

# CSI - Ohio

The Common Sense Initiative

## Business Regulation Impact Analysis

Agency Name: Ohio Casino Control Commission (“Commission”)

Regulation/Package Title: Minimum Internal Control Standards 2013 (Definitions, Duty to Update Information, Approval for Use in Casino Facility, Electronic Gaming Equipment Maintenance, Repair, or Other Servicing Standards, Redemption Kiosks, Table Drop Boxes and Slot Bill Validators: Physical Characteristics and Transportation, Drop Box Count Procedures, Signature Requirements, Shipment of Table Games and Table Game Mechanisms, Chip Specifications, Table Game Cards Receipt, Storage, Inspections, and Removal from Use, Minimum and Maximum Table Game Wagers)

Rule Number(s): 3772-1-01 (Amended); 3772-6-04 (Amended); 3772-9-02 ( Amended); 3772-9-10 (Amended); 3772-9-13 (Amended); 3772-10-18 (Amended); 3772-10-19 (Amended); 3772-11-06 (Amended); 3772-11-11 (Amended); 3772-11-23 (Amended); 3772-11-37 (Amended)

Date: \_\_\_\_\_

**Rule Type:**

- New
- Amended

- 5-Year Review
- Rescinded

The Common Sense Initiative was established by Executive Order 2011-01K and placed within the Office of the Lieutenant Governor. Under the CSI Initiative, agencies should balance the critical objectives of all regulations with the costs of compliance by the regulated parties. Agencies should promote transparency, consistency, predictability, and flexibility in regulatory activities. Agencies should prioritize compliance over punishment, and to that end, should utilize plain language in the development of regulations.

### **Regulatory Intent**

**1. Please briefly describe the draft regulation in plain language.**

*Please include the key provisions of the regulation as well as any proposed amendments.*

The proposed amendments contained within this package relate directly to the minimum internal control standards that casino operators must adhere to while conducting casino gaming. This package also relates to the minimum standards to which gaming-related

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vendors must adhere when shipping certain gaming equipment and also resolves a conflict between existing reporting requirements for casino operators and gaming-related vendors to the Commission. Many of these rules require implementation of and adherence to internal controls to protect the integrity of casino gaming and casino patrons.

- 3772-1-01 clarifies that the definitions listed in that section apply generally to Ohio Adm. Code 3772 rather than solely to Ohio Adm. Code Chapter 3772-1. It also clarifies that the term “casino operator” includes “management company” for the purposes of Ohio Adm. Code 3772.
- 3772-6-04 removes the 10-day reporting requirement and thereby resolves a conflict between this provision and the reporting requirement in R.C. 3772.21.
- 3772-9-02 adds an affirmative verification and sealing requirement for slot machines and related equipment and reinforces a duty that is already accepted and agreed to by the casino operators and implied by Ohio Adm. Code 3772-9-02 and 3772-9-10.
- 3772-9-13 removes the requirement that redemption unit keys require dual access, resolving a conflict with existing sensitive key rules found in Ohio Adm. Code 3772-10-26. It also eliminates the requirement that redemption unit kiosks be kept imprest. Finally, this provision corrects a reference to “electronic gaming device” so that it properly reads “electronic gaming equipment,” as used throughout Ohio Adm. Code 3772.
- 3772-10-18 replaces existing references to “accounting” with “accounting or cage department.”
- 3772-10-19 exempts licensed casino security personnel from wearing jumpsuits while in the count room.
- 3772-10-24 underscores the components of all required signature cards and eliminates a form that casino operators are currently required to complete.
- 3772-11-06 removes the seal requirement for the transportation of table games.
- 3772-11-11 adds the specification “or inlaid in the center of the chip” to chip designs, to reflect language standard to the industry.
- 3772-11-23 changes the defective card replacement procedures to reflect existing waivers given to casino operators and eliminates the requirement that casino operators destroy more decks than necessary.
- 3772-11-37 changes the word “raised” to “lowered” to match the original intent of the rule.

**2. Please list the Ohio statute authorizing the Agency to adopt this regulation.**

R.C. 3772.03 and 3772.033

**3. Does the regulation implement a federal requirement? Is the proposed regulation being adopted or amended to enable the state to obtain or maintain approval to administer and enforce a federal law or to participate in a federal program?**

*If yes, please briefly explain the source and substance of the federal requirement.*

Not applicable.

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**4. If the regulation includes provisions not specifically required by the federal government, please explain the rationale for exceeding the federal requirement.**

This question does not apply to these proposed rules because the federal government does not regulate casino gaming in this state. Rather, casino gaming is permitted pursuant to Article XV, Section 6(C) of the Ohio Constitution and is controlled by Ohio's Casino Control Act (i.e., R.C. Chapter 3772).

**5. What is the public purpose for this regulation (i.e., why does the Agency feel that there needs to be any regulation in this area at all)?**

Article XV, Section 6(C) of the Ohio Constitution and R.C. Chapter 3772 require the Commission to ensure the integrity of casino gaming and to prescribe rules for how casino gaming should be conducted (i.e., minimum internal control standards). To ensure the integrity of casino gaming, it is imperative to protect casino patrons and to maintain the integrity of gaming equipment. These proposed rules are designed to effectuate this constitutional and statutory mandate by establishing minimum internal control standards for transactions occurring at the casino facilities, transportation and maintenance of gaming equipment, and for the protection of the patrons and members of the public.

**6. How will the Agency measure the success of this regulation in terms of outputs and/or outcomes?**

Overall, the Commission will measure the success of these proposed rules in terms of whether they help to ensure the integrity of casino gaming and protect the casino patrons. This can be done in two ways: First, through evaluating whether the administrative cost of implementing and enforcing the proposed rules outweighs their public benefit. Second, through analyzing the regulated community's comments about requests for waivers or variances from these rules once they are implemented.

