

RULES AND REGULATIONS

TITLE 58. RECREATION

PENNSYLVANIA GAMING CONTROL BOARD

[58 PA. CODE CH. 465]

Response to Public Comment

§ 465.1 Definitions.

*Comment:*

This rule appears to allow the licensee to establish when a gaming day begins and ends. However, in light of the central monitoring system, it may be beneficial to the agency to standardize the gaming day for all properties.

*Response:*

*The Board accepts this recommendation. In the weeks subsequent to the opening of the comment period on the subject regulations the need for the central control computer system to work with a standardized gaming day became increasingly apparent. The Board has revised the definition of a gaming day to expressly provide that its beginning and ending times shall be determined by the Board and shall be uniform for all slot machine licensees.*

**§ 465.2. Accounting records.**

*Comment:*

In section 465.2(c)(2), add "minutes of meetings" to the list of documents to be maintained by slot machine licensees.

*Response:*

*The Board declines to accept the recommended amendment.*

*Comment:*

Section 465.2(c)(3) requires that the slot licensee maintain "records which identify ... the difference between theoretical and actual win amounts and percentages, for each slot machine on a week to date, month to month, and year to year to date basis." Based upon MSPD's (Mohegan Sun at Pocono Downs) experience with certain slot systems, this type of information is not maintained and readily available from certain slot machine systems. Moreover, maintaining such records would require at least one additional full time employee.

To eliminate these practical concerns, MSPD suggests that the language be amended to require that records be maintained which identify the differences between theoretical and actual win amounts and percentages that exceed a specified threshold, as is done in other

jurisdictions. MSPD recommends a threshold of the greater 2% or \$100.

*Response:*

*The Board declines to accept the recommended amendment at this time. The required comparative data is available through a configurable option on most commonly used slot monitoring systems. If, in the course of its systems reviews, the Board's Gaming Operations Laboratory determines the requirement to be problematic for operators, the Board will revisit the requirement.*

*Comment:*

Proposed section 465.2(c)(3) would require slot machine records to be maintained on a week to date, month to date and year to date basis. Some systems which are in use in other jurisdictions maintain this information on a daily, month to date and year to date basis, but do not provide the week to date information. It is respectfully suggested that the proposed regulation be amended to accommodate the use of existing systems. The lack of week to date information should not create any regulatory concerns as the information is otherwise captured and tracked in a manner which is a satisfactory management tool.

*Response:*

*For the reasons stated in the previous response, the Board declines to accept the recommended amendment at this time.*

*Comment:*

In section 465.2(c)(8), please confirm applicant's understanding that check cashing (for gaming and non-gaming purposes) is allowed and does not fall under the prohibition of granting credit.

*Response:*

*Section 501.8(b) provides generally that a licensed gaming entity may accept a personal check. The Board expects, in regulations that will be forthcoming, to place reasonable limitations on this practice, particularly with regard to the amount of the personal check. The specific limitations proposed will be subject to a public comment period.*

**§ 465.3 Internal control systems and audit protocols.**

*Comment:*

Section 465.3 (a)(1) requires that a slot machine license applicant's written system of internal controls include records of direct and indirect ownership in the applicant and its affiliates, intermediaries, subsidiaries

and holding companies. While the Isle recognizes that this provision tracks section 1322 (c) 1 of the act, it urges the Board to exercise flexibility in implementing the act on the point for two reasons. First, internal controls should be for the use of casino personnel to ensure that their duties are performed and that the licensee's administrative systems operate in accordance with the Board's regulations and the licensee's policies. The ownership records identified in section 465.3 (a)(1) do not facilitate this function and, in some instances, may contain confidential information to which casino personnel would not be privy.

Second, any slot machine licensee applicant will have already provided this ownership information to the Board via its application, and licensees would provide it upon renewal and in the event of any qualifying changes to the information already provided. Accordingly, providing the information again, in the context of internal controls, constitutes an unnecessary regulatory burden.

The Isle respectfully submits that the Board implement section 1322 (c)(1) of the act by incorporating the ownership information provided via the application and the renewal/amendment processes. Alternatively, the Isle requests that the PGCB clarify that the inclusion of this

information in applicant's written systems of internal controls is only required for the required submission to the Board, and that such information need not be included in the applicant's working written systems of internal controls.

*Response:*

*The Board accepts the substance of the comment. Section 465.3(a)(1) is included in the draft proposal strictly and exclusively because it tracks the language of the statute. The Board does not anticipate that ownership records will be part of a slot machine licensee's approved accounting and internal control submission. Rather, as suggested, ownership records will be reviewed in the normal course of license issuance and renewal.*

*Comment:*

Section 465.3(c) should be stricken. Consistent with the practice of other gaming agencies, the Board and its staff should be the sole arbiters as to whether the internal controls of the applicant address all areas required by the act and the Board's rules. Legislation and regulations inherently have areas that require interpretation and/or clarification. Section 465.3(c) will require each applicant and its auditors to guess at the Board's interpretation of these provisions. These

interpretations will inevitably vary and will result in inconsistent treatment of the internal controls. This would appear to eliminate any benefit in having the assessment performed. It is more efficient and logical for the regulatory body to conduct this assessment and provide a consistent interpretation to all internal control submissions.

*Response:*

*The Board declines to accept the recommended amendments. As proposed, section 465.3 reflects a clear intent on the Board's part to conduct an independent assessment of the suitability of the system of internal controls, most particularly with regard to compliance with the act and this part. See section 465.3(e). The report from an independent certified public accountant required pursuant to proposed section 465.3(c) is commonly required by regulatory agencies i.e. New Jersey, Nevada, Louisiana, and is intended as a resource for the Board in making its determination.*

*Comment:*

In section 465.3(f), it is requested that the 30 day implementation waiting period from the filing of a change in the Internal Control be an immediate implementation. Since the proposed regulation requires the certifications

of the Chief Financial Officer and Chief Executive Officer, it is our belief that the 30 day waiting period prior to implementation is unnecessary. In addition, a procedure could be developed similar to that in New Jersey, where the Board could require a review in the event it felt the proposed change to the internal control contained a substantial material insufficiency.

