

CSI - Ohio

The Common Sense Initiative

Business Regulation Impact Analysis

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

Regulation/Package Title: Five-Year Review Batch Seven (Definitions; Internal Controls; Accounting records; Patron financial transactions at the cashier’s cage; Wire transfers; Cash equivalents; Internal audit standards; Count procedures; Signature requirements; Unclaimed winnings; Access controls; Controlled demonstration; Amendments to internal control plans; Surveillance logs and incident reports).

Rule Number(s): 3772-10-01 (amendment); 3772-10-02 (amendment); 3772-10-04 (amendment); 3772-10-10 (amendment); 3772-10-11 (rescinded); 3772-10-12 (rescinded); 3772-10-14 (amendment); 3772-10-19 (amendment); 3772-10-24 (amendment); 3772-10-25 (amendment); 3772-10-26 (amendment); 3772-10-27 (amendment); 3772-10-28 (amendment); 3772-11-03 (amendment); 3772-19-09 (amendment).

Date: February 2, 2017

Rule Type:

<input type="checkbox"/> New	<input checked="" type="checkbox"/> 5-Year Review
<input checked="" type="checkbox"/> Amended	<input checked="" type="checkbox"/> Rescinded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.

This package is the seventh containing rules subject to five-year review for 2016. This batch includes rules relating to casino operators’ internal controls, table games, and surveillance. Many of the changes are small housekeeping amendments to clean up and clarify rule language. Several

of the amendments remove the terms “applicant or licensee” and instead use the name of the entity in an effort to streamline and clarify Ohio Adm. Code 3772 in its entirety. Another consistent change is replacing the term “slot machine,” with the term “electronic gaming equipment,” where applicable. This change has been made throughout five-year review to harmonize the code and clarify the applicability of the code to all electronic gaming equipment, as appropriate.

- **3772-10-01 (amendment)**, titled “Definitions.” This rule defines certain internal control-related terms. The purpose of this rule is to create a clear set of definitions that will apply throughout the code. The amendments to this rule are largely intended to clarify and streamline rule language, including deleting definitions for terms that are not otherwise used. As the Commission has been doing throughout the code, we have replaced the words “this chapter” with “rules adopted by the commission” to ensure that these general terms apply throughout the entire code and not just Ohio Adm. Code Chapter 3772-10.
- **3772-10-02 (amendment)**, titled “Internal controls.” This rule requires casino operators to submit internal control plans to the Commission before operating. These include controls on electronic gaming equipment, table games, responsible gambling, advertising, surveillance, and security, among others. The amendments to this rule clarify that certain internal controls, which each casino operator already has, are required, as well as provides greater flexibility to casino operators and the Commission by allowing for the controls to be submitted on a schedule approved by the Commission, instead of on a rigid timeframe. The purpose of this rule is to implement all the statutorily required plans in R.C. Chapter 3772 and to allow the Commission to audit casino gaming processes pursuant to its authority in R.C. 3772.033, while still allowing each casino operator to implement processes unique to them in their internal controls.
- **3772-10-04 (amendment)**, titled “Accounting records.” This rule provides that casino operators shall have internal controls for preparing accounting records. The purpose of this rule is to ensure the Commission fulfills its statutory mandate to prescribe accounting-related standards. The amendment to this rule deletes many specific and superfluous provisions, as to how audit records are to be kept, instead requiring casino operators to have those procedures in their internal controls. Additionally, these removals will allow casino operators to simply comply with the general records retention requirement in Ohio Adm. Code 3772-1-07. The purpose of the amendment is to provide the Commission and casino operators with greater flexibility relating to accounting internal controls.
- **3772-10-10 (amendment)**, titled “Patron financial transactions at the cashier’s cage.” This rule specifies that casino operators may process certain financial transactions, as designated in their internal controls, at the cashier’s cage and provides some detail on how such transactions are to be handled. The amendments to this rule combine rules 3772-10-10, 3772-10-11, and 3772-10-12 into one rule and provide greater flexibility to the Commission and the casino operators by allowing the casino operators to provide procedures for conducting different types of financial transactions in its internal controls. The purpose of this rule is to allow the casino operators to determine which financial

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transactions they want to offer patrons while still ensuring the proper controls are in place for integrity's sake.

