

Notice of Proposed Rule

DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION

Division of Pari-Mutuel Wagering

RULE NOS.:RULE TITLES:

61D-11.019 Internal Control System

61D-11.022 Cardroom Imprest Bank and Card Table Imprest Tray

PURPOSE AND EFFECT: The purpose and effect will be to implement changes in the rules listed above to implement the amended provisions of Section 849.086, Florida Statutes. The changes are required by Section 24 of Chapter 2009-170, Laws of Florida, amending Section 849.086, F.S., which amendment by reason of Section 5, Chapter 2010-29, was made effective July 1, 2010. Rules will also be updated and clarified to implement other provisions of Section 849.086, Florida Statutes.

SUMMARY: The amendments to Section 849.086, Florida Statutes, will significantly increase the amounts wagered on poker and dominoes conducted at those facilities. A number of changes will also be required for security and internal control issues.

OTHER RULES INCORPORATING THIS RULE: Rules 61D-11.016, 11.007, and 11.012, F.A.C., incorporate Rule 61D-11.019, F.A.C.

EFFECT ON THOSE OTHER RULES: Rule 61D-11.019 has no effect on Rule 61D-11.007. Rules 61D-11.012 and 11.016, F.A.C., refer to cardroom floor plans in Rule 61D-11.019, F.A.C. Cardroom floor plans are now addressed in proposed subsection 61D-11.012(7), F.A.C. In addition, proposed Rule 61D-11.016 requires a technical change to conform to new numbering of proposed Rule 61D-11.012.

SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COSTS AND LEGISLATIVE RATIFICATION:

The Agency has determined that this will not have an adverse impact on small business or likely increase directly or indirectly regulatory costs in excess of \$200,000 in the aggregate within one year after the implementation of the rule. A SERC has not been prepared by the Agency.

The Agency has determined that the proposed rule is not expected to require legislative ratification based on the statement of estimated regulatory costs or if no SERC is required, the information expressly relied upon and described herein: the Division of Pari-Mutuel Wagering conducted an analysis of the proposed rules' potential economic impact and determined that they did not exceed any of the criteria established in Section 120.541(2)(a), F.S.

Any person who wishes to provide information regarding a statement of estimated regulatory costs, or provide a proposal for a lower cost regulatory alternative must do so in writing within 21 days of this notice.

RULEMAKING AUTHORITY: 550.0251(12), 849.086(4), (11) FS.

LAW IMPLEMENTED: 849.086 FS.

IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE HELD AT THE DATE, TIME AND PLACE SHOWN BELOW (IF NOT REQUESTED, THIS HEARING WILL NOT BE HELD):

DATE AND TIME: May 8, 2014, 9:00 a.m. – 10:30 a.m.

PLACE: Florida Department of Business and Professional Regulation, Northwood Centre, Board Room, 1940 N. Monroe Street, Tallahassee, Florida 32399

Pursuant to the provisions of the Americans with Disabilities Act, any person requiring special accommodations to participate in this workshop/meeting is asked to advise the agency at least 5 days before the workshop/meeting by contacting: Mary Polombo at (850)717-1098. If you are hearing or speech impaired, please contact the agency using the Florida Relay Service, 1(800)955-8771 (TDD) or 1(800)955-8770 (Voice).

THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE IS: Mary Polombo, Clerk, Division of Pari-Mutuel Wagering, 1940 North Monroe Street, Tallahassee, Florida 32399-1035

THE FULL TEXT OF THE PROPOSED RULE IS:

61D-11.019 Internal ~~Controls~~ ~~Control System~~.

(1) Initial applications for a cardroom license shall include a complete set of written internal controls ~~control~~

~~system~~ established in compliance with Section 849.086, F.S., and the rules promulgated thereunder. Subsequent changes to the internal controls must be submitted to the division for approval prior to implementation, as one complete set, in a format which will include underlining additions and striking through deletions, since the last date of approved revisions with a footnote of the current revision date. ~~The division will have 30 days from receipt to approve or disapprove the internal controls.~~

(2) Failure of any cardroom operator to follow the internal controls once approved by the division shall be a violation of these rules.

