under COMAR 36.03.10.26;
- (7) Change the promotional play reporting requirement in §D of this regulation from weekly to quarterly under COMAR 36.03.10.36;

- (8) Remove the requirement to have the count room adjacent to the cage and add the requirement that the location be approved by the Commission under COMAR 36.03.10.44;
- (9) Remove the requirement to perform the inspection of the count room in the presence of the Commission compliance representative under COMAR 36.03.10.45;
- (10) Remove the requirement for a cage cashier to count and report a poker dealer's tips if a gaming industry tip compliance agreement is established under COMAR 36.03.10.49;
- (11) Allow a facility to use a single camera with sufficient definition that can clearly show the entire table layout, conduct, and outcome of the game instead of using multiple cameras under COMAR 36.03.11.04; and
- (12) Remove gender-specific language and correct punctuation and referencing errors in order to bring the proposed regulations into compliance with the Style Manual for Maryland Regulations.

Comparison to Federal Standards

There is no corresponding federal standard to this proposed action.

Estimate of Economic Impact

The proposed action has no economic impact.

Economic Impact on Small Businesses

The proposed action has minimal or no economic impact on small businesses.

Impact on Individuals with Disabilities

The proposed action has no impact on individuals with disabilities.

Opportunity for Public Comment

Comments may be sent to James B. Butler, Director of Legislative and Policy Affairs, Maryland Lottery and Gaming Control Agency, 1800 Washington Blvd., Suite 330, Baltimore, MD 21230, or call (410) 230-8781, or email to jbutler@maryland.gov, or fax to (410) 230-8727. Comments will be accepted through August 22, 2016. A public hearing has not been scheduled.

36.03.02 Investigation and Licensing

Authority: State Government Article, §§9-1A-04, 9-1A-06, 9-1A-07, 9-1A-14, and 9-1A-16, Annotated Code of Maryland

.11 Exemption or Waiver of License Requirement.

A. General.

(1)—(2) (text unchanged)

(3) The Commission may delegate its authority to decide a waiver [request] *of a licensing requirement* to staff.

B. Process.

(1) *A person requesting an exemption or waiver shall submit a written request in a format specified by the Commission.*

(2) *A written request shall contain at least the following:*

(a) The COMAR section for the standard for which the *exemption or waiver* is sought;

(b) Detailed facts in support of the [waiver] request;

(c) — (d) (text unchanged)

(3) Upon receipt of [a] *an exemption or waiver request* that fails to comply with §B(1) or (2) of this regulation, staff shall notify the requestor:

(a) (text unchanged)

(b) That the [waiver] request will not be presented to the Commission unless the identified deficiency is corrected.

C. Decision.

(1) Upon receipt of a [waiver] request that complies with §§A and B of this regulation, staff shall:

(a) Present the [waiver] request to the Commission as soon as practicable; or

(b) If the Commission has delegated to staff the authority to decide the waiver request, [decide the waiver request] *make a decision* as soon as practicable.

(2) (text unchanged)

(3) After the Commission or staff decides whether to grant *or deny* the [waiver] request, staff shall notify the requestor *of the decision*.

.18 Identification Cards for Video Lottery Employees.

A.—B. (text unchanged)

C. Licensee Obligations. A licensee:

(1) Shall wear or otherwise prominently display [his or her] *the licensee's* identification card at all times while working *unless otherwise approved by the Commission for a specific date and time*;

(2)—(4) (text unchanged)

D. Replacement Identification Card.

(1) If an identification card issued under this regulation is lost or stolen:

(a) The licensee shall immediately:

(i) Report the loss or theft to [his or her] *the licensee's* employer; and

(ii) (text unchanged)

(b) (text unchanged)

(2) If an identification card issued under this regulation is temporarily unavailable to the licensee:

(a) The licensee shall immediately:

(i) Report the temporary unavailability of the card to [his or her] *the licensee's* employer; and

(ii) (text unchanged)

(b) (text unchanged)

(c) The licensee shall surrender the emergency credential to the Commission at the end of the work day on which [he or she] *the licensee* received the card.

(3) (text unchanged)

E. Surrender and Reissuance of Identification Card.

(1) The employer of the video lottery employee who was issued an identification card under this regulation shall ensure that the [licensee surrenders his or her] *licensee's* identification card *is surrendered* to the Commission if the:

(a)—(b) (text unchanged)

(c) Licensee separates from employment with [his or her employee] *licensee's employer*; or

(d) (text unchanged)

(2) (text unchanged)

(3) If an identification card was surrendered when the licensee separated employment from [his or her] *the licensee's* employer, the Commission may issue the licensee another identification card if the:

(a)—(c) (text unchanged)

(4)—(5) (text unchanged)

36.03.04 Enforcement

Authority: State Government Article, §§9-1A-04, 9-1A-24, and 9-1A-25, Annotated Code of Maryland

.07 Commission Action.