- **3772-10-11 (rescind)**, titled “Wire transfers.” This rule is being rescinded and reserved. This rule has been combined with rule 3772-10-10. The purpose of the rescission is to streamline the code.
- **3772-10-12 (rescind)**, titled “Cash equivalents.” This rule is being rescinded and reserved. This rule has been combined with rule 3772-10-10. The purpose of the rescission is to streamline the code.
- **3772-10-14 (amendment)**, titled “Internal audit standards.” This rule provides that each casino must have an internal audit department and lists the functions and duties of this department. The amendments to this rule are largely streamlining and clarifying in nature. Additionally, the amendment narrows when the casino operator’s internal audit department must perform a follow-up examination, from all instances of noncompliance to only those instances where corrective action has been taken, if directed to do so by the Commission. The purpose of this rule is to ensure that casino operators are working internally to comply with R.C. Chapter 3772 and the rules adopted thereunder.
- **3772-10-19 (amendment)**, titled “Count Procedures.” This rule details the procedures that a casino operator must follow when conducting a count of the proceeds from casino gaming, including who may be present during the count, conditions on how the count must occur, and what to do at the end of the count. The rule allows casino operators to put further specifics related to the count in their internal controls. Although most of the changes are not substantive, the rule now details certain events, before and after which an individual must clear their hands. This amendment will allow for greater integrity control of the count without increasing operator cost. The purpose of this rule is to ensure that all winnings, compensation from casino gaming, and gross revenue are accurately counted and reported.
- **3772-10-24 (amendment)**, titled “Signature requirements.” This rule specifies how each casino operator will issue and maintain a signature card for each licensed employee. While the rule gives some requirements, the overall procedures are left to each casino operator in its internal controls. The amendments to this rule are merely housekeeping in nature. The purpose of this rule is to ensure that casino operators have appropriate controls on signature cards, allowing both the casino operator and the Commission to quickly and confidently investigate any issues that may arise in an area where a signature is required by an employee.

3772-10-25 (amendment), titled “Unclaimed winnings.” This rule provides that each casino operator must comply with R.C. Chapter 169 and submit internal controls that allow the Commission to ensure that the casino operator complies with R.C. Chapter 169. The

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amendment to this rule removes an unnecessary reporting requirement. The purpose of this rule is to ensure that all casino operators are complying with R.C. Chapter 169.

- **3772-10-26 (amendment)**, titled “Key access.” This rule governs access to assets, restricted areas, and sensitive keys. While the rule specifies certain requirements in regard to access controls, including that access shall be controlled by security and that certain records must be kept regarding access; the amendments to this rule largely remove detailed specifics, instead allowing the casino operators to detail such information in their internal controls, creating flexibility for the Commission and casino operators. The purpose of this rule is to ensure that all areas that are required to be kept restricted under R.C. Chapter 3772 and the rules adopted thereunder are so restricted.
- **3772-10-27 (amendment)**, titled “Controlled demonstration.” This rule provides that each casino facility must perform a controlled demonstration to open to the public. The substantive amendments to this rule remove requirements that the demonstration be invitation-only and involve restaurants and retail shops in addition to casino gaming. The purpose of this rule is to ensure that new casino facilities can operate in compliance with R.C. Chapter 3772 and the rules adopted thereunder before the casino opens to the public.
- **3772-10-28 (amendment)**, “Amendments to internal control plans.” This rule provides that amendments to internal control plans must be approved by the Commission, but can be temporarily approved by the Executive Director until the next public Commission meeting. The rule also provides that in submitting requests for waivers for administrative rules, casino operators can submit internal controls and show how those controls would meet the requirements of R.C. Chapter 3772 and the rules adopted thereunder. The amendment to this rule is solely streamlining. The purpose of this rule is to ensure that all casino operators’ internal controls are in accordance with R.C. Chapter 3772 and the rules adopted thereunder, while still giving casino operators the flexibility to make changes to those controls.
- **3772-11-03 (amendment)**, titled “Approval of table games.” This rule provides that casino operators must submit the rules for any table games it wants to provide and allows the Commission to require testing of the game, rules, or equipment. The rule also provides that the casino operator may not offer a game or use any associated equipment, until approved by the Commission, including provisions for how to notify the Commission of any proposed modifications. Finally, the rule requires that the casino operator notify the Commission of any known or suspected defect or malfunction. The purpose of this rule is to carry out the Commission’s statutory mandate, contained in R.C. 3772.03(D), to identify permitted casino gaming and gaming equipment, as well the standards these must meet. There are two proposed substantive amendments. First, the rule allows the Commission to evaluate table games, rules, and associated equipment for fairness to patrons. Second, the amendment to this rule states that casino operators must alert the Commission of any suspected defect or malfunction at the time of detection, rather than within four hours. The purpose of this amendment is to allow the Commission to quickly investigate defects and

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to continue to meet its goal with respect to ensuring the integrity of casino gaming in the State of Ohio.