(3) A cardroom operator shall design and document ~~an~~ internal controls ~~control system~~ to reasonably assure that:

(a) Assets are safeguarded;

(b) Financial records are accurate and reliable;

(c) Transactions are performed in accordance with management's authorization;

(d) Access to assets is permitted only in accordance with management's specific authorization;

(e) Recorded accountability for assets is compared with actual assets at frequent intervals and appropriate action is taken with respect to any discrepancies;

(f) Functions, duties, and responsibilities are appropriately segregated and performed in accordance with sound practices by competent, qualified personnel so that errors will be disclosed and corrected in a timely manner;

(g) Fraud is prevented or detected;

(h) Safety of the public and employees is enhanced; and

(i) Competency of staff and ability to comply with established policies and procedures is promoted through training; ~~and~~

~~(j) Efficiency of operations is enhanced.~~

(4) The cardroom manager or general manager shall sign and submit the internal controls ~~control procedures~~ to the division. The internal controls ~~control procedures~~ shall at a minimum contain the following:

(a) A requirement that a supervisor or the transporter verify all transfers between imprest trays and the cardroom vault bank with their signature on the transfer document or a procedure in which tokens that display monetary amounts, commonly referred to as ~~a~~ lammers, are used by cardroom floor staff to authorize and document transfers between imprest trays and cardroom vaults or cages banks;

(b) The designation of a cardroom vault bank holding all cardroom funds;

(c) The designation of the secure location an imprest bank holding all imprest trays;

(d) The designation of a cashier cage methodology for or as a method of controlling and accounting for funds within the cashiers' cashier cage that are part of the cardroom vault bank ~~as an alternative to an imprest bank if designated in the internal controls~~;

(e) A requirement that all transactions flowing through the cardroom vault bank be summarized daily as specified in the internal controls as follows:

1. Increases and decreases to the cardroom vault bank inventory shall be summarized and supported by documentation;

2. A record shall reflect that the cardroom vault bank inventories are counted by at least two persons and recorded at the end of each day on inventory documentation;

3. Information shall be summarized and recorded in the cardroom operator's accounting records on the business day following each day of operation; and

4. A statement of whether a cardroom vault an imprest bank or cashier cage methodology is used shall be indicated by the cardroom operator.

(f) When a cashier cage methodology is used, the facility shall include in the cardroom facility internal controls ~~control procedures~~ security procedures ~~controls~~ that limit access into the cashiers' cashier cage. ~~The internal controls shall also require a list of employees who are granted access to the cashier cage and their individual license numbers;~~

(g) A requirement that the cardroom operator perform an internal audit of the cardroom internal controls once annually ~~audits every six months of operation~~. Internal audit documentation must:

1. Be submitted in a checklist format consisting of the cardroom operator's existing approved internal controls, with attestation by the signature of the cardroom manager or his/her equivalent;

2. Include a footnote as to the date the audit is completed;

~~3.1. Include documentation of material exceptions to internal controls; and~~

~~4.2. Be provided to the division within 30 days of the date of completion of the internal audit.~~

(h) A description of the cardroom's patron dispute resolution process;

(i) A list of all authorized games offered for play and a description of the rules of play and wagering requirements for each game;

~~(j) A requirement for the complete replacement of all card decks that have been in play for three months and domino sets that have been in play for six months;~~

~~(j)(k)~~ The methodology for administration of jackpot payouts shall include:

1. Documentation of whether the payment was made in chips, tokens, currency, or by check, or any combination thereof; and

2. That the patron shall have the option to select the type of payment.

~~(k)(l)~~ An identification of where dealers may take their break, and provide at a minimum, that such breaks be arranged so there is limited opportunity for dealer and player personal interaction;

~~(l)(m)~~ The methodology for administration of rakes to include:

1. A flat fee rake or a rake on a time limit shall be designated for each cardroom or cardroom game. The method of rake may be different for different cardroom games within one cardroom;

2. When the cardroom elects to use a flat fee rake, the amount of the rake the cardroom operator designates shall be stated in the cardroom internal controls; and

3. When the cardroom operator elects to employ a rake on a time limit basis, the amount of the rake for each time period shall be stated in the cardroom internal controls;

~~(n) A floor plan of the cardroom that shall be maintained in the surveillance room. The floor plan shall:~~

~~1. Be based on a readable scale and show the placement or location of the following:~~

~~a. Each cardroom table and its corresponding table number;~~

~~b. Security cameras and other surveillance equipment;~~

~~c. Count rooms and cashier cage;~~

~~d. The location of the cardroom operator's designated cardroom gaming area. Designated cardroom gaming areas shall be separated by a check-in area where the cardroom operator shall check identifications of players prior to being seated for play or shall have controlled entry and exit points where the cardroom operator shall check identifications to ensure no persons under 18 years of age are allowed access to the designated cardroom gaming area; and~~