**Development of the Regulation**

**7. Please list the stakeholders included by the Agency in the development or initial review of the draft regulation.**

*If applicable, please include the date and medium by which the stakeholders were initially contacted.*

Casino Operators

- Penn National Gaming, Inc. (Hollywood Casinos Columbus & Toledo)
- Rock Ohio Caesars – joint venture between Rock Gaming and Caesars Entertainment (Horseshoe Casinos Cleveland & Cincinnati)

Gaming-Related Vendors

- TCS John Huxley
- GPI

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First, the above-listed casino operators were contacted via email with the proposed rules on June 27, 2013 at 3:22 P.M. Notably, the casino operators were permitted to review and comment on the rules before submission to the members of the Commission for consideration of initial filing, at the July 17, 2013 Commission Meeting. (Exhibits 1-2.)

Second, Commission staff reached out to regulatory compliance officers at two of the casino facilities, one director of table games, and individuals from two gaming-related vendors to aid in determining the data used to calculate the potential economic impact from each of the proposed amendments in this package via telephone and email during the week of July 22, 2013. The conversations with the individuals who were responsive are referenced throughout this Business Regulation Impact Analysis and are attached as exhibits.

**8. What input was provided by the stakeholders, and how did that input affect the draft regulation being proposed by the Agency?**

After sending all of the above-listed stakeholders an email on June 27, 2013, with the proposed rules, the Commission received no feedback. The input received during the week of July 22, 2013, quantified the potential economic impact of the proposed amendments and is referenced throughout this Business Regulation Impact Analysis and is attached in various exhibits.

**9. What scientific data was used to develop the rule or the measurable outcomes of the rule? How does this data support the regulation being proposed?**

This question does not apply to these proposed rules because no scientific data was necessary to develop or measure their outcomes. Instead, the Commission staff reviewed how other jurisdictions approached establishing minimum internal control standards. Further, the Commission staff considered whether existing rules were the most efficient means by which to maintain the integrity of casino gaming and whether any waivers or variances had been requested and granted to the regulated community. In so doing, the Commission was able to use, as much as possible, rules the regulated community is accustomed to, with minor adaptations to remain in compliance with Ohio law.

**10. What alternative regulations (or specific provisions within the regulation) did the Agency consider, and why did it determine that these alternatives were not appropriate? If none, why didn't the Agency consider regulatory alternatives?**

The Commission staff reviewed the rules adopted in other jurisdictions, including Kansas and New Jersey. Further, the Commission staff considered any waivers or variances to existing rules that had been requested and granted. The proposed amendments are a conglomeration of the rules used in other jurisdictions with adaptations made for the Ohio jurisdiction and are, in some cases, the result of discussions between Commission staff and the regulated community, including reflections of existing waivers in place.

**11. Did the Agency specifically consider a performance-based regulation? Please explain. *Performance-based regulations define the required outcome, but don't dictate the process the regulated stakeholders must use to achieve compliance.***

The rules include a performance-based component wherein they set the floor for compliance but do not completely dictate how the casino operators and gaming-related vendors are

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supposed to achieve compliance. Additionally, Ohio Adm. Code 3772-1-04 allows the casino operators and gaming related vendors to seek waivers and variances from these rules, which the Commission will evaluate on a case-by-case basis and may grant as long as it determines that doing so is in the public's best interest. The rules, however, are not entirely performance-based in that they establish a protocol whereby the casino operators must submit their internal control standards to the Commission for approval before implementation.

**12. What measures did the Agency take to ensure that this regulation does not duplicate an existing Ohio regulation?**

This question does not apply to these proposed rules because no regulations in this area currently exist with respect to casino gaming in this state. To the extent that this package amends existing administrative rules, several within the package resolve conflicts between R.C. Chapter 3772 and Ohio Adm. Code 3772 and between existing rules contained within Ohio Adm. Code 3772.

**13. Please describe the Agency's plan for implementation of the regulation, including any measures to ensure that the regulation is applied consistently and predictably for the regulated community.**

At each casino facility, there are gaming agents and financial auditors observing, evaluating, and investigating the operations. In addition, the Commission's Regulatory Compliance personnel consistently visit the facilities to perform various operational audits, including table game and electronic gaming equipment audits. Any issues that arise in the gaming process (i.e., from manufacturing to the actual conducting of casino games) will be funneled to the Commission's central office in Columbus, Ohio, where the Executive Director and his division directors can coordinate a consistent response and conduct outreach to the regulated community.

**Adverse Impact to Business**

**14. Provide a summary of the estimated cost of compliance with the rule. Specifically, please do the following:**

**a. Identify the scope of the impacted business community;**

The casino operators, management companies, and gaming-related vendor licensees or applicants are the impacted business community with respect to these proposed rules.

**b. Identify the nature of the adverse impact (e.g., license fees, fines, employer time for compliance); and**

The nature of the potential adverse impact from the proposed rules includes fines for noncompliance, costs for employer time and payroll, and the potential for other monetary costs to the operators.

- c. **Quantify the expected adverse impact from the regulation.**  
*The adverse impact can be quantified in terms of dollars, hours to comply, or other factors; and may be estimated for the entire regulated population or for a “representative business.” Please include the source for your information/estimated impact.*

**3772-1-01 Definitions**

First, this rule is designed to apply to each section of Ohio Adm. Code 3772 and, although the Commission has already interpreted it that way, the existing language may be understood to apply only to Ohio Adm. Code Chapter 3772-1. Therefore, this proposed amendment serves to clarify that the definitions contained within this section apply throughout Ohio Adm. Code 3772.

Second, the term “casino operator” is used predominantly throughout Ohio Adm. Code 3772. However, the term “management company” is applicable in those provisions as well. Therefore, this amendment serves to clarify the fact that management companies licensees are subject to Ohio Adm. Code Chapter 3772, which is particularly important because two of the four casino operator licensees have contracted with licensed management companies to manage the daily operations at their casino facilities.

To be clear, the changes to this rule are being proposed for clarification purposes only and will not change the way that the Commission already interprets the rules contained in Ohio Adm. Code 3772. As a result, there is no adverse impact to business or added cost of compliance related to this proposed change.