- **3772-19-09 (amendment)**, “Surveillance logs and incident reports.” This rule specifies that casino operators must maintain surveillance logs and incident logs for certain occurrences at the casino, including unusual or criminal activity. Additionally, the rule requires the casino operator to maintain a visitor’s log of access to the casino surveillance room. The amendment to this rule allows the Executive Director to approve a threshold at which transfers of cash or cash equivalents must be logged, instead of logging all transfers. The purpose of this rule is to ensure that the casino operator is accurately monitoring and logging incidents that have an impact on the integrity of casino gaming.

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

R.C. 169.01; 169.02; 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.

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 amendments 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 amendments are designed to effectuate this constitutional and statutory mandate by establishing minimum internal control standards for transactions occurring at the casino facilities, including financial and accounting procedures, and for the protection of the patrons and members of the public.

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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 amended rules in terms of whether they help to ensure the integrity of casino gaming. 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 and Toledo)
- JACK Entertainment, LLC (JACK Cincinnati and Cleveland Casinos)

Stakeholders were provided an opportunity to comment on the amendments via e-mail on September 28, 2016 (Ohio Adm. Code 3772-11-03) November 2, 2016 (all other rules in this submission). Copies of the emails are attached as Attachment A. Comments were requested to be submitted by 5:00 PM on October 3 and November 7, respectively. Additionally, stakeholders had the opportunity to comment during the Commission's public meetings on October 12, 2016 and November 16, 2016, and also participated in several phone calls regarding the amendments after those public meetings.

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

After sending the amendments to the RCOs on September 28, 2016 and November 2, 2016, the Commission received some feedback during in-person meetings with stakeholders that resulted in some clarifying changes to Ohio Adm. Code 3772-10-10(B); 3772-10-14; 3772-10-19(J); and 3772-10-26, which are discussed more fully in Question 14(C), below. Beyond that, the Commission staff met with the applicable RCOs to address all other input before the Commission's public meetings on October 12, 2016 and November 16, 2016. At these meetings, stakeholders made no comments on the rules. Finally, Commission staff and stakeholders from Hollywood Casinos Columbus and Toledo participated in a series of phone calls from December 2, 2016, through January 30, 2017 to discuss the proposed amendments, which resulted in a written comment submitted by Hollywood Casinos Columbus and Toledo on January 30, 2017, (Attachment B) and is discussed more fully in Question 14(C), below.

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 amendments because no scientific data was necessary to develop or measure their outcomes. Instead, Commission staff reviewed how other jurisdictions approached internal controls and surveillance. Further, 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, Commission staff considered any waivers or variances to existing rules that had been requested and granted, including those waivers granted with respect to Ohio Adm. Code 3772-19-09, discussed below. The amendments are a conglomeration of the rules used in other jurisdictions with adaptations made for Ohio and are, in some cases, the result of discussions between Commission staff and the regulated community, including reflections of existing waivers or present practice.

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, which largely cover the internal controls that each casino operator must implement, include a performance-based component wherein they largely set the floor for compliance but do not completely dictate how the casino operators and gaming-related vendors are supposed to achieve compliance. Rather, those internal controls provide an opportunity for each casino operator to adopt and implement procedures most appropriate to each casino facility, in order to achieve compliance. Additionally, Ohio Adm. Code 3772-1-04 allows the casino operators, management companies, 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?

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This question does not apply to the majority of these amendments because no other regulations, in these areas, currently exist with respect to casino gaming in this state, over which the Commission has sole authority. However, as this package amends existing administrative rules, several within the package bring clarity to requirements in R.C. Chapter 3772. and Ohio Adm. Code 3772 to avoid duplication or conflict.

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 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) or with the casino’s surveillance 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 and management companies are the impacted business community with respect to these amendments.

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 amendments includes fines for noncompliance, costs for employee time and payroll for, among other things, training and sending notifications and reports to the Commission, and the potential for other monetary costs to the casino operators, as described more fully below.

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.