~~e. The security surveillance system monitoring room.~~

~~2. Provide for clear lines of sight for the security surveillance system. There shall be no area where cards or dominoes are played or where money is collected, distributed, or counted which the security surveillance system is unable to monitor with clarity.~~

~~(m)(o)~~ The methodology for key access controls for drop boxes;

~~(n)(p)~~ The methodology for retirement of cards, chips, dominoes, or tokens. The methodology shall:

1. Designate the individual position responsible for the retirement procedure;

2. State the time line for how often the retirements shall occur; and ~~Require the cardroom operator to notify the division in writing of the retirement action no later than 30 days after retirement of the cards, chips, dominoes, or tokens; and~~

3. Maintain a record of all retirement actions, which shall be available to the division upon request. Require all retired cards, chips, dominoes, or tokens be retained in a secure location for 60 days.

~~(o)(q) The methodology for a dealer or cage cashier when counting the impressments under surveillance coverage, when a card table imprest tray is replenished, maintaining a database of persons who have been excluded from its facility by the cardroom operator or the division;~~

~~(r) A requirement that all internal control documents include a footnote with the revision date for that version of the internal controls; and~~

~~(s) If the facility permits the use of cardroom chips or tokens to purchase pari-mutuel tickets, then the internal controls must provide a procedure to:~~

~~1. Identify all cardroom chips or tokens used to purchase pari-mutuel tickets;~~

~~2. Convert the cardroom chips or tokens to cash; and~~

~~3. Return all cardroom chips or tokens to the cardroom at the end of each shift.~~

~~(t) The methodology for maintenance of any jackpot rake funds withheld for cash payment of jackpot winnings for the following cardroom gaming day; and~~

~~(u) The methodology for administration of Texas Hold'em without a betting limit when a player moves to an active table because play at a previous table is terminated due to circumstances beyond the player's control, pursuant to paragraph 61D-11.004(2)(a), F.A.C.~~

~~(5) The division shall not approve an internal control submission if:~~

~~(a) Any provision of the internal control submission is inconsistent with the requirements of Chapter 61D-11, F.A.C.;~~

~~(b) Any game or series of games played is not an authorized game under Section 849.086(2)(a), F.S.; or~~

~~(c) Players are allowed to wager in excess of the wagering limitation found in Section 849.086(8)(b), F.S. Rulemaking Authority 550.0251(12), 849.086(4), (11) FS. Law Implemented 849.086 FS. History--New 1-7-97, Amended 9-07-08, _____.~~

61D-11.022 Cardroom Imprest ~~Bank and Card Table Imprest~~ Tray.

~~(1) A cardroom operator shall designate a secure area for housing the bank for cardroom operations.~~

~~(1)(2) The chips, tokens, and currency for the cardroom operation shall be physically maintained separately from any other currency of the pari-mutuel wagering facility, except that chips may be used to purchase pari-mutuel tickets if the cardroom operator's internal controls include procedures for converting the designated chips back to cash and returning that cash to the cardroom at a minimum of once daily.~~

~~(3) All cardroom operators must employ an imprest bank or cashier cage method.~~

~~(2)(4) When a card table imprest tray is replenished, the dealer or cage cashier shall count the impressments under surveillance coverage by the method as stated in paragraph 61D-11.019(4)(o), F.A.C. from the cardroom imprest bank.~~

~~(a) The dealer shall count all chips, tokens, and currency transferred in public view under surveillance on the card table; and~~

~~(b) The transporter or a supervisor shall verify the value of the transferred chips, tokens, and currency the dealer has counted.~~

~~(3)(5) The cardroom supporting area where unused imprest trays are stored ~~bank or cashier cage~~ must be a secure area where access is limited to those persons authorized pursuant to subsection 61D-11.012(9), F.A.C. If unused imprest trays are not maintained in such secure area, they must be locked and secured to the table under constant surveillance coverage at all times in the internal controls.~~

~~Rulemaking Authority 550.0251(12), 849.086(4) FS. Law Implemented 849.086 FS. History--New 1-7-97, Amended 9-7-08, _____.~~

NAME OF PERSON ORIGINATING PROPOSED RULE: Leon Biegalski, Director, Division of Pari-Mutuel Wagering

NAME OF AGENCY HEAD WHO APPROVED THE PROPOSED RULE: Ken Lawson, Secretary, Department of Business and Professional Regulation

DATE PROPOSED RULE APPROVED BY AGENCY HEAD: March 21, 2014

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAR: January 27, 2014