*Response:*

*The Board declines to accept the recommended amendments. While the Board may ultimately consider adoption of a list of self implementing regulations which do not require submission of internal controls for approval similar to that provided for in New Jersey, given the status of our regulation drafting process enumeration of such a list is premature. It is contemplated, however, that internal controls applicable to regulated transactions impacting gross revenue will require advance submission and approval.*

*Comment:*

In section 465.3(g)(1), please clarify if an "alternative procedure" may be immediately implemented or if there is an additional 30 day waiting period.

*Response:*

*The availability of immediate implementation of an alternative procedure is case specific. Where the Board is able to include in an insufficiency notice issued pursuant to proposed section 465.3(g)(1) a comprehensive treatment of an alternative procedure which may be immediately implemented, the notice will so state. Where, however, an acceptable alternative procedure is conceptually outlined in the notice, the slot machine licensee will be expected to submit revised internal controls for review and approval in the normal course.*

*Comment:*

Section 465.3(i) provides that any changes or amendments to the jobs compendium (organization charts and description of duties and responsibilities of each position shown on such chart) may be implemented by a slot licensee without prior approval of the Board provided that the change or amendment is submitted to the Board by the end of the business day on the date of implementation. The filing must include a detailed cover letter listing by department each position title that has been modified, a brief summary of each change, and various other instructions. Unfortunately, for jobs not in the information technology, internal audit, security, slot accounting, slot operators

or surveillance departments, this requirement could be very burdensome given that the description of the duties and responsibilities of these jobs change frequently which, in turn, may require concomitant revisions to the organization charts.

Requiring daily notification of these changes to the Board will unnecessarily increase the administrative burden on the licensee.

To reduce this administrative burden without sacrificing the goal of the internal control, MSPD suggests a simple change. The slot licensee may implement changes or amendments to the jobs compendium without approval of the Board in all departments other than the information technology, internal audit, security, slot accounting, slot operators and surveillance departments provided that the change or amendment is submitted within 5 business days of the change or amendment.

It is important to note for the Board's consideration that New Jersey recognized the potential unnecessary administrative burden of same day notification of changes in the jobs compendium for certain jobs. For example, New Jersey does not require any notice for changes in job descriptions for jobs which do not require a license or registration within the New Jersey regulatory scheme nor

does it require same day notification for changes to job descriptions for positions which require a casino service employee registration.

*Response:*

*The Board accepts the substance of the comment. Section 465.3 has been revised to eliminate the requirement of filing job descriptions for positions which require a non-gaming registration and has been further revised to allow submission of amendments or changes within the suggested five business days for all but the six enumerated departments.*

*Comment:*

In section 465.3(1), please clarify that the copies requested may be maintained electronically. It is requested that the documents be maintained for three years instead of five years.

*Response:*

*The Board accepts this recommendation in part. Section 465.3(1) has been revised to provide for the maintenance of copies of approved internal controls in electronic form. The Board declines to accept the recommended amendment with regard to record retention preferring to remain consistent with the five year record*

*retention requirements articulated in proposed section 465.7(c).*

*Comment:*

(1) In section 465.3(1), no purpose is served by having both the submission and approval dates on the internal control pages. The proposed internals should have the submission date on them. Once approved, only the approval date should be shown. For those internal control changes that are effective immediately (i.e., do not require Board approval prior to implementation), the date would be the date the new controls were implemented.

(2) Please clarify the Board's expectations regarding the retention of a copy of any superseded internal control submission. Applicant assumes this will only require the retention of the particular pages superseded rather than the entire set of controls. Moreover, even those controls that may be changed without prior Board approval will be required to be retained once superseded.

*Response:*

*The Board accepts the substance of the comments and has amended the proposal to eliminate any requirement with regard to date submitted. Further, it has revised the proposal to clarify that only those pages of an internal*

*control submission reflecting superseded procedures need be retained for the five year period.*

**§ 465.4 Forms, records and documents.**

*Comment:*

It is requested that the requirement that triplicate copies "shall be color coded" be amended to except machine generated documents. Certain documents which are machine generated (i.e. gaming vouchers) can not be produced in triplicate.

*Response:*

*The Board accepts the substance of the comment. It was never intended to mandate color coding with computer generated forms. The proposal has been revised accordingly.*

*Comment:*

Section 465.4 (c) requires that, whenever the Board's regulations require forms or serial numbers to be accounted for and exceptions are noted, the licensee must report such exception "immediately in writing" to its internal audit department and the Board's Bureau of Investigation and Enforcement. The Isle urges the Board to build some flexibility into the timing of the reporting requirement in order to allow for confirmation that the form or serial number is actually missing. With the volume of gaming

documents produced every day, documents are occasionally sent to the wrong department, laid aside and mixed in with unrelated paperwork, or otherwise inadvertently misplaced. In many instances, upon inspection after initially noting an exception in such instances, the misplaced documents or information is quickly discovered. In such circumstances, as nothing is missing, no exception exists to report. This concern could be addressed by modifying section 465.4(c) to require that "such exceptions shall be reported in writing to the slot machine licensee's internal audit department and the Board's Bureau of Investigation and Enforcement within three days of identification of the exception or upon its confirmation, whichever is sooner."

*Response:*

*The Board accepts the substance of the comment and has revised the section to require notice within two days of identification of the exception or upon its confirmation, whichever is sooner. The two day period was selected to allow an operator to go through at least one income control audit cycle.*

**§ 465.6. Annual audit and other reports.**

*Comment:*

In section 465.6(d), providing sixty days after end of fiscal year is not practical. The Form 10-K is not issued

until ninety days after the end of the fiscal year. The Board's filing requirement should be no earlier than the SEC filing requirement.

*Response:*

*The Board declines to accept the recommended amendment as the 60 day filing requirement is statutorily mandated.*

*See 4 Pa.C.S. § 1207(4).*

*Comment:*

In section 465.6(e)(2), revise the beginning of section 465.6(e)(2) to read: "A report expressing the opinion of the independent certified public accountant on the effectiveness of the internal controls over financial reporting and ...". The purpose of this change is to ensure that the internal controls are formally reviewed during the audit.

*Response:*

*The Board has substantively revised section 465.6 (e) to reflect its actual expectations in this area.*

*Comment:*

Add the following language as a separate subsection to section 465.6: "Licensees shall provide copies of all financial statements, management letters, reports, and licensee responses required by this section to the Department of the Auditor General at the same time that

such copies are provided to the Board." Our receipt of such information in a routine manner will assist us in considering and conducting independent audits regarding the operation of gaming in Pennsylvania.