A. *General.* The Director may initiate Commission proceedings for imposition of a penalty or sanction against a licensee if a licensee:

(1)—(4) (text unchanged)

B. Initiation of Commission Proceedings. The [Direction] *Director* shall initiate Commission proceedings for the imposition of a penalty or sanction on a licensee by scheduling a Commission hearing in accordance with COMAR 36.01.02.06 on the alleged violation and providing the licensee with written notice of the:

(1)—(5) (text unchanged)

36.03.10 Video Lottery Facility Minimum Internal Control Standards

Authority: Family Law Article, §10-113.1; State Government Article, §§9-1A-01(u), 9-1A-02, 9-1A-04, and 9-1A-24; Annotated Code of Maryland

.07 Annual Audit and Other Regulatory Reports.

A.—E. (text unchanged)

F. A facility operator shall require the independent certified public accountant auditing its financial statements or other qualified entity approved by the Commission to render the following additional reports:

(1) A report identifying:

(a) (text unchanged)

(b) Recommendations as to how to eliminate each material weakness or significant deficiency identified; *and*

[(2)] A report expressing an opinion as to the adequacy of the facility operator's Commission-approved internal controls over financial reporting; and]

[(3)] (2) A report [expressing an opinion as to] *assessing* the adequacy and effectiveness of the facility operator's information technology security controls *and system configurations with recommendations as to how to eliminate each material weakness or significant deficiency identified.*

G.—K. (text unchanged)

L. A report required to be filed under §K of this regulation shall include:

(1)—(2) (text unchanged)

(3) The nature of any disagreement disclosed in §L(2) of this [section] *regulation*;

(4)—(6) (text unchanged)

M. — R. (text unchanged)

.20 Checks Accepted from a Player.

A.—E. (text unchanged)

F. A facility operator may not:

(1) Except as provided under §C of this regulation, accept a check that is payable to an individual, including:

(a)—(c) (text unchanged)

(d) A public assistance check; *or*

(2) Except for a check issued under §E of this regulation, accept from a player under this regulation a check or multiple checks which in the aggregate exceed \$5,000 during a gaming day[; *or*

(3) Charge a player a fee for accepting a check].

G. For a personal check equaling or exceeding \$500, a facility operator shall confirm the availability of funds by:

(1) Directly contacting the bank, savings and loan association, or credit union upon which the check is drawn; [or]

(2) Obtaining an authorization and guarantee of the check from a check verification and warranty service licensed as a contractor under COMAR 36.03.02.14[.]; *or*

(3) *Alternate procedures addressing acceptance and verification of personal checks submitted in writing and approved by the Commission.*

H. (text unchanged)

I. A facility operator's internal controls shall require a check accepted from a player by a general cashier to be:

(1) If a personal check other than an electronic check, [the check shall be] restrictively endorsed "for deposit only" to the bank account designated for this purpose by the facility operator *and*:

(a)—(d) (text unchanged)

(2)—(4) (text unchanged)

.24 Credit Authorization.

A.—C. (text unchanged)

D. A facility operator shall accept a credit application submitted by a player:

(1) During the hours of operation approved by the Commission for the facility under COMAR 36.03.11.02; [and]

(2)—(3) (text unchanged)

E. — H. (text unchanged)

I. A facility operator shall restrict authority to extend credit or to approve a change in a credit limit to the following employees:

(1) (text unchanged)

(2) A principal employee [in a direct reporting line above the director of gaming operations] or a credit manager who has no involvement in the verifications required under Regulation .25 of this chapter; and

(3) (text unchanged)

J.—S. (text unchanged)

.26 Counter Check Issuance at the Cashiers' Cage.

A.—B. (text unchanged)

C. A facility operator's internal controls shall include:

(1)—(9) (text unchanged)

(10) Procedures utilized to issue a manual counter check which:

(a)—(b) (text unchanged)

(c) Require use of a serially pre-numbered [five-part] *four-part* counter check consisting of an original, redemption, issuance, and accounting copy, [and acknowledge copy] residing in a book, wiz machine, or functional equivalent;

(d) (text unchanged)

(e) Require the key to the cabinet in §C(10)(d) of this regulation to be:

(i)—(ii) (text unchanged)

.27 Counter Check Issuance at a Video Lottery Terminal or Table Game.

A.—B. (text unchanged)

C. A facility operator's internal controls for a counter check exchanged for value chips or plaques at a gaming table shall include:

(1) (text unchanged)

(2) Procedures and controls addressing the identification of the player which include:

(a)—(c) (text unchanged)

(d) A requirement that after the player's identity has been verified by the floorperson or above, staff shall:

(i)—(ii) (text unchanged)

(iii) Ensure that the form attaches to the accounting copy of the subsequent counter check prior to forwarding the accounting copy to the accounting department; and

(e) A requirement that a floorperson or above attest to the identity of the player which includes:

(i) (text unchanged)

(ii) If used, the form is attached to the accounting copy of the counter check exchanged by the player prior to forwarding it to the accounting department[.];

(3) A requirement that prior to issuing a counter check, the floorperson or above determines the player's remaining credit limit from the cage or casino management system[.];

(4) A requirement that all copies of a computer-generated counter check include the following information:

(a)—(f) (text unchanged)

(g) Signature or identification code of the preparer of the counter check[.];

(5) A requirement that the floorperson or above present the original and all duplicate copies of the counter check to the player for signature[.];

(6) (text unchanged)

(7) Procedures and controls over the counter check issuance process which require:

(a)—(c) (text unchanged)

(d) The original[,] and redemption [and, if applicable, the acknowledgement] copies of the counter check to be expeditiously transported to the cage where the original and redemption copies shall be maintained and controlled by the cage cashier designated to act as the check bank; and

(e) (text unchanged)

D. (text unchanged)

.36 Promotional Play.