**3772-6-04 Duty to update information**

Presently, the existing language requires all gaming-related vendor applicants and licensees to submit to the Commission, in writing, changes to its list of equipment, devices, and supplies offered for sale or lease in connection with casino games authorized under R.C. Chapter 3772 and Ohio Adm. Code 3772 within 10 calendar days of a change. This 10-day requirement, however, is unnecessary in light of other reporting requirements provided under Ohio law. Specifically, R.C. 3772.21(B) mandates that this list be updated annually. The proposed amendment eliminates the 10-day reporting requirement, streamlining the regulated community’s reporting requirements and reducing the community’s burden to comply with a more onerous reporting requirement. Therefore, there is no adverse impact on business or added cost of compliance related to this proposed amendment; if anything, this amendment positively impacts the regulated community.

**3772-9-02 Approval for use in a casino facility**

The Commission has required, and the casino operators have already accepted, that each slot machine and other applicable equipment be verified and sealed by a Commission agent before being placed into play. Presently, this requirement is implied by indirect and general language in Ohio Adm. Code 3772-9-02 and 3772-9-10. The purpose of this amendment is to formally document the verification and

sealing procedure that is already in place. Commission agents verify and seal applicable electronic gaming equipment in order to ensure that the equipment has been approved for use in Ohio. This will remove any confusion that may exist within the regulated community and clarifies each casino operator's duty to ensure these machines are properly verified and sealed before being placed into play.

**Casino Operator Resources:** The first potentially negative economic impact to consider is the number of personnel-hours each casino operator may be required to provide in order to accommodate the actual verification and sealing procedure. For example, in the verification and sealing of a slot machine, casino operator slot technicians typically assist Commission agents with tasks such as opening games and preparing them for verification. It is reasonable to estimate that the verification and sealing of slot machines requires the presence of one slot technician.

The Commission maintains records of the work that is done by agents at each property. Commission staff consulted these records to calculate the average number of potential hours that slot technicians may spend on the verification and sealing procedure. Chris Fleenor, Commission Manager of Slot Operations, provided a summary of this data from a selected Ohio casino. (Exhibit 3.) Fleenor estimated that each property will undergo the verification and sealing procedure approximately 3,000 times per year. He further estimated that this process will take, on average, approximately four minutes per game. Based on this information, the Commission estimates that the proposed amendment will require approximately 800 hours of casino slot technician assistance per year statewide, or approximately 200 hours per facility (3,000 instances per casino \* 4 Ohio casinos \* 4 minutes per instance). Notably, each casino operator and management company has already agreed to and participates in the verification and sealing procedure and, therefore, these 800 hours spent will not be a new consequence of the proposed amendment. Rather, the amendment clarifies and codifies the existing process.

**Potential Effect on Revenue:** The next potentially negative impact considered by this amendment is that of the potential for lost revenue during this process. Games that are in the process of being verified and sealed are out of service and are not available for play. This has a potential effect on both the revenue for the casino operator and, by extension, the revenue for the State of Ohio.

In consideration of the potential for lost revenue, Commission staff used the information previously noted above for the estimated total number of hours that will be needed for verification and sealing, combined with an estimate of the total revenue generated by a slot machine per hour based on the June 2013 reported revenue statistics for slot machines. (June 2013 revenue statistics are available on the Commission's website [www.casinocontrol.ohio.gov/](http://www.casinocontrol.ohio.gov/) and attached as Exhibit 4.) Based on these estimates, the total estimated potential lost revenue for casino operators per year in Ohio is \$6,400 (\$8 average hourly revenue per game in Ohio \* 800 hours of total down time). (Exhibit 5.) Notably, the figures considered in the above calculations assume that each of the machines would otherwise have been in use and constantly earning revenue during the verification and sealing procedure. In

fact, the verification and sealing process is generally scheduled for off peak periods, when there is less demand for the machines and less risk to the potential for revenue. Consequently, the realized negative impact is likely to be less than projected above.

### **3772-9-13 Redemption kiosks**

Ohio Adm. Code 3772-9-13 currently requires dual access to the keys for a redemption kiosk cash compartment. This conflicts with Ohio Adm. Code 3772-10-26(B)(14), which does not require dual access for this key. Further, there are other controls in place to secure these keys and the redemption kiosk cash compartments, rendering the dual access requirement unnecessary. Therefore, the amended rule in this package removes the inconsistent, superfluous dual access requirement for the key to a cash compartment in a redemption kiosk and has no adverse impact on business or added cost of compliance; if anything, the amendment has a positive impact because it removes the need for an additional key and compliance concerns.

Next, the existing rule requires that redemption kiosks be kept imprest (i.e., contain the same amount of money when opened as when the machine is closed, on a daily basis). This has been difficult for casinos to comply with because the kiosks are filled throughout the week, as necessary. Therefore, the amended rule in this package eliminates the daily imprest requirement and instead requires the casinos to implement a new internal control (subject to Commission approval) that requires the kiosks be returned to an imprest amount after a reconciliation period, as established in the casino's internal controls. This amendment maintains the integrity of casino gaming while also providing a simpler, more efficient way for the casinos to comply with Ohio law.

Finally, this proposed amendment would also correct an apparent typographical error in using an undefined term, "electronic gaming device," in lieu of the defined term, "electronic gaming equipment." There is no anticipated adverse impact on business or cost of compliance because "electronic gaming equipment" is already a defined term that is used throughout Ohio Adm. Code Chapter 3772 and the Commission has interpreted "electronic gaming device" to mean "electronic gaming equipment."

### **3772-10-18 Table drop boxes and slot bill validator canisters: physical requirements and transportation**

The existing language in this rule requires two licensed individuals to transport bill validator canisters: "a member of the security department and the other a member of the casino accounting department." In practice, a member of the accounting department in a casino would rarely perform this task. Rather, a member of a casino's cage department would be more likely to perform it. Therefore, this amendment allows for someone from either the accounting department or the cage department to perform this task, in addition to the member from the security department, affording the casinos the ability to select the most sensible and efficient controls for their properties. The Commission does not anticipate any adverse impact on business or added cost of compliance; if anything, this reduces the burden on the

casinos by allowing them to select the most accessible department for this function, which helps with compliance.

### **3772-10-19 Drop box count procedures**

Presently, the existing language in this rule is unclear as to whether personnel from the security department is required to wear full-length, one-piece, pocket-less garments in the count room. The amendment adds security employees to the list of persons who are excluded from wearing these jumpsuits because security team members should never be directly involved in count room activities (i.e., handling the money), and are instead present to provide security coverage. As a result, requiring security personnel to wear the full-length garments is unnecessary. Further, the Commission has determined that it is useful for security to be easily identifiable in order for those persons to be distinguished from other count room personnel.