*Response:*

*The Board declines to accept the recommended amendments. Without question, 72 P.S. § 401 delegates to the Department of the Auditor General broad audit and oversight authority. Nothing contained in the proposed regulations in any way circumscribes that authority. In fact, the proposal at section 465.7(f) expressly provides that "n[N]othing herein shall be construed as relieving a slot machine licensee from meeting any obligation to prepare or maintain any book, record or document required by any other Federal, State or local governmental body, authority or agency." The Board's powers, pursuant to section 1202(a)14 of the act, are limited to promulgation of such rules and regulations as are necessary to further the policies and purposes of the act and to fulfill its obligations with respect thereto. To that end, proposed section 465.6 limits its scope to receipt by the Board of certain enumerated annual audits and other reports, review of which is deemed essential to the fulfillment of the Board's regulatory mandate.*

*Comment:*

Add the following language as a separate subsection to section 465.6: "Nothing in these regulations shall prohibit the Department of the Auditor General from conducting audits or from obtaining reports, documents, and information otherwise authorized by law." It is important that the discussion throughout the regulations of the licensees' independent audits not be construed or used as a pretext to preempt this Department's audit authority in any way.

*Response:*

*For the reasons stated above with regard to the express provisions of section 465.7(f) and the scope of the Board's rulemaking authority, the Board declines to accept the recommended amendments.*

*Comment:*

Section 465.6(f) requires that certain independent reports on the licensee's internal controls and adherence thereto, be filed with the Board by April 30 following the end of the calendar year at issue or upon receipt of the report by the licensee from the independent certified public account, whichever is earlier. The Isle requests that the Board modify or add to this provision to account for licensees that operate on a fiscal year that is

different than the calendar year. For instance, section 465.6 (f) could be modified to read: "The slot machine licensee shall file two copies of the reports... within 120 days of the end of its fiscal year or upon receipt, whichever is earlier." Or, the Board could add a sentence to the provision, such as: "For licensees operating on a fiscal year that does not end on December 31, the reports required by subsection (e) shall be filled within 120 days of the end of its fiscal year or upon receipt, whichever is earlier."

*Response:*

*The Board accepts the recommended amendments and has revised the section accordingly.*

*Comment:*

In section 465.6(g), applicant opposes the filing of reports concurrent with the filing of those reports with the SEC. Depending on the timing of such filings, this may not be possible. Applicant recommends that the documents be submitted to the Board within five days of filing. The Board could impose a requirement (similar to Colorado) whereby the licensees must send an e-mail notice to the Board regarding the filing. By this means, the Board will have immediate notice of the filing and the licensees will

have sufficient time to prepare the submissions for Pennsylvania and the other regulatory bodies.

*Response:*

*The Board accepts the substance of the recommended amendments and has revised the proposal to allow filing within 10 days of the time of filing with the applicable commission or regulatory agency or the due date prescribed by such commission or regulatory agency, which ever occurs first.*

**§ 465.7 Retention, storage and destruction of books, records and documents.**

*Comment:*

As currently drafted, this section literally requires every physical and electronic record or document to be retained. This would preclude e-mails from being deleted and would require phone message slips to be retained. Moreover, redundant records reflecting the same transaction would be required to be retained. Applicant recommends that the Board simply require the retention of records that reflect the activities of the slot machine facility's gaming operations.

*Response:*

*The Board declines to accept the recommended amendments. The intent of the regulation is to impose a*

*broad record retention policy with destruction of records at an earlier date permitted only with the express permission of the Board. See proposed section 465.7(b)(5).*

*Comment:*

In section 465.7(a), include the following language after "computer generated data" in the definition of "books, records and documents" in section 465.7(a): "software used to generate the data and records evidencing controls (including computer controls) used to ensure the completeness and authenticity of the data..." The purpose of this addition is to ensure that auditors can review the electronic process for generating data, not merely the final work product.

*Response:*

*The Board accepts the substance of the comment and has revised the proposal, at section 465.7(b)(1), to incorporate this concept.*

*Comment:*

Add the following sentence to section 465.7(b)(1): "Electronic data should be stored in a format that ensures readability, regardless of whether the technology and/or software that created or maintained is have become obsolete." This addition is self-explanatory.

*Response:*

*The Board accepts the substance of the comment and has revised proposed section 465.7(b)(1) accordingly.*

*Comment:*

*In sections 465.7(b)(2) and (d), please confirm Applicant's understanding that the regulations allow for the outsourcing of record retention.*

*Response:*

*As proposed the regulations contemplate utilization of a storage facility outside the licensed facility. The proposed regulations do not, however, contemplate outsourcing by the slot machine licensee of responsibility for management and operation of the storage facility.*

*Comment:*

*In sections 465.7(b)(3) and (4), 465.7(d)(2) and 465.7(e)(3), include the Department of the Auditor General as one of the agencies with access to books, records, and documents pertaining to the operation of a licensed facility, by listing this Department in the above sections and elsewhere as appropriate. We agree with the comments submitted by the Department of the Treasury on this issue, with the inclusion of the additional provisions.*

*Response:*

*For the reasons stated above with regard to the express provisions of section 465.7(f) and the scope of the Board's rulemaking authority, the Board declines to accept the recommended amendments.*

*Comment:*

Add to the various retention periods throughout section 465.7(c): "and until subject to audit." The purpose of this addition is to ensure that documents are actually available for auditors review.

*Response:*

*For the reasons stated above with regard to the express provisions of section 465.7(f) and the scope of the Board's rulemaking authority, the Board declines to accept the recommended amendments. A five year record retention period is standard practice in the gaming industry i.e. New Jersey, Nevada, Louisiana and the Board intends its record retention parameters to be consistent with such practices.*

**§ 465.8. Complimentary services or items.**

*Comment:*

In section 465.8(a)(1), please confirm applicant's understanding that this paragraph requires the internal controls to identify the manner in which the authority to issue comps is delegated to employees. The subsequent

paragraph (section 465.8(a)(2)) requires the internal controls to identify those employees with such authority and the level of authority they have.