- **3772-10-01 (amendment)**, titled “Definitions.” This rule defines certain internal control-related terms. The Commission does not anticipate an adverse impact on business from the rule. The purpose of this rule is to create a clear set of definitions that will apply throughout the code. The amendments to this rule, which include the removal of terms not used in the State of Ohio with respect to casino gaming, are largely intended to clarify and streamline rule language, including clarifying that the definitions contained in this rule apply to the entirety of Ohio Adm. Code 3772, creating a more efficient and easy-to-read Code for both the Commission and stakeholders.
- **3772-10-02 (amendment)**, titled “Internal controls.” This rule requires casino operators to submit internal control plans to the Commission before operating. These include controls on electronic gaming equipment, table games, responsible gambling, advertising, surveillance, and security, among others. The amendments to this rule clarify that certain internal controls, which each casino operator largely already has, are required. The amendments also provide greater flexibility to casino operators by allowing for the controls to be submitted on a schedule approved by the Commission, instead of on a rigid timeframe.

Negligible costs of compliance include certain administrative requirements related to the preparation of and adherence to Commission-approved internal controls. However, each casino operator largely already has these controls in place so no changes are necessary unless they choose to make them. The only new provision is that which requires internal controls designed to protect assets against theft and loss but the security benefits of having such controls in place largely outweigh those costs related to developing and implementing them. The provision that requires advertising controls already exists in Ohio Adm. Code 3772-13 so, again, no changes are necessary unless casino operators choose to make them. Beyond this, the Commission does not anticipate any additional cost of compliance.

- **3772-10-04 (amendment)**, titled “Accounting records.” This rule provides that casino operators shall have internal controls for preparing accounting records. The purpose of this rule is to ensure the Commission fulfills its statutory mandate to prescribe accounting-related standards. The amendment is intended to provide casino operators with significantly more flexibility by deleting many specific and superfluous provisions, as to how audit records are to be kept, and instead allowing casino operators to develop those procedures in their internal controls. This allows each casino facility to implement accounting procedures that are appropriate to each unique location. Additionally, these removals will allow casino operators to simply comply with the general records retention

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requirement in Ohio Adm. Code 3772-1-07, instead of a retention requirement specific to accounting records.

Removing all of the specific requirements in the rule may result in casino operators having to develop and implement some new internal controls but most of these required controls are already in place so minimal changes are necessary unless casino operators choose to make additional ones. Negligible costs of compliance with this rule include certain administrative requirements related to the preparation of and adherence to Commission-approved internal controls for preparing accounting records. Because most of the controls are already in place and any new controls that may be required allow each casino facility to develop unique procedures, the Commission anticipates minimal costs of compliance with the new amendments. Further, the amendments provide simplicity, allowing operators to comply with the general records requirement, instead of varying requirements throughout the Code.

- **3772-10-10 (amendment)**, titled “Patron financial transactions at the cashier’s cage.” This rule specifies that casino operators may process certain financial transactions, as designated in their internal controls, at the cashier’s cage and provides some detail on how such transactions are to be handled. The amendments to this rule combine rules 3772-10-10, 3772-10-11, and 3772-10-12 into one rule and provide greater flexibility to the Commission and the casino operators by allowing the casino operators to provide procedures for conducting different types of financial transactions in its internal controls. The purpose of this rule is to allow the casino operators to determine which financial transactions they want to offer patrons while still ensuring the proper controls are in place for integrity’s sake.

Hollywood Casinos Columbus and Toledo submitted a comment requesting that the Commission define the term “financial transactions.” (Attachment B.) However, the Commission has chosen to leave it up to the casino operators to determine, in their internal controls, those financial services it chooses to offer its patrons. This rule replaces three separate rules governing check cashing, wire transfers, and cash equivalents; no other financial transactions were previously contemplated. However, by simply allowing casino operators to conduct any type of financial transaction it chooses, the Commission affords each business the opportunity to develop and offer the services most appropriate for their patrons. Further, by not enumerating which transactions are permitted, the rule allows for additional, different transactions that may be offered in the future without necessitating a change of Ohio law.

Negligible costs of compliance with this rule include certain administrative requirements related to preparation of and adherence to Commission-approved internal controls. However, casino operators already have these approved controls in place as a result of the existing administrative rules so no changes are necessary unless they chose to make them. In addition, the amendments to the rule do not add any additional requirements, but instead streamline the previous rules and provide greater flexibility to casino operators by allowing

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them their own procedures for conducting different types of financial transactions, subject to Commission approval. Therefore, the Commission does not anticipate any additional cost of compliance as a result of the changes to the rule.

3772-10-11 (rescind), titled “Wire transfers.” This rule is being rescinded and reserved. This rule has been combined with 3772-10-10. The purpose of the rescission is to streamline the code. Because the obligations within this rule will continue to exist in different sections of the Ohio Adm. Code, casino operators will continue to operate as they have been since the inception of casino gaming in the state of Ohio. Therefore, the Commission anticipates no adverse impact to business due to this rescission.