A.—C. (text unchanged)

D. A facility operator shall submit to the Commission in a form and in accordance with a time frame specified by the Commission a [weekly] *quarterly* report summarizing:

(1)—(2) (text unchanged)

E.—H. (text unchanged)

.44 Count Room Design Standards.

A. A facility operator shall have [adjacent or proximate to its cashiers' cage] a count room designated, designed, and used for counting the contents of cash storage and table game drop boxes *at a location approved by the Commission*.

B.—C. (text unchanged)

.45 Accounting Controls for a Count Room.

A. *Count Schedule*. At least 30 days before video lottery terminal or table game operations are to commence, a facility operator shall submit to the Commission a count schedule setting forth the specific times during which cash storage and table game drop boxes are to be counted and recorded.

B.—C. (text unchanged)

D. *Procedures*. A facility operator shall develop and include in the internal controls submitted to and approved by the Commission under Regulation .05 of this chapter procedures addressing the counting and recording of cash storage and table game drop boxes.

E. *Internal Controls*. A facility operator's internal controls shall:

(1)—(3) (text unchanged)

(4) Require a count room employee to:

(a)—(b) (text unchanged)

(c) Remove [their] *the count room employee's* hands from, or return them to, a position on or above the count table or counting equipment only after holding the backs and palms of the hands straight out and exposing them to the view of other employees of the count team and a surveillance camera; and

(5) (text unchanged)

F. *Table Game Drop Box Count Requirements*.

(1)—(4) (text unchanged)

(5) After the contents of all table game drop boxes have been counted, all cash, value chips, and poker rake chips shall be presented in the count room by a count team member to a main bank cashier or cage supervisor who, prior to having access to the information recorded on the Daily Banking Table Game Count Report and Daily Nonbanking Table Game Count Report, and in the presence of the count team members and, if required, a Commission compliance representative, shall recount the currency, value chips, and poker rake chips as follows:

(a) (text unchanged)

(b) The Commission compliance representative may direct that currency straps be recounted by the main bank cashier or cage supervisor if a discrepancy is discovered during the initial bulk recount; *and*

(c) (text unchanged)

(6)—(8) (text unchanged)

(9) [In the presence of the Commission compliance representative who observed the count, a] A count room employee shall conduct a thorough inspection of the count room, and all counting equipment in the count room, to verify that no currency, chips, checks, vouchers, coupons, or other documentation remains in the room.

G.—I. (text unchanged)

.49 Acceptance of Tips or Gratuities.

A.—F. (text unchanged)

G. Notwithstanding the requirements in §C of this regulation, a facility operator that offers the game of poker:

(1) (text unchanged)

(2) If it allows a poker dealer to retain [his or her] *the poker dealer's* own tips and gratuities:

(a)—(b) (text unchanged)

H. If a facility operator elects to follow the requirements of §G(2) of this regulation, at the end of the poker dealer's shift:

(1) (text unchanged)

(2) The cage cashier shall open the container and count the tips and gratuities in the presence of the [Poker] *poker* dealer, and record the total amount of the tips and gratuities received by the dealer, and:

(a)—(b) (text unchanged)

I. If a facility operator elects to follow the requirements of §G(2) of this regulation and has established a gaming industry tip and compliance agreement, §H of this regulation does not apply.

[I.] *J. A facility operator shall specify in its internal controls how dealer tips and gratuities will be reported to the Internal Revenue Service.*

36.03.11 Facility Standards

Authority: State Government Article, §§9-1A-02 and 9-1A-04, Annotated Code of Maryland

.04 Table Games Surveillance Requirements.

A. *Surveillance System*. In addition to the surveillance system requirements in Regulation .03 of this chapter and COMAR 36.03.10, a facility operator that offers table games shall have a surveillance system that includes:

(1) (text unchanged)

(2) Stationary cameras dedicated to table games, including:

(a)—(d) (text unchanged)

(e) At least two stationary cameras for each Big Six Wheel, with one camera covering the Big Six Wheel and one camera covering the Big Six Wheel table layout; [and]

(f) Additional cameras as required by the Commission, which may include cameras with 360-degree pan, tilt, and zoom capabilities[.]; *and*

(g) Single stationary cameras that are capable of clearly identifying the entire table layout, conduct and outcome of the game may alternatively be used by a facility operator and then §A(2)(b)—(e) of this regulation do not apply.

B.—D. (text unchanged)

GORDON MEDENICA
Director