*Response:*

*The cited provisions require a slot machine licensee to develop, maintain and apply adequate internal controls over authorization and issuance of complimentary services. Minimum standards to be employed in designing an adequate system of control are outlined in (1) and (2). Pursuant to section 465.8(b) the slot machine licensee must develop, maintain and apply adequate internal controls but need not submit them to the Board for approval prior to implementation.*

*Comment:*

(1) In section 465.8(d), applicant seeks clarification as to the definition of a "guest." Without such a definition, licensees will be in jeopardy every time they issue comps (whose cumulative total exceeds \$10,000) to two or more people who are (1) related, (2) acquainted or (3) in the same party, even though those individuals each warranted the comps.

(2) The last sentence of this paragraph requires clarification as to its purpose. It appears that this provision requires comps based on rated play be based on

actual losses. By requiring disclosure of such details, the sentence suggests that the Board will internally establish a criteria by which it will judge whether a comp should have been issued.

*Response:*

*The Board accepts the substance of the comments. The proposal has been revised to provide that for the purposes of this section a "guest" is any person who receives complimentary services or items as a result of his relationship with the person receiving the primary complimentary. With regard to player rating, the reference to "actual" amount has been deleted in recognition of the fact that many player rating systems are based on theoretical amounts.*

**§ 465.9. Licensed facility.**

*Comment:*

Proposed section 465.9(d)(1) would provide the State Police with its own surveillance monitoring room with the ability to override the control capability of the slot machine licensee's surveillance department. It is respectfully suggested that this override capability be removed as the slot machine licensee is statutorily charged with all aspects of the gaming operation including

surveillance. The override capability creates a situation wherein the licensee's obligation to provide surveillance coverage could be usurped. The surveillance system is the licensee's property which in the normal course of business should be under the licensee's custody and control.

Without the override capability, the State Police will still have the ability to work with the licensee's personnel to request and direct surveillance coverage.

*Response:*

*The Board declines to accept the recommended amendment at this time. Section 1202 of the act charges the Board with ultimate responsibility for the integrity of the slot operation. Provision of an onsite surveillance monitoring room with full camera control capability and the ability to override the control capability of the slot machine licensee's surveillance department is a commonly required regulatory requirement which the Board has deemed essential to the ability of the Board, the Department and the Pennsylvania State Police to carryout their respective duties under the act.*

*Comment:*

Section 465.9(d)(1) requires that the Board and the Pennsylvania State Police ("PSP") have "full camera control capability" which includes the "ability to override the

control capability of the slot machine licensee's surveillance department." MSPD has been advised that "override capability" is not possible in some digital surveillance systems. To accomplish this override in a digital system, MSPD's understanding is that the Board or PSP would be required to call the licensee's monitor room if control of a camera is needed, at which time control of the camera could and would be relinquished.

To correct this problem and avoid the potential violation that would otherwise occur using digital surveillance technology, MSPD suggests that the language be amended to provide as follows: if the Board and PSP seek to override the control capability of the slot licensee's surveillance department and it is not possible to have full camera control capability in the licensee's surveillance system, the Board and PSP is directed to call the licensee's monitor room at which time control will be relinquished.

*Response:*

*The Board declines to accept the recommended amendment at this time. If in the course of its review of actual digital surveillance systems proposed for use by Pennsylvania slot machine licensees, the Board's Bureau of Investigation and Enforcement determines the requirement to*

*be unreasonably burdensome for operators, the Board will revisit the requirement.*

*Comment:*

Section 456.9(d)(1) addresses the requirements of the onsite facilities that licensees must provide for the PGCB and the Pennsylvania State Police. The Isle suggests that the last sentence of section 465.9(d)(1) be modified as follows: Full camera control capability shall include the ability to override the control capability of any camera within the slot machine licensee's surveillance ~~department~~ system. The Isle submits that, while it is possible to override components of the surveillance system, such as cameras, it is unlikely the entire system can be overridden due to design parameters.

*Response:*

*The Board accepts this recommendation. Section 465.9(d)(1) has been revised accordingly.*

*Comment:*

In section 465.9(d)(3), both the Pennsylvania gaming and racing agencies require a fingerprinting facility to be provided. Please confirm Applicant's understanding that only one area for fingerprinting - made available to both the gaming and racing agencies - will be required.

*Response:*

*While the Board anticipates a cooperative and efficient relationship between Pennsylvania's gaming and racing agencies, section 1202(a)14 of the act empowers the Board to promulgate only those rules and regulations necessary to carry out the purposes of the act. To that end, proposed section 465.9(d)(3) limits its scope to the fingerprinting and photographing facility which the Pennsylvania State Police needs to fulfill their obligations with regard to the slot machine operation.*

*Comment:*

Proposed section 465.9(d)(5) references a "security department podium on the gaming floor." As this reference has design, construction and operational implications it is respectfully requested that it be removed as a requirement. Security personnel will be on the floor at all times and equipped with radios. Whether to have a fixed security podium should be a business decision left to the slot machine licensee. The security personnel will be able to communicate via their radios as they move about the facility. Security personnel will be accessible to the State Police without the need of a fixed podium on the gaming floor.

*Response:*

*The Board accepts this recommendation. Section 465.10(d)(5) has been revised accordingly.*

**§ 465.10. Surveillance system; surveillance department control; surveillance department restrictions.**

*Comment:*

[Suggested changes are in bold.]

Section 465.10(a) The Board, through its Bureau of Investigation and Enforcement, shall review **and certify yearly or recertify any changes to** all surveillance system specifications, inclusive of the camera configuration and any changes or modifications to the system specifications, to determine whether the system provides the adequate and effective surveillance of activities inside and outside the licensed facility mandated by section 1207(11) of the act (relating to regulatory authority of Board). A slot machine licensee shall not commence gaming operations unless and until its surveillance system is approved by the Board.

Explanation: A certified system is one that has received the approval from the BIE as meeting all the requirements for operation. Recertifying every year will insure that the standards are maintained.

Response:

*The Board declines to accept the recommended amendment. The proposal, at section 465.10(a), requires the Board's Bureau of Investigation and Enforcement ("BIE") to review and approve a slot machine licensee's surveillance system prior to the commencement of gaming operations. Thereafter, section 465.10(i) requires BIE to pre-approve any camera relocation, specification change, change in lighting or addition or change in the approved surveillance system. As BIE's involvement with the surveillance system is continuous and ongoing, the Board has determined annual recertification to be unnecessary.*

Comment:

Section 465.10(b) Each slot machine licensee shall at all times provide the Board and the Pennsylvania State Police, **or other state, federal agents, or officer of the courts**, upon request, with timely access to its surveillance system and its transmissions. Each member of its surveillance department shall timely comply with any request made by the Board or the Pennsylvania State Police to:

Explanation: This will allow other agents access to video evidence should their investigation require it.