This change does not have a negative economic impact on business in Ohio. Rather, it represents a positive economic impact because casino operators will no longer be required to supply these garments to security personnel. In order to quantify this impact, Commission staff contacted Robert Wamsley, the Regulatory Compliance Officer for Horseshoe Casino Cincinnati. Wamsley provided documentation that evidences the cost for compliance to the existing rule without the amendment is between \$37.80 and \$52.80 per applicable security employee. (Exhibits 6-7.) Therefore, it is estimated that the potential savings to the casino operator as a result of the implementation of the proposed change is between \$37.80 and \$52.80 per applicable security employee.

### **3772-10-24 Signature requirements**

Currently, there exists an inconsistency between Ohio Adm. Code 3772-10-24(A) and (B). Specifically, (B) provides additional information to be required on an employee's signature card that is not listed in (A). The purpose of the amendment is to clarify existing requirements and to remove one redundant requirement. The original intent of this rule was to require signature cards at Ohio casinos to include details of the access and abilities of each employee. This is accomplished by the amendment in two ways: First, employee authorization should be described on all signature cards and not only when there is a change in employment status. Second, the change removes the requirement that signature cards include the sensitive keys that the employee has access to because there is another rule, Ohio Adm. Code 3772-10-26(A)(2)(b), that requires the casinos to maintain this information.

The Commission has considered the cost of complying with the amendment to be almost entirely attributable to existing casino employee resources. In other words, each casino should be able to comply with the changes through the use of existing personnel. Each casino is required to maintain a regulatory compliance department pursuant to O.A.C. 3772-10-3(A)(9). This department is to be supervised by a regulatory compliance officer. While the salary and benefits of the compliance officer is subject to the discretion of the corporate body of the casino, the

Commission has historically estimated the cost of salary and benefits for this position to be approximately \$100,000. This position is already in place at all 4 casinos and is generally a standard necessary position within the industry. The Commission anticipates that each casino's existing regulatory compliance staff will be able to implement the changes required by this amendment, so it is likely that no additional resources will be necessary. Therefore, the Commission does not anticipate an adverse impact on business or added cost of compliance from this proposed amendment.

### **3772-11-06 Shipment of table games and table game mechanisms**

The current rule requires that a shipment of table games or table game mechanisms be sealed before transport. Based on the Commission's review of this requirement, the cost of compliance for sealing of these items exceeds the benefit gained. Further, multiple controls are already in place to ensure the integrity of these items in casino gaming in Ohio that are executed once the items arrive at the casino facility. The change eliminates the requirement in letter (B) for the sealing of table games and table game mechanisms.

The change does not have a negative economic impact on business in Ohio. Instead, it represents a positive economic impact as casino operators will no longer be required to secure sealed shipping when table games and table game mechanisms are shipped from gaming-related vendors to the casinos. To consider the potential economic impact to the casinos, Commission staff contacted Barbara Reed, V.P of HR and Compliance for Ohio licensed gaming-related vendor TCS John Huxley. Reed stated that the most cumbersome effect of the existing language is that to seal large orders, the vendor must charge the casino shipping costs for a dedicated truck. As a result of the new proposed language, Reed estimated that the shipping costs for such large shipments could be reduced between 15-25%. (Exhibit 8.) Therefore, for some orders, the cost for compliance with the proposed amendment could save Ohio casinos an estimated 15-25% on shipping costs.

### **3772-11-11 Chip specifications**

The amended rule in this package provides another means by which the casinos can comply with Ohio law, with regards to chip specifications. This amendment allows for the name of the casino and the value of the chip to be inlaid in the center of the chip, in addition to allowing for that information to be impressed, engraved, or imprinted in the center of the chip. The Commission has already considered value chips that have this information on a printed inlay (industry term "inlaid") in the chip to be compliant with the existing language. The purpose of this amendment is to make clear that chips with this information inlaid are, indeed, acceptable under Ohio law.

To date, all 4 Ohio casinos have chosen value chips that have the center portion "inlaid" in the center of the chip. In general, inlaid versions of chips are more expensive and more secure than stamped chips. Nonetheless, there is no potential negative economic impact to the casinos or gaming-related vendors because the

amendment does not impose any restrictions. Rather, it clarifies existing language, allows for industry standard, provides another option, and reflects the Commission's interpretation of the existing language of this rule.

**3772-11-23 Table game cards; receipt, storage, inspections, and removal from use**

Currently, this rule requires casinos to remove any cards from use whenever there is an indication of tampering, flaws, scratches, marks, or other defects that might affect the integrity or fairness of the game. Some Ohio casinos have been granted waivers from replacing the entire deck in multiple deck games. The proposed amendment adds language to allow for the replacement of single damaged cards in games that are dealt from multiple decks. Cards may become damaged during play due to equipment malfunction or dealer or patron handling.

The Commission does not anticipate a negative impact on business or added cost of compliance as a result of this amendment. Rather, it will likely result in a positive economic impact because casinos will no longer be required to remove and destroy entire sets of decks of cards when a single card becomes damaged in a game dealt from multiple decks.

**Potential Decrease in Lost Inventory:** The most common multiple-deck dealt game in Ohio is blackjack, which is dealt from a six-deck shoe, for a total of 312 cards (6 decks \* 52 cards per deck). Currently, and notwithstanding existing waivers, in 6-deck blackjack, when a card becomes damaged during play under the existing language, the entire 6 decks, which would include all 312 cards, must be removed from play and processed for destruction or cancellation. The proposed amendment would allow the casinos to replace a single card in this instance from a separate deck of cards (52 cards) that is specified as a replacement deck, while leaving the remaining cards in play. Further, the Commission has already granted waivers from the existing language to some of the casinos because doing so was in the best interest of the public and did not affect the integrity of casino gaming in this state.