3772-10-12 (rescind), “Cash equivalents.” This rule is being rescinded and reserved. This rule has been combined with 3772-10-10. The purpose of the rescission is to streamline the code. Because the obligations within this rule will continue to exist in different sections of the Ohio Adm. Code, casino operators will continue to operate as they have been since the inception of casino gaming in the state of Ohio. Therefore, the Commission anticipates no adverse impact to business due to this rescission.

- **3772-10-14 (amendment)**, titled “Internal audit standards.” This rule provides that each casino must have an internal audit department and lists the functions and duties of this department. The amendments to this rule are largely streamlining and clarifying in nature. Additionally, the amendment narrows when the casino operator’s internal audit department must perform a follow-up examination, from all instances of noncompliance cited by the Commission to only those instances where corrective action has been taken.

The Commission anticipates minimal administrative costs for compliance with this rule, including certain administrative requirements related to preparation of and adherence to Commission-approved internal controls. First, each casino already has an internal audit department and has had one since opening, so no creation of a new department is mandated by this rule. Notably, casino operators already have most of the required internal controls in place so no changes are necessary unless a casino operator chooses to make them. Any additions to each casino operator’s internal controls necessary to comply with the amendments are the result of previous amendments to rules related to the respective subject-matter. The economic benefit of each casino operator’s own internal audit department monitoring procedures and behavior in each of these areas outweighs any costs of doing so for several reasons: First, when casinos ensure their own compliance, it may minimize any administrative sanctions that could result from the Commission’s discovery of noncompliance, if necessary. Second, all of these internal audit procedures promote efficient and secure casino gaming, two goals that are desirable for both casino operators and the State of Ohio. Finally, as with all other rules that require internal controls, each casino operator may implement the procedures unique to a particular casino facility and its staff.

One substantive change reduces the internal audit department's duty to perform follow-up examinations for matters resulting in corrective action that were cited by the Commission. The amendment no longer requires this work to be done for all routine Commission audit findings and instead only applies to matters that resulted in settlement agreements, notices of noncompliance, or other discipline. Casino operators have incentive to do so in order to avoid further discipline for future noncompliance on a matter for which they may have already been disciplined. Thus, the Commission anticipates very little adverse business impact from the changes to this rule.

The only feedback the Commission received regarding this rule was that "slots" should be capitalized in Paragraph (D)(1) and the Commission corrected that error.

- **3772-10-19 (amendment)**, titled "Count procedures." This rule details the procedures that a casino operator must follow when conducting a count of the proceeds from casino gaming, including who may be present during the count, conditions on how the count must occur, and what to do at the end of the count. The rule allows casino operators to put further specifics related to access of the count room when cash, vouchers, chips, or coupons are not present there. Although most of the changes are not substantive, the rule now details certain events, before and after which an individual must clear their hands.

This rule governs a matter concerning the highest security and casino gaming integrity concerns: gathering and counting all of the chips, vouchers, and currency that pass through each casino. As such, there are many explicit controls governing each step of the count procedure. Notably, each of the requirements is standard within the casino gaming industry and each casino operator is accustomed to these procedures in the State of Ohio. One substantive addition details the events, before and after which an individual must clear their hands when participating in the count. While the times when this procedure are necessary may be new to the rule, the procedure and concept of "clearing hands" is not new to the casino operators, and especially the count teams. Further, these changes are the result of stakeholder comments. As such, the Commission does not anticipate any economic impact as a result of the changes in this rule and anticipates very little impact from any training necessary in order to ensure the compliance with the new "clearing hands" provision. This rule, and the changes contained in it, goes to the heart of ensuring that all winnings, compensation from casino gaming, and gross revenue are accurately counted and reported, and all of the procedural burdens imposed by it are significantly outweighed by the benefits it provides.

Negligible costs of compliance with this rule include certain administrative requirements related to the preparation of and adherence to Commission-approved internal controls granting access to the count room when cash, vouchers, chips, or coupons are not present there. However, casino operators already have these approved controls in place so no changes are necessary unless they choose to make them.

The only other feedback the Commission received regarding this rule was that the word “and” was missing in Paragraph (D) and the Commission corrected that error.

- **3772-10-24 (amendment)**, titled “Signature requirements.” This rule specifies how each casino operator will issue and maintain a signature card for each licensed employee. While the rule gives some requirements, the overall procedures are left to each casino operator in its internal controls. The amendments to this rule are merely housekeeping in nature and impose no new burden. The purpose of this rule is to ensure that casino operators have appropriate controls on signature cards, allowing both the casino operator and the Commission to quickly and confidently investigate any issues that may arise in an area where a signature is required by an employee.