Response:

*The Board declines to accept the recommended amendment. Section 1202(a)(14) of the act empowers the Board to promulgate rules and regulations necessary to carry out the policy and purposes of the act. To that end, proposed section 465.10(b) limits its scope to surveillance room access for the Board and Pennsylvania State Police.*

Comment:

Section 465.10(b)(1) Use, as necessary, any surveillance monitoring room in the licensed facility **and a person/s qualified to operate the surveillance system (if needed).**

Explanation: To assist if and when needed.

Response:

*The Board declines to accept the recommended amendment. Proposed section 465.10(b) expressly requires each member of a surveillance department to comply with any request made by the Board or the Pennsylvania State Police. This section therefore contemplates that a slot machine operator's employee may be asked to operate the console.*

Comment:

Section 465.10 (b)(3)(ii) addresses Board and PSP access to events captured on the licensee's surveillance system, as well as their ability to deny access to the same

for licensee personnel. The Isle submits that it is essential to licensees that personnel assigned to surveillance be permitted to retain access to these images and recordings. Accordingly, the Isle suggests the following change in the draft regulation:

The Board and the Pennsylvania State Police shall have unfettered access to each recording or photograph and, upon the request of either, the slot machine licensee and its personnel not assigned to surveillance shall be denied access thereto. Nothing in this subsection shall be construed to limit the ability of the Board or Pennsylvania State Police to deny access to any specific employee of a licensee's surveillance department.

*Response:*

*The Board declines to accept the recommended amendment but has revised the proposal to clarify that access may be denied to a particular employee, or department including, where appropriate, the surveillance department.*

*Comment:*

Section 465.10(c) The surveillance system required hereunder shall include, **at a minimum** but need not be limited to, the following:

Explanation: To set a limit.

*Response:*

*The Board declines to accept the recommended amendment.*

*Comment:*

Section 465.10(c)(1) Light sensitive cameras with lenses of sufficient magnification to allow the operator to read information on a slot machine reel strip and credit meter and equipped with 360 degree pan, tilt and zoom capabilities, without camera stops, to effectively and clandestinely monitor in detail and from various vantage points, the following:

(i) The gaming conducted at the slot machines in the licensed facility

(ii) The operations conducted at and in the cashiers' cage, any satellite cage, or slot booth and any office ancillary thereto.

(iii) The operations conducted at automated bill breaker, gaming voucher, coupon redemption and jackpot payout machines.

(iv) The count processes conducted in the count room.

(v) The movement of cash and slot cash storage boxes within the licensed facility.

(vi) The entrances and exits to the licensed facility, the gaming floor, and the count room.

(vii) Other areas as the Board shall designate.

**(viii) All cameras shall be placed within a enclosure, behind a protective shield, or places in a local that will prevent the tampering of the equipment by patrons or employee.**

Explanation: A means to insure the system remains operational.

*Response:*

*The Board declines to accept the recommended amendment. The surveillance system review and approval process outlined in the proposal will include an assessment of the suitability of the camera location which, in the normal course, will include the potential for tampering or other form of compromise.*

*Comment:*

Section 465.10(c)(1)(ii) addresses the requirements of a licensee's surveillance system and what activities and areas must be capable of being monitored. The Isle suggests that following change:

The operations conducted at the cashiers' cage, any satellite cage, or slot booth and any ~~office~~ ancillary office adjacent thereto. Perhaps all that is required in

regard to this provision is clarification by the Board of its use of the terms "office ancillary thereto." The Isle notes that offices may be ancillary in function to the cashier's cage, but may not be adjacent to the cage and may be of such a nature as not to require surveillance. For instance, the cage manager's office is ancillary in function to the cage. Yet, this office, which typically is not monitored because it handles no money and only processes already audited paperwork, may be located in the administrative offices or an area that is not in adjacent to a controlled space. If section 465.10 (c)(1)(ii)'s "office ancillary thereto" language is interpreted broadly, surveillance of the cage manager's office under such a scenario could be considered to be required. Such a requirement would be an unnecessary regulatory burden.

*Response:*

*The Board accepts the substance of the comment. The intent of the provision is to capture office space that is functionally related and adjacent or proximate to a cashiers' cage, satellite cage or slot booth. The section has been revised to clarify this intent.*

*Comment:*

Section 465.10(c)(2) Video recording equipment which, at a minimum, shall:

(i) Permit the preservation and viewing of a clear copy of the transmission produced by any camera connected to the surveillance system.

(ii) Be capable of superimposing the **camera number or location**, time and date of the transmission on each recording made by the video recording equipment.

Explanation: To allow easy identification

*Response:*

*The Board accepts the substance of the amendment and has revised the proposal to include a reference to camera number in addition to date and time. As camera location is not as readily available on all systems, it has not been included in the proposal.*

*Comment:*

Section 465.10 (c)(3) Recording media which shall be replaced immediately upon the manifestation of any significant degradation in the quality of the images or sound, where applicable, recorded thereon; provided, however, that where videotape is utilized it shall be used for no more than one year.

Explanation: Remove the use of analog type of equipment for the reason of quality and security issues.

*Response:*

*The Board declines to accept the recommended amendment. The Board has determined it appropriate to leave video recording format selection to the discretion of the slot machine licensee provided the format selected reflects current technology and yields the secure, adequate and effective surveillance function contemplated by the act.*

*Comment:*

Section 465.10 (c)(5) One or more monitoring rooms in the licensed facility which shall be staffed by employees of the slot machine licensee's surveillance department who shall at all times monitor the activities enumerated in subsection(c)(1) and elsewhere in the licensed facility as required by the Board. **Recording equipment shall be kept in a secure location with limited access at all times.** Each monitoring room shall be equipped with or serviced by:  
equipped with or serviced by:

Explanation: A means to insure the system remains operational.