Commission staff contacted Rick Galloway, Regulatory Compliance Officer at Hollywood Casino Toledo for the cost of table game cards to the casino (poker is a single deck dealt game and is therefore not subject to the amendment). Galloway stated that the cost to Hollywood Casino Toledo for table game cards was approximately 70¢ per deck. (Exhibits 9-10.) The proposed single card replacement language allows for a net of five decks to be saved through the replacement procedure (6 decks saved on the game less the 1 replacement deck that will be subject to immediate processing for cancellation or destruction). As a result, in this example, the casino operator would be able to save approximately \$3.50 per card replacement instance. (70¢ per deck \* 5 net decks saved).

**Potential Decrease in Lost Revenue:** Further, replacing the entire set of decks under the current language requires substantial time from casino personnel. The game must be closed during both the processing of the old cards for cancellation or destruction and the new cards for play in live gaming. To change the 312 cards in the example

above, dealers and their supervisors must process all of the cards for destruction or cancellation and then open, inspect, and inventory the 6 new decks pursuant to Ohio Adm. Code 3772-11-23(G) prior to the game being reopened. When a game is closed, it is unable to generate revenue for either the casino or the State. As a result, the amendment allows the casinos to have the game closed for a shorter length of time than under the current language.

**3772-11-37 Minimum and maximum table game wagers**

Paragraph (B)(2) contains a typographical error when it allows for patrons who were playing when a maximum table limit was raised to continue placing bets under the previous table maximum bet. The amended rule reflects the original intent of the rule, which is to allow for continued play at the old table maximum when the table limits are lowered, not raised. As such, no adverse impact on business or added cost of compliance for this amendment is expected.

**15. Why did the Agency determine that the regulatory intent justifies the adverse impact to the regulated business community?**

Each of the rules in this package is needed to correct current issues, such as conflicting provisions of law, or to clarify the Commission's interpretation of a particular rule.

Additionally, the regulatory intent justifies any adverse impact because Article XV, Section 6(C) of the Ohio Constitution and R.C. Chapter 3772 require the Commission to ensure the integrity of casino gaming. To do so, the Commission is charged with the responsibility of requiring the casinos to establish and implement internal control standards.

Moreover, the regulatory intent justifies any adverse impact because casino gaming is a highly regulated industry. Unregulated gaming poses a threat to the public welfare and raises the potential for fraud and abuse. To mitigate these threats, the Commission, like other gaming regulatory bodies, is using its regulatory authority to establish a best practice framework that licensed casinos, gaming-related vendors, and casino gaming employees must follow.

**Regulatory Flexibility**

**16. Does the regulation provide any exemptions or alternative means of compliance for small businesses? Please explain.**

Yes (indirectly), though it is unlikely this will be necessary since these proposed regulations only impact the casinos and certain gaming-related vendors, none of which likely constitute a small business. Further, these amendments indirectly provide exemption or alternative means of compliance through Ohio Adm. Code 3772-1-04, which permits the Commission, upon written request, to grant waivers and variances from the rules adopted under R.C. Chapter 3772, including these rules, if doing so is in the best interest of the public and will maintain the integrity of casino gaming in the State of Ohio.

**17. How will the agency apply Ohio Revised Code section 119.14 (waiver of fines and penalties for paperwork violations and first-time offenders) into implementation of the regulation?**

Though it is unlikely R.C. 119.14 will apply to these amendments because the rules only impact the casinos and certain gaming-related vendors, none of which likely constitute a small business, the Commission will adhere to the statutory requirements thereunder, if applicable.

To the extent R.C. 119.14 would apply to a violation of these amendments, the Commission will provide verbal and written notification to the small business in an attempt to correct the paperwork violation. Thereafter, the Commission would allow the small business a reasonable time to correct the violation. The Commission and its staff would also offer any additional assistance necessary to aid in remediation of the violation. No further action would be taken unless the small business fails to remedy the violation within the reasonable time allotted by the Commission.

**18. What resources are available to assist small businesses with compliance of the regulation?**

The Commission and its staff are dedicated to working with members of the regulated community and the public to effectively and efficiently regulate casino gaming in this state. As a result, the following resources are available:

- Commission's mailing address:  
10 W. Broad Street, 6<sup>th</sup> Floor  
Columbus, Ohio 43215
- Commission's toll free telephone number: (855) 800-0058
- Commission's fax number: (614) 485-1007
- Commission's website: <http://www.casinocontrol.ohio.gov/>
- Commission's email: [info@casinocontrol.ohio.gov](mailto:info@casinocontrol.ohio.gov)
- Sign up for Commission's email updates:  
<http://www.casinocontrol.ohio.gov/joinus.aspx>

Also, all members of the regulated community may, in accordance with rule 3772-2-04, request to address the Commission during a public meeting. Finally, all members of the regulated community may, pursuant to rule 3772-1-04, request waivers and variances from Commission regulations.

Siba, Michelle

EXHIBIT 1

**From:** Oyster, Matthew  
**Sent:** Thursday, July 18, 2013 10:05 AM  
**To:** Siba, Michelle  
**Subject:** FW: OCCC - possible rule changes for July meeting

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From: Martin, Patrick D  
Sent: Thursday, June 27, 2013 3:22 PM  
To: Rick Galloway; Rashad Wilson; Tina Robinson ([TiRobinson@caesars.com](mailto:TiRobinson@caesars.com)); Robert Wamsley  
Cc: Barron, John; Oyster, Matthew; Siba, Michelle; Dempsey, Teresa; Donahue, Craig; Fleenor, Chris; Flora, Carrie; Guarino, Michael; Jess, Travis; McMillan, Doug; Messer, Beti; Miller, Brian A; O'Brien, John; Sadana, Sonia  
Subject: OCCC - possible rule changes for July meeting

RCOs:

The table below shows 11 administrative code changes that OCCC staff will propose to the Commission at the July 17 meeting. As I think you'll see, these changes correct issues that are in all of our interests. If I'm wrong about that, please let me know that you disagree with a proposal. I'll send the red-lined versions of the rules to you at the same time we send them to the Commissioners with their packet.