Minimal costs of compliance with this rule include certain administrative requirements related to the preparation of and adherence to Commission-approved internal controls. Notably, casino operators already have these approved controls in place so no changes are necessary unless they choose to make them. In addition, the Commission does not anticipate adverse impact from the changes made to the rule, as they are housekeeping in nature, and make no substantive changes.

- **3772-10-25 (amendment)**, titled “Unclaimed winnings.” This rule provides that each casino operator must comply with R.C. Chapter 169 and submit internal controls that allow the Commission to ensure that the casino operator complies with R.C. Chapter 169. The amendment to this rule removes an unnecessary reporting requirements. The purpose of this rule is to ensure that all casino operators comply with R.C. Chapter 169.

Negligible costs of compliance with this rule include certain administrative requirements related to the preparation of and adherence to Commission-approved internal controls. However, casino operators already have these approved controls in place so no changes are necessary unless they choose to make them. Further, the Commission does not anticipate any additional adverse business impact from the changes, as they relieve casino operators of the burden of having to comply with unnecessary reporting requirements, while ensuring compliance with their statutory duty imposed by R.C. Chapter 169.

- **3772-10-26 (Amendment)**, titled “Key access.” This rule governs access to assets, restricted areas, and sensitive keys. While the rule specifies certain requirements in regard to access controls, including that access shall be controlled by security and that certain records must be kept regarding access; the amendments to this rule largely remove detailed specifics, instead allowing the casino operators to detail such information in their internal controls, creating flexibility for the Commission and casino operators. The purpose of this rule is to ensure that all areas that are required to be kept restricted under R.C. Chapter 3772 and the rules adopted thereunder are so restricted.

Negligible costs of compliance with this rule include certain administrative requirements related to the preparation of and adherence to Commission-approved internal controls.

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Notably, casino operators already have these approved controls in place so no changes are necessary, unless the operators choose to do so. Additionally, the amendments to this rule do not impose any additional requirements, but instead remove specifics, which create greater flexibility for casino operators by allowing the operators to include the specifics in their own internal controls. Thus, the Commission does not anticipate adverse impact on business as a result of the amendments made to the rule.

- **3772-10-27 (Amendment)**, titled “Controlled demonstration.” This rule provides that each casino facility must perform a controlled demonstration open to the public. The substantive amendments to this rule remove requirements that the demonstration be invitation-only and involve restaurants and retail shops in addition to casino gaming. The purpose of this rule is to ensure that new casino operators can operate in compliance with R.C. Chapter 3772 and the rules adopted thereunder before the casino opens to the public

The Commission does not anticipate any impact on the present regulated community as a result of this rule because each casino operator has already completed at least one controlled demonstration at each casino facility. This rule only applies to new casino operators, which may only engage in casino operators if one of the existing casino facilities closes, because of the Constitutional mandate that only four casino facilities may exist at once. Even so, a new casino operator would have fewer provisions with which to comply during its controlled demonstration as a result of the amendments to this rule, resulting in a positive impact on business.

- **3772-10-28 (amendment)**, titled “Amendments to internal control plans.” This rule provides that amendments to internal control plans must be approved by the Commission, but can be temporarily approved by the Executive Director until the next public Commission meeting. The rule also provides that in submitting requests for waivers for administrative rules, casino operators can submit internal controls and show how those controls would meet the requirements of R.C. Chapter 3772 and the rules adopted thereunder. The amendment to this rule is solely streamlining. Because the rule offers a means by which casino operators may obtain approval of internal controls outside of the monthly Commission meetings, the Commission does not anticipate an adverse impact on business.
- **3772-11-03 (amendment)**, titled “Approval of table games.” This rule provides that casino operators must submit the rules for any table games it wants to provide. The rule also provides that the casino operator may not offer a game or use any associated equipment until approved by the Commission. This rule ensures the integrity of casino gaming by ensuring that table games are operated objectively, protecting Ohio patrons. The amendments to this rule state that the Commission may consider fairness to patrons when evaluating casino game rules and that casino operators must alert the Commission of any suspected defect or malfunction in a table game at the time of detection, rather than within four hours.