*Response:*

*The Board accepts the substance of the amendment and has revised the proposal, at section 465.10(c)(5), to require that all recording equipment be housed within a monitoring room unless otherwise approved by the Board.*

*Comment:*

Section 465.10 (c)(5)(iii) sets forth requirements for equipment and services in or related to the surveillance system's monitoring rooms. The Isle proposes the following modification: Connections to all casino alarm systems, which must provide a visible, audible or combination signal; ~~provided, however, that any robbery, fire or emergency alarm shall be perceptually distinguishable from all non emergency alarms in a manner approved by the Board.~~ In the Isle of Capri's experience, the security department typically monitors life safety type alarm systems such as fire alarms. The security department's close proximity to the gaming floor enables a more expedient reaction and/or response to alarm conditions. Additionally, it is more appropriate for the surveillance department not to get distracted in the event an alarm is staged, especially if the alarm is staged specially to distract surveillance from protecting company assets. Surveillance will, however, monitor panic and/or holdup alarm zones maintained in sensitive areas such as the cashiers' cage.

*Response:*

*The Board declines to accept the recommended amendment. Nothing in the proposal prohibits a slot*

*machine licensee's security department from monitoring life safety alarms in addition to the surveillance department.*

*Comment:*

**Section 465.10 (c)(5)(vi) A current copy of all the following shall be maintain in the monitoring room/s and easily access by surveillance personnel for review.**

- (a) Emergency contingency plans.**
- (b) Operational manuals.**
- (c) Gaming Board rules and requirements.**
- (d) Training manuals.**
- (e) Emergency contract numbers of key personnel and chain of command.**

Explanation: Insure operator have full resources to perform their jobs and make good judgment calls as required.

*Response:*

*The Board accepts the substance of the amendment and has revised the proposal, at section 465.10(c)(5)(v), to mandate availability in the monitoring room of evacuation procedures, procedures addressing planned and unexpected shutdowns of the surveillance system and a telephone contact list. Proposed section 465.3(1) mandates the availability in the monitoring room of the slot machine*

*licensee's approved accounting and internal control submission.*

*Comment:*

Section 465.10(c)(7) addresses preventative maintenance requirements of the surveillance system. The Isle suggests the following changes: A preventative maintenance program, implemented by technicians assigned to the surveillance department, which insures that the entire surveillance department is maintained in proper working order and that the transparent or semi-transparent covers over the cameras are cleaned in accordance with a routine maintenance schedule. The Isle's experience has shown that, as determined by the design characteristics of general lighting and ceiling height, semi-transparent covers such as smoke, chrome or gold may be used to enhance the clandestine nature of camera positioning within the camera housing. This modification would permit the use of such devices.

*Response:*

*The Board accepts the substance of the comment and has revised the proposal to delete the reference to transparent. The acceptability of semi-transparent covers will be evaluated on a case by case basis in the context of actual surveillance system reviews.*

*Comment:*

Section 465.10(d) All areas subject to camera coverage pursuant to this section shall contain continuous lighting that is of sufficient quality to produce clear video recordings and still picture reproductions. **The use of I.R. illuminators maybe used as a secondary light source as long as it does not degrade the quality of the image.**

Explanation: Allows for camera lighting that does not subtract from the surrounding environment or where normal lighting can be limited by its surroundings.

*Response:*

*The Board declines to accept the recommended amendment. As drafted, the proposal requires lighting sufficient to produce clear video recordings and does not expressly prohibit the utilization of infrared light. Any determination as to the appropriateness of utilizing I.R. illuminators to achieve clear video recording will be made in the context of individual surveillance system reviews.*

*Comment:*

Section 465.10(e)(1) Each transaction conducted at a cashiering location, whether or not that cashiering location services patrons. Coverage of the transaction must include, but shall not be limited to, recording

transmissions from cameras used to observe the face of each person transacting business at each cashiering location from the direction of the cashier.

(2) The main bank, vault, satellite cage, slot booth and other areas as shall be required by the Board.

(3) The collection of slot cash storage boxes.

(4) Any armored car collection or delivery.

(5) Automated bill breaker, voucher redemption, coupon redemption and jackpot payout machines whenever such machines are opened for replenishment or other servicing.

**(6) Detainment room with audio.**

**(7) Monitoring room access door/s.**

Explanation: Allows for a video record of questioning of a detainee. Allows for video record of the entry into a secure area.

*Response:*

*The Board declines to accept the recommended amendments. Proposed section 465.9(d) outlines the requirements applicable to a detention area within the onsite facilities utilized by the Pennsylvania State Police. With regard to monitor room access, the Board has determined the monitoring room entry log required pursuant*

*to proposed section 465.10(o) to be a sufficient control over access to the monitoring room.*

*Comment:*

*Two separate sections are identified as section 465.10(f).*

*Response:*

*The proposal has been revised accordingly.*

*Comment:*

*Section 465.10(f) requires that a surveillance log of all surveillance activity be maintained in a "bound" book. It is requested that the "bound" requirement be removed from this section. Having a "bound" book makes photocopying specific pages much more difficult.*

*Response:*

*The Board declines to accept the recommended amendment. The regulation expressly requires use of a bound book with numbered pages precisely because it is difficult to remove pages from this type of book. The bound book thus serves as an anti-tampering device and preserves the integrity of the surveillance log.*

*Comment:*

*Section 465.10(f)(2) requires that each slot licensee maintain a surveillance log of all surveillance activities in the monitoring room, which includes the name and Board*

issued license credential number of each person who initiates, performs, or supervises the surveillance. In MSPD's experience, copies of the log are frequently forwarded to department heads for corrective action. In such cases, to ensure full and accurate disclosure of transgressions and to avoid any fear of retaliation, the anonymity of the person doing the surveillance and reporting is critical. Requiring the name of surveillance personnel to be recorded in the log eliminates their anonymity, potentially inhibits full disclosure, increases the possibility of retaliation and also increases the time required to make each surveillance log entry.

MSPD suggests that the requirement of the inclusion in the entry of the name of surveillance personnel in the log be eliminated. An operator number or license number can be used and, when necessary, cross-referenced to identify the surveillance employee. The cross reference list can be posted in the surveillance room or be otherwise available when necessary.