	Ohio Adm. Code	Issue
1	3772-1-01	Clarify that the definitions apply generally to Ohio Adm. Code 3772 rather than just to Ohio Adm. Code Chapter 3772-1 and that the term "casino operator" includes "management company" for purposes of Ohio Adm. Code 3772.
2	3772-6-4(A)(3)	The 10-day reporting requirement conflicts with the quarterly/annual reporting in 3772.21. So we'd like to remove the 10-day.
3	3772-9-02 / 3772-9-10	Add an affirmative sealing requirement for slots. Currently, we look to two different and general descriptions to imply that duty.
4	3772-9-13 (D)  <i>Id.</i> at (I)  <i>Id.</i> at (N)(2)	The dual access requirement for redemption unit keys conflicts with our sensitive keys section. We'd like to remove that conflict.  The rule requires that the kiosk be kept imprest. That's hard to do since the kiosks are filled throughout the week. So, we should change the language. Currently references "electronic gaming device" which should be the defined "electronic gaming equipment."
5	3772-10-18(F)	Possibly change "accounting" to "accounting, or cage department"
6	3772-10-19(C)	Exempt security from wearing a jumpsuit.

7	3772-10-24	We are accidentally missing some components of the required signature cards, and should recognize those mentioned in (B) in (A) too.
8	3772-11-06(B)	remove table seal requirement for transportation
9	3772-11-11(2)	Chip Design – add “or inlaid in the center of the chip”
10	3772-11-23(K)	Change the defective card replacement procedures to reflect waivers given to casinos already.
11	3772-11-37(B)(2)	Change the word “raised” to “lowered” – which was the intent.

Thank you,

Patrick Martin  
 Director of Regulatory Compliance  
 Ohio Casino Control Commission  
 614-387-5860

**Siba, Michelle**

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***EXHIBIT 2***

**From:** Patrick Martin <pdmartinku@kc.rr.com>  
**Sent:** Thursday, July 18, 2013 12:43 PM  
**To:** Siba, Michelle  
**Subject:** No casino response to our rules changes

Michelle: sorry I missed your call. The casinos didn't object to any of our proposed rule changes.

Patrick  
From my mobile device

**Siba, Michelle**

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**EXHIBIT 3**

**From:** Fleenor, Chris  
**Sent:** Monday, July 22, 2013 4:47 PM  
**To:** Donahue, Craig  
**Subject:** Sealing estimates

Craig,

Based on data collected by field agents, I estimate 3000 slot machines are verified and sealed over the course of a year at each Ohio casino. The average amount of time it takes to verify and seal a slot machine is approximately 4 minutes.

Thanks,

*Chris Fleenor*

*Manager of Slot Operations*

*Ohio Casino Control Commission*

*Office: 614-387-0314*

*Mobile: 614-407-OCCC (6222)*

# Ohio Casino Control Commission - 2013 Monthly Casino Revenue Report

EXHIBIT 4

	Revenue Month	AGR	Slot Promotional Spend	Table Games					Slot Machines				
				Table Games	Table Drop	Table AGR	Actual Hold %	Actual Payout %	Slot Machines	Coin In	Slot AGR	Actual Hold %	Actual Payout %
<b>Horseshoe Cincinnati</b>	February*	\$227,752	\$0	116	\$254,179	\$39,980	15.73%	84.27%	2,000	\$1,237,840	\$187,772	15.17%	84.83%
	March **	\$21,006,432	\$694,874	116	\$26,744,659	\$5,163,345	19.31%	80.69%	2,000	\$148,207,393	\$15,843,087	10.69%	89.31%
	April	\$17,820,415	\$2,036,563	116	\$28,229,332	\$4,622,433	16.37%	83.63%	2,000	\$141,740,369	\$13,197,982	9.31%	90.69%
	May	\$19,616,003	\$4,584,033	116	\$34,528,053	\$6,099,900	17.67%	82.33%	2,000	\$176,172,331	\$13,516,103	7.67%	92.33%
	June	\$17,611,174	\$7,189,109	116	\$29,583,166	\$5,244,063	17.73%	82.27%	2,000	\$187,060,915	\$12,367,111	6.61%	93.39%
	Year to Date Total	\$76,281,776	\$14,504,579		\$119,339,389	\$21,169,721	17.74%	82.26%		\$654,418,848	\$55,112,055	8.42%	91.58%
<b>Horseshoe Cleveland</b>	January	\$20,663,522	\$2,350,304	117	\$42,637,922	\$7,645,220	17.93%	82.07%	1,849	\$143,574,256	\$13,018,302	9.07%	90.93%
	February	\$22,052,939	\$1,643,572	117	\$41,671,793	\$8,045,601	19.31%	80.69%	1,849	\$149,329,213	\$14,007,338	9.38%	90.62%
	March	\$24,495,912	\$1,761,839	119	\$46,881,537	\$8,460,670	18.05%	81.95%	1,849	\$163,188,194	\$16,035,242	9.83%	90.17%
	April	\$19,890,428	\$1,441,240	119	\$42,932,044	\$7,928,353	18.47%	81.53%	1,846	\$128,140,045	\$11,962,075	9.34%	90.66%
	May	\$20,051,212	\$1,449,921	119	\$43,805,048	\$8,470,839	19.34%	80.66%	1,846	\$127,510,236	\$11,580,373	9.08%	90.92%
	June	\$19,336,857	\$3,774,665	119	\$42,033,799	\$8,105,258	19.28%	80.72%	1,845	\$140,907,006	\$11,231,599	7.97%	92.03%
	Year to Date Total	\$126,490,870	\$12,421,541		\$259,962,143	\$48,655,941	18.72%	81.28%		\$852,648,950	\$77,834,929	9.13%	90.87%
<b>Hollywood Columbus</b>	January	\$18,260,774	\$1,463,320	108	\$28,018,535	\$6,704,938	23.93%	76.07%	3,015	\$129,278,089	\$11,555,836	8.94%	91.06%
	February***	\$18,480,200	\$1,728,786	114	\$28,061,819	\$6,300,351	22.45%	77.55%	2,757	\$137,505,808	\$12,179,848	8.86%	91.14%
	March***	\$20,942,133	\$2,077,257	114	\$31,890,211	\$7,356,898	23.07%	76.93%	2,526	\$158,112,373	\$13,585,235	8.59%	91.41%
	April***	\$18,078,122	\$2,446,669	114	\$27,050,652	\$5,865,022	21.68%	78.32%	2,525	\$145,870,989	\$12,213,100	8.37%	91.63%
	May	\$16,743,677	\$2,371,015	114	\$24,897,116	\$5,083,471	20.42%	79.58%	2,525	\$136,699,205	\$11,660,206	8.53%	91.47%
	June	\$16,494,467	\$1,992,448	114	\$24,102,704	\$5,264,762	21.84%	78.16%	2,525	\$129,751,681	\$11,229,705	8.65%	91.35%
Year to Date Total	\$108,999,373	\$12,079,495		\$164,021,037	\$36,575,442	22.30%	77.70%		\$837,218,145	\$72,423,930	8.65%	91.35%	
<b>Hollywood Toledo</b>	January	\$14,282,748	\$642,898	80	\$13,651,307	\$3,060,700	22.42%	77.58%	2,037	\$131,146,628	\$11,222,048	8.56%	91.44%
	February	\$14,756,241	\$664,584	80	\$12,797,700	\$3,162,569	24.71%	75.29%	2,037	\$131,009,670	\$11,593,672	8.85%	91.15%
	March	\$17,842,949	\$720,179	80	\$15,910,410	\$3,514,581	22.09%	77.91%	2,037	\$163,547,622	\$14,328,368	8.76%	91.24%
	April	\$16,388,490	\$703,271	80	\$13,916,961	\$3,157,510	22.69%	77.31%	2,045	\$152,273,861	\$13,230,979	8.69%	91.31%
	May	\$15,760,826	\$749,778	80	\$13,608,789	\$3,192,025	23.46%	76.54%	2,045	\$143,278,004	\$12,568,800	8.77%	91.23%
	June	\$15,200,228	\$774,988	80	\$12,327,700	\$2,965,558	24.06%	75.94%	2,045	\$135,056,043	\$12,234,670	9.06%	90.94%
Year to Date Total	\$94,231,482	\$4,255,698		\$82,212,867	\$19,052,944	23.18%	76.82%		\$856,311,828	\$75,178,538	8.78%	91.22%	
<b>Statewide Totals</b>	January	\$53,207,044	\$4,456,522	305	\$84,307,764	\$17,410,858			6,901	\$403,998,973	\$35,796,186		
	February	\$55,517,132	\$4,036,942	427	\$82,785,491	\$17,548,501			8,643	\$419,082,531	\$37,968,631		
	March	\$84,287,426	\$5,254,149	429	\$121,426,817	\$24,495,494			8,412	\$633,055,582	\$59,791,932		
	April	\$72,177,455	\$6,627,743	429	\$112,128,989	\$21,573,318			8,416	\$568,025,264	\$50,604,136		
	May	\$72,171,718	\$9,154,747	429	\$116,839,006	\$22,846,235			8,416	\$583,659,776	\$49,325,482		
	June	\$68,642,726	\$13,731,210	429	\$108,047,369	\$21,579,641			8,415	\$592,775,645	\$47,063,085		
	Year to Date Total	\$406,003,500	\$43,261,313		\$625,535,436	\$125,454,048				\$3,200,597,771	\$280,549,452		