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The Commission does not anticipate a significant impact on business from this rule. Ensuring the quality of table games and their operations is imperative to the functioning of casino gaming in the state. This rule simply implements the Commission's duty under R.C. 3772.03(D), to identify permitted casino gaming and gaming equipment, as well as the standards they must meet. Administrative costs related to the submission of rules or equipment for approval will vary depending on how often a casino operator chooses to change the casino games it offers. Further, casino operators are already required to report any defects to the Commission in a timely manner. The amendment simply moves this notification forward to allow the Commission to quickly investigate the defect. However, because Commission staff are present twenty-four hours per day, casino operators will still be able to use the same process for notification, otherwise. This allows the Commission and casino operator to resolve any issues quickly and effectively, therefore ensuring the integrity of casino gaming.

With respect to the other amendment, the Commission, in effectuating its goal of ensuring the integrity of casino gaming, has always evaluated game rules for fairness to patrons. Other administrative rules, specifically Ohio Adm. Code 3772-13-03, prohibit misleading advertisements. Because advertisements cannot be misleading, the games and promotions that casinos offer must already survive this type of scrutiny and, as such, casino operators should be accustomed to it. Further, it is in the interest of the casino operators to offer fair games to their patrons or risk losing them otherwise. Therefore, the Commission does not anticipate an adverse impact as a result of this amendment.

- **3772-19-09 (amendment)**, titled "Surveillance logs and incident reports." This rule specifies that casino operators must maintain surveillance logs and incident reports for certain occurrences at the casino, including unusual or criminal activity. Additionally, the rule requires casino operators to maintain a visitor's log of access to the casino surveillance room. The amendment to this rule allows the Executive Director to approve a threshold at which transfers of cash or cash equivalents must be logged, instead of logging all transfers.

The purpose of the surveillance department at a casino is to observe and document all of the goings-on at the facility and the log report requirements contained in this rule guide the surveillance department in doing so. Further, while all surveillance video must be maintained for at least thirty days, these logs and reports must be maintained for at least five years. Thus, the creation and maintenance of these reports and logs, which are easier to store than surveillance video, actually lessen retention burdens on casino operators and still provide a reliable source of information about events that have occurred at a casino facility.

The amendment to this rule is the product of discussions between Commission staff and the regulated community in order to lessen the burden currently imposed while still surveilling and maintaining the security and integrity of movements of cash, chips, cards, or dice throughout a casino facility. In fact, the Commission granted waivers to all four casino operators at its December 2016 public meeting to allow to them to operate as if this

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amendment has already been implemented. As such, the Commission does not anticipate an adverse impact on business as a result of the amendment.

Minimal costs of compliance with this rule include certain administrative requirements related to the preparation of and adherence to Commission-approved internal controls required by this rule. However, casino operators already have these approved controls in place so no changes are necessary, unless the operators choose to make them.

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

Each of the amendments in this package are needed to correct current issues, such as clarifying the Commission's interpretation of a particular rule and developing a more uniform, streamlined set of rules. 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, specifically by licensing and ensuring certain other minimum standards for casino operators are met.

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 for casino operators, management companies, and gaming-related vendors.

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 affect businesses in the casino industry and certain gaming-related vendors, none of which likely constitute a small business. 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 businesses in the casino industry and certain gaming-related vendors, none of which likely constitute a small business, the Commission will adhere to the statutory requirements, if applicable.

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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, 6th 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

Also, all members of the regulated community and public 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

From: Martin, Patrick
Sent: Wednesday, September 28, 2016 2:24 PM
To: Siba, Michelle; Lisa Powers; Robert Wamsley; Samuel Porter; Lynne.Mackin@pngaming.com; Jessica.McGrady@pngaming.com
Cc: Barron, John; Cox, William; Donahue, Craig
Subject: RE: Proposed amendments to Chapter 11 and Chapter 20

RCOs:

To piggyback on Michelle's email, you'll see a lot of red edits on the later sections in the Table Games chapter. For the most part, that editing shows us re-organizing the Code so that it makes more sense. That organizing allows us to eliminate five rules.

Otherwise, I'd only highlight changes to the shipping rule in 11-06 since we all use that weekly. One change is that we are removing the "time" of delivery requirement for accessory shipments. We know it is hard to predict exactly when those shipments will arrive and, frankly, four-hour windows are not that helpful. So we're eliminating that. Also, we are clarifying that the notices need to show the "approved artwork number" for accessories. Luckily, everyone is in a good habit of doing that already.