*Response:*

*The Board declines to accept the recommended amendments. The surveillance log is an important investigative tool with the name of the individual conducting the surveillance being a key component. An*

*alternative means should be devised to alert department heads of the need for corrective action as circulation of the surveillance log could compromise surveillance methods and practices.*

*Comment:*

Section 465.10(f)(3) entails specific information that the Board will require licensees to include in their surveillance logs. The Isle suggests the following change: When suspicious activity or suspected and/or alleged criminal activity is taking place, the reason for the surveillance, including the name, if known, alias or description of each individual being monitored, and a brief description of the activity in which the person being monitored is engaged. The very nature of the surveillance department is to clandestinely observe and monitor anything within view of any camera. Requiring the licensee to document in great deal routine observations made by a surveillance operator/agent in order to prove that procedures and/or controls were maintained intact during such a routine observation would be counter-productive.

*Response:*

*The Board accepts the substance of the comment as it is consistent with the intent of the section. Specifically, it has revised the proposal to require*

*specific documentation where suspicious activity suspected or alleged regulatory violations or suspected or alleged criminal activity is involved.*

*Comment:*

Section 465.10(f)(6) The Isle proposes that this provision be modified as follows: "Time each drop, count or required surveillance event terminated." Surveillance routinely but randomly monitors all activity within the confines of the casino. Taxable jackpot payouts, CT transactions, fills and impress activities are typically logged with a start time and reviewed to conclusion of the event. The activity log would contain the time of the event, type of event being observed, who was observing the event and the working station on which the event was being monitored. The logging of termination times for surveillance events should be limited to those events that are time sensitive. Other events may take anywhere from minutes to an hour, and termination time would not be essential.

*Response:*

*The Board declines to accept the recommended amendment. Surveillance coverage of the drop and count processes is addressed or will be addressed with specificity in other sections of the regulations. Proposed*

*section 465.10(e)(3), for example, requires continuous recordation of the slot cash storage box pick-up process and the forthcoming regulations on count room procedures will address coverage of the count process, which is also expected to require continuous recordation.*

*Comment:*

Section 465.10(f)(7) Isle proposes that this provision be modified as follows; A summary of the results of the surveillance in events requiring an incident report, including, but not limited to, procedure violations, violations of the Board's internal control regulations, criminal activity, and emergency or medical response.

Surveillance routinely but randomly monitors all activity within the confines of the casino. Certainly, for any events requiring an incident report, the activity log would contain a full report, including a summary of the results of the surveillance. However, given the volume of events monitored by surveillance, it would be counter-productive and burdensome to require a report in the log of the results of every event monitored. If no illegal or inappropriate activity were observed, the Isle's experience is that the event would typically not be documented in further detail.

*Response:*

*The Board declines to accept the recommended amendment. The intent of section 465.10(f)(7) is that a very abbreviated entry be made to the log such as "no further action", "referred for department follow-up", "referred to PSP" or "additional coverage scheduled for \_\_\_\_". The entry might also, where appropriate, contain a reference to a more comprehensive report on the subject matter.*

*Comment:*

Section 465.10(f)(8) addresses the reporting requirements in the surveillance log of equipment or camera malfunctions. The Isle suggests the following change: A complete description of the time, date, and if known, the cause of any equipment malfunctions, and the time at which the security department was apprised of the malfunction in accordance with the casino licensee's internal controls submitted pursuant to section 465.3(b)(5) (relating to internal control systems and audit protocols). First, the reference to "465.3(b)(5)" should be to subsection (d)(5), as there is no 465.3(b)(5) in the draft regulations. Significantly, nothing in section 465.3(d)(5) requires this proposed communication between the surveillance and the security departments. The provision simply requires the

licensee's internal control submission to the Board to include procedures that ensure, "thought the use of a surveillance and security department," that the facility will be secure during any equipment malfunctions, among other events. 58 Pa. Code § 465.3 (d)(5) (emphasis added). Based on the Isle's experience, any weakness in the surveillance system, real or perceived, should not be communicated with any department outside of surveillance. Non-surveillance personnel must always assume surveillance is fully functional. Further, the licensee is already required to report this information to the Board, through the Bureau of Investigation and Enforcement (BIE), section 465.10(g).

*Response:*

*The Board declines to accept the recommended amendments. In the event of an unplanned loss of surveillance coverage, for example, compensating action by the security department is essential. It is expected that the emergency procedures required pursuant to section 465.3(d)(5) will, in fact, require some level of coordination between the security department and the surveillance department in the event of a loss of surveillance coverage.*

*Comment:*

Section 465.10(f), the second subsection (f) contains the erroneous reference to section 465.3 which should be (d) and (5).

*Response:*

*The proposal has been revised to correct the citation error.*

*Comment:*

Section 465.10(f)(8) and section 465.10(g) require that the security department be notified of any malfunction in surveillance equipment. While MSPD believes that the security department should be notified of the malfunction, it also believes that such notification should be limited to the security department head or to management level personnel in the security department. In MSPD's experience, it is important to minimize the number of people who are aware of surveillance equipment malfunctions. The reason for this is simple knowledge of the malfunction may provide a window of opportunity for employees to commit breaches of procedure, policy or theft.

To alleviate this potential problem, MSPD suggests that the language be modified to limit notification to the head of the security department or to management level

personnel in the security department. Thereafter, that person would have the discretion to notify other security personnel of the malfunction. Of course, notification to the Board's BIE Bureau would continue to be required.

*Response:*

*The substance of the comment is in keeping with the Board's intentions in this area. In the context of the internal controls required pursuant to section 465.3(d)(5), the Board anticipates requiring that notice of a surveillance malfunction or loss of coverage be limited to the most senior security department member on shift at the time and certain enumerated senior management personnel.*

*Comment:*

Section 465.10(g) Like section 465.10(f)(8), this provision includes the notion that a malfunction in surveillance equipment would be disclosed to the security department. The provision should be modified consistent with the comments above in Comment (E)(9).

*Response:*

*The proposal has been revised to correct the citation error.*

*Comment:*

Proposed section 465.10(h) would require approval for all camera relocations and changes as well as any lighting

changes in areas subject to camera coverage. It is respectfully suggested that notice of camera and lighting changes be required as opposed to approval. This would allow the licensee flexibility in operating its business while the Board maintains its ability to regulate surveillance systems.