**NOTES:**

The listed payout percentage is not the theoretical hold, but the actual payout for a one-month period only.  
 The data in this report may be adjusted.  
 "AGR" is adjusted gross revenue and means the money received by the casino operator less winnings paid to patrons.  
 "Coin-in" includes promotional play.

\* Horseshoe Casino Cincinnati conducted its controlled demonstration from 3 to 11 p.m. on Wednesday, February 27.  
 \*\* Horseshoe Casino Cincinnati opened on March 4.  
 \*\*\* Hollywood Casino Columbus reduced its slot floor beginning in February.

**3772-9-02(D) (Proposed) Verification and Sealing**



**1. Verification and Sealing - Casino Operator Resources**

Estimated Annual Instances Per Casino	3,000
Four Ohio Casinos	4
Estimated Annual State-Wide Instances	<u>12,000</u>
Estimated Slot Technician Time Per Instance	<u>4</u>
Estimated Annual Slot Technician Time in Minutes	<u>48,000</u>
<b>Estimated Annual Slot Technician Time in Hours</b>	<b><u>800</u></b>

**2. Verification and Sealing - Potential Effect on Revenue**

June Total Slot Machines - Ohio	8,415
June Total Slot Revenue - Ohio	\$ 47,063,085
June Average Revenue Per Game	<u>\$ 5,593</u>
Number of Days in June	30
June Average Revenue Per Game Per Day	\$ 186
Number of Hours in a Day	<u>24</u>
<b>June Average Revenue Per Game Per Hour</b>	<b><u>\$ 8</u></b>

Estimated Annual Instances Per Casino	3,000
Four Ohio Casinos	4
Estimated Annual State-Wide Instances	<u>12,000</u>
Estimated Down Time Per Instance	<u>4</u>
Estimated Annual Down Time in Minutes	<u>48,000</u>
<b>Estimated Annual Down Time in Hours</b>	<b><u>800</u></b>

<b>Estimated Annual Effect on Revenue</b>	<b><u>\$ 6,400</u></b>
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**Siba, Michelle**

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**EXHIBIT 6**

**From:** Robert Wamsley <rwamsley@Caesars.com>  
**Sent:** Monday, July 22, 2013 3:50 PM  
**To:** Donahue, Craig  
**Subject:** FW: Scanned from a Xerox multifunction device  
**Attachments:** Scanned from a Xerox multifunction device001.pdf

Craig,

I have attached the cost report for the jumpsuits. The "unassigned" cost are those jumpers we have the price locked in but we have not purchased for need yet. Let me know if you need anything else.

Robert

Robert Wamsley | Regulatory Compliance Officer Horseshoe Cincinnati  
1000 Broadway | Cincinnati, OH 45202  
513-250.3117 | | [rwamsley@caesars.com](mailto:rwamsley@caesars.com)

-----Original Message-----

**From:** [DoNotReply@caesars.com](mailto:DoNotReply@caesars.com) [<mailto:DoNotReply@caesars.com>]  
**Sent:** Monday, July 22, 2013 3:50 PM  
**To:** Robert Wamsley  
**Subject:** Scanned from a Xerox multifunction device

Please open the attached document. It was scanned and sent to you using a Xerox multifunction device.