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

From: Siba, Michelle
Sent: Wednesday, September 28, 2016 2:01 PM
To: Lisa Powers <LisaPowers@jackentertainment.com>; Robert Wamsley <RobertWamsley@jackentertainment.com>; Samuel Porter <Samuel.Porter@pngaming.com>; Lynne.Mackin@pngaming.com; Jessica.McGrady@pngaming.com
Cc: Barron, John <John.Barron@casinocontrol.ohio.gov>; Cox, William <William.Cox@casinocontrol.ohio.gov>; Martin, Patrick <Patrick.Martin@casinocontrol.ohio.gov>; Donahue, Craig <Craig.Donahue@casinocontrol.ohio.gov>
Subject: Proposed amendments to Chapter 11 and Chapter 20

Good afternoon RCOs,

Attached, please find proposed amendments to rules in Chapter 11 (table games) and Chapter 20 (security). This is the latest batch of rules the Commission will consider in its statutory five year review. Please share them with your teams and **provide any comments to me, in writing, by 5:00 PM on Monday, October 3**. The Commission will consider these rules for initial approval, including any changes made as a result of comments received from you, at the October 12 public meeting. Please note that there were no changes made to 3772-11-04, 3772-11-11, 3772-11-12, and 3772-11-24.

If you have any questions, please do not hesitate to call me.

Respectfully,



Michelle Siba

Deputy General Counsel
Ohio Casino Control Commission
(614) 387-0485

Michelle.Siba@casinocontrol.ohio.gov

Siba, Michelle

From: Siba, Michelle
Sent: Wednesday, November 02, 2016 5:57 PM
To: Lisa Powers; Robert Wamsley; Samuel Porter; Lynne Mackin; Jessica McGrady
Cc: Cox, William; Barron, John; Martin, Patrick; Donahue, Craig
Subject: 5 Year Review Batch 7: Chapter 10 and 3772-19-09
Attachments: 3772-19-09 edits.pdf; 10-01 edits.pdf; 10-02 edits.pdf; 10-04 edits.pdf; 10-10 edits.pdf; 10-11 edits (Reserved).pdf; 10-12 edits (Reserved).pdf; 10-14 edits.pdf; 10-19 edits.pdf; 10-24 edits.pdf; 10-25 edits.pdf; 10-26 edits.pdf; 10-27 edits.pdf; 10-28 edits.pdf

Good evening RCOs,

Attached, please find the edits for which Commission staff intends to obtain initial Commission approval for at the November 16 Commission meeting. This will allow us to commence the formal rule-filing process we're all familiar with. This is the last batch in the Commission's 5 year review and includes rules from Chapter 10 and rule 3772-19-09. Please review these changes and if you have any comments, submit them by 5:00 pm on Monday, November 7.

I will be out of the office for the rest of the week but if you have any questions, please do not hesitate to contact Will Cox at 614-387-0482.

Thanks,

Michelle

Michelle Siba
Deputy General Counsel
Ohio Casino Control Commission
614-387-0485



— COLUMBUS, OH —

200 Georgesville Rd ★ Columbus, OH 43228

January 30, 2017

Michelle Siba
Deputy General Counsel
Ohio Casino Control Commission

Dear Ms. Siba,

Thank you for the opportunity to review and provide comments regarding the Ohio Administrative Code rule review process for Chapters 3772-10-10. Please let this letter serve as a follow up to my November 7, 2016 letter to the Commission. After further consultation with both Hollywood Casino Columbus (HCO) and Toledo (HCT), the properties would like to provide additional comments for the Commission's consideration.

The casinos would like to renew its request for changes to 3772-10-10. Under paragraph (C), it states,

(C) Before processing each financial transaction at the cashier's cage, the casino cashier shall verify the identity of the patron and ensure that the patron is not a part of the commission's voluntary or involuntary exclusion programs.

The casinos read this section to mean that no matter the amount or type of transaction performed at the cage, the patron would be required to present valid, photo identification in order to process *any* transaction. The casinos hold that the term *financial transaction* is too broad, and for the purposes of this section should be defined. Current federal law holds that casinos are not required to request ID of a patron until the transaction exceeds \$10,000. On November 14, 2016 I met with Patrick Martin, Director of Regulatory Compliance, at the Commission, to discuss this topic. His suggestion was to identify in the casino's internal controls the types of financial transactions that would require an ID. In the short run, I believe this is an equitable solution, but my concern would be in the long term when such interpretations are in the hands of Commissioners who are no longer serving. If the intent is to not require ID for *all* financial transactions, than the casinos believe this should be expressly stated in the law, in some form.

Thank you for your consideration and please do not hesitate to reach out to me with any questions or if you require any additional information.

Sincerely,

Samuel H. Porter, III
Regional Director of Compliance
Hollywood Casinos Columbus & Toledo