Attachment File Type: pdf

multifunction device Location: Host/Player Development  
Device Name: X00BHOLT

# Inventory Analysis Report

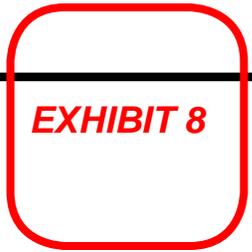


**EXHIBIT 7**

Type	Style	Size	Length	Cost	Number of Employees	Inventory Assigned	Inventory Unassigned	Inventory Total	Total \$	Total \$ Unassigned	Unassigned %
JUMPSUIT	NAVY JUMPSUIT	2XL		\$45.80	8	18	15	33	\$1,511.40	\$687.00	45%
JUMPSUIT	NAVY JUMPSUIT	3XL		\$45.80	5	11	7	18	\$824.40	\$321.00	39%
JUMPSUIT	NAVY JUMPSUIT	4XL		\$47.80	2	2	4	6	\$286.80	\$191.00	67%
JUMPSUIT	NAVY JUMPSUIT	5XL		\$47.80	0	0	10	10	\$478.00	\$478.00	100%
JUMPSUIT	NAVY JUMPSUIT	6XL		\$52.80	0	0	1	1	\$52.80	\$53.00	100%
JUMPSUIT	NAVY JUMPSUIT	L		\$37.80	1	3	0	3	\$113.40	\$0.00	0%
JUMPSUIT	NAVY JUMPSUIT	M		\$37.80	2	5	1	6	\$226.80	\$38.00	17%
JUMPSUIT	NAVY JUMPSUIT	S		\$37.80	0	0	1	1	\$37.80	\$38.00	100%
JUMPSUIT	NAVY JUMPSUIT	XL		\$37.80	3	8	6	14	\$529.20	\$227.00	43%
<b>Grand Total:</b>					<b>19</b>	<b>47</b>	<b>45</b>	<b>92</b>	<b>\$4,060.60</b>	<b>\$2,032.00</b>	<b>57%</b>

**Siba, Michelle**

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**From:** Barbara Reed <Barbara.Reed@TCSJOHNHUXLEY.COM>  
**Sent:** Monday, July 22, 2013 2:27 PM  
**To:** Donahue, Craig  
**Subject:** RE: Vendor Shipping

Hello Craig,

- TCS would no longer be required to ship certain orders in a separate **dedicated** truck, therefore passing a potential shipping savings of 15-25% along to the casino operator in these cases. Using a standard truck courier means a seal is no longer required on the truck, TCS will still ensure that all gaming products are sealed prior to loading them on a truck.

It would also be nice to receive a matrix of what your jurisdiction consider gaming along with notice period and shipping instructions.

Very kindest regards

**Barbara Reed**  
V.P of HR and Compliance

**TCSJOHNHUXLEY**  
6171 H-M McLeod Dr | Las Vegas | NV 89120 | USA

**t:** +1 702 798 0500 | **f:** +1 702 214 3179 | **d:** +1 702 214 3151 | **c:** +1 702 683 9962  
**w:** [www.tcsjohnhuxley.com](http://www.tcsjohnhuxley.com)



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From: Donahue, Craig [<mailto:Craig.Donahue@casinocontrol.ohio.gov>]  
Sent: Monday, July 22, 2013 10:55 AM  
To: Barbara Reed  
Subject: Vendor Shipping

Barbara,

Thanks for your time this afternoon. I just wanted to confirm the following items that we spoke about:

- TCS would no longer be required to ship certain orders in a separate **dedicated** truck, therefore passing a potential shipping savings of 15-25% along to the casino operator in these cases.
- Low risk items, such as table furniture with no gaming layouts or equipment attached, would no longer be subject to potentially unnecessary sealing requirements.

Thanks,

**Craig Donahue**

Ohio Casino Control Commission  
Manager of Audits

(614) 387-5687 (Main)

(614) 300-5687 (Cell)



[Craig.Donahue@casinocontrol.ohio.gov](mailto:Craig.Donahue@casinocontrol.ohio.gov)

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This email has been scanned by the Symantec Email Security.cloud service.

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**Siba, Michelle**

**EXHIBIT 9**

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**From:** Martin, Patrick D  
**Sent:** Thursday, July 18, 2013 3:19 PM  
**To:** Miller, Brian A; Jess, Travis; Messer, Beti; Bush, Derrick C; Donahue, Craig; Sadana, Sonia  
**Subject:** FW: price for Deck of cards

Penn's price for cards is Poker \$27.00 a deck and Table Games \$0.70 a deck.

---

From: Rick Galloway [<mailto:Rick.Galloway@pngaming.com>]  
Sent: Thursday, July 18, 2013 3:17 PM  
To: Martin, Patrick D  
Subject: Deck of cards

Patrick,

The price breakdown on a deck of cards is as follows: Poker \$27.00 a deck and Table Games \$0.70 a deck.

Rick Galloway, CPA, CIA | Compliance Manager | Hollywood Casino Toledo | 1968 Miami Street | Toledo, OH 43605 |  
☎ Direct: (419) 661-5304 |  
✉ E-mail: [Rick.Galloway@pngaming.com](mailto:Rick.Galloway@pngaming.com) | [www.hollywoodcasinotoledo.com](http://www.hollywoodcasinotoledo.com)



**Siba, Michelle**

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**EXHIBIT 10**

**From:** Tony Carolo <Tony.Carolo@pngaming.com>  
**Sent:** Friday, July 26, 2013 7:28 AM  
**To:** Donahue, Craig  
**Cc:** Messer, Beti; Bush, Derrick C  
**Subject:** Re: Table Game Card Cost

.75 cents

Sent from my iPad

On Jul 25, 2013, at 3:43 PM, "Donahue, Craig" <[Craig.Donahue@casinocontrol.ohio.gov](mailto:Craig.Donahue@casinocontrol.ohio.gov)> wrote:

Tony,

I'm doing some research for potential rule changes. As a part of this, could you give me an estimate of the cost for one deck of table games cards?

Thanks,

Craig

<image001.png>