*Response:*

*The Board declines to accept the recommended amendments. In view of the importance of the surveillance function to the overall integrity of the slot operation the Board intends its involvement with these systems to be continuous and ongoing. The Board also, however, has a sound appreciation of the slot operator's reliance on the surveillance system and its need to effect expedited changes and modifications in coverage. The Board has every expectation that it can affect efficient and effective notice and approval procedures in this area.*

*Comment:*

Section 465.10(h)(2) requires that BIE be informed of, and approve in advance, alterations to the surveillance system. The Isle proposes that the section be modified as follows: Any change in an approved camera's specifications resulting in inferior specifications as compared to the original equipment. Isle's experience has shown that

routine and non-routine maintenance may require a camera to be replaced or equipped with higher resolution or a glare resistant device, an auto iris lens, or other equipment that enhances or improves image quality. Notification to and/ or advance approval from BIE of such positive changes should not be required, and may actually hinder security and surveillance.

*Response:*

*The Board declines to accept the recommended amendments as the language proposed interjects an unacceptable level of subjectivity into the notice process. As stated above, in view of the importance of the surveillance function to the overall integrity of the slot operation the Board intends its involvement with these systems to be continuous and ongoing. The Board has every expectation that it can affect efficient, effective and pragmatic notice and approval procedures in this area.*

*Comment:*

Section 465.10(h)(3) requires that the BIE be notified in advance of any change in lighting for areas required to be subject to camera coverage. This section is too vague in that it fails to specify what type of lighting is subject to the regulation. There are many occasions when lighting is changed but has no effect on camera coverage.

For example, the slot machines and lighted signs in the casino require periodic changes in their light bulbs on an as needed basis. Under the present regulation, arguably BIE would be required to be notified of these simple changes.

MSPD suggests that this provision be eliminated, or alternatively modified to specify the type of lighting covered by the section or to specify that only a change in lighting that may affect the ability of the camera to properly view the area would require advance notification.

*Response:*

*The Board declines to accept the recommended amendments as the language proposed interjects an unacceptable level of subjectivity into the notice process. As stated above, in view of the importance of the surveillance function to the overall integrity of the slot operation the Board intends its involvement with these systems to be continuous and ongoing. As stated above, the Board has every expectation that it can affect efficient, effective and pragmatic notice and approval procedures in this area. With specific reference to the comment regarding the changing of light bulbs on slot machines and lighted signs, replacement of bulbs with equivalent specifications is not contemplated as a change in lighting.*

*Comment:*

Section 465.10(h)(3) requires notification to and advance approval from BIE of "any change in lighting for areas required to be subject to camera coverage." The Isle suggests that this provision should be deleted or, at least, modified to limit to section to a notice requirement applied in certain instances. In the Isle's experience, surveillance may need the flexibility to test different lighting configurations to ensure a quality camera image is maintained. For example, hardwiring a light and bypassing its light switch to ensure sufficient lighting is maintained for a quality camera image may be necessary. In such circumstances, any regulatory obligation should be limited to a notice requirement and to instances where change in lighting is permanent.

*Response:*

*For the reasons stated above, the Board declines to accept the recommended amendments.*

*Comment:*

Section 465.10(h)(4) requires notification to and advance approval from BIE for any change or addition to the surveillance system. In MSPD's experience in its other casino operations, from time to time changes are made to the surveillance systems that exceed minimum regulatory

standards. In other words, changes are made that improve the system and exceed the requirements mandated by the Board. For example, it is not unusual for security cameras to be added to enhance coverage. This section requires advance approval of any changes to the system, even improvements or enhancements. This requirement is not necessary.

MSPD suggests that the language be modified to eliminate any notification requirement for changes that exceed existing minimum standards or alternatively, to allow for notification to BIE, but not prior approval, when the licensee adds camera coverage or otherwise exceeds the minimum security standards required by the regulations.

*Response:*

For the reasons stated above, the Board declines to accept the recommended amendments.

*Comment:*

Section 465.10(1) and section 465.9(a) require respectively that the licensee's "surveillance department employees shall be independent of all other departments" and that "the surveillance system be under the exclusive control of the surveillance department." Unfortunately, this language does not address a practical problem - that the surveillance department and any other department within

the casino organization, most likely the security department, may ultimately report to a single department leader. For example, MSPD has an organizational structure that maintains independence of the surveillance department from other departments and the surveillance system is under the exclusive control of the surveillance department. However, for reporting purposes, both the surveillance department and the security department report to the Director of Security and Surveillance. MSPD is concerned that this structure may not technically conform to the requirement that the surveillance department be independent of any other departments. Moreover, it is very likely that this type of organizational convergence of the security department and the surveillance department occurs at some point in the management structure in many casino operations. However, this reporting structure does not affect the independence of surveillance employees nor does it affect their exclusive control of the surveillance system.

To eliminate any uncertainty with regard to compliance with these regulations, MSPD suggests that the language be modified to allow the surveillance department and the security department to report to a single director at some

point in the corporate hierarchy. This director is obviously a key employee position under the act which requires vigorous licensing review and scrutiny and accordingly, there would be no change that the integrity of the system would be harmed.

Alternatively, in the spirit of the waiver provisions set forth in section 465.10(m) and 465.11(g), allow the licensee to petition the Board to seek approval of the aforementioned reporting structure to ensure full and complete compliance with the regulations.

*Response:*

*The Board declines to accept the recommended amendments. As has been disclosed on numerous occasions the Board contemplates a regulatory scheme pursuant to which six mandatory or essential departments are identified: information technology, internal audit, security, slot accounting, slot operations, and surveillance. Each and every one of these departments is integral to the slot operation and their autonomous interactions are essential to its integrity. They will be expected to cooperate with, yet perform independently of, each other. A combined security and surveillance department reporting to a single director is contrary to this scheme and the loss in the check and balance effect between*

*surveillance and security is not mitigated by the key employee status of any director of a combined department.*

*Comment:*

Proposed section 465.10(m) provides certain reemployment/transfer restrictions for surveillance personnel. We believe it is appropriate that surveillance personnel cannot directly transfer to casino money handling or slot operations positions, but would suggest they be able to transfer to any other position without Board approval. The current proposal might make it more difficult than necessary to recruit for surveillance positions if applicants felt that they would have to leave the company if the surveillance position did not work out for some reason.

*Response:*

*The Board declines to accept the recommended amendment. While section 465.10(n) does contain the restriction cited it also contains an express waiver provision applicable in situations where a transfer to a non-surveillance position within the one year debarment would not present a potential for compromise of the surveillance function.*

*Comment:*

Section 465.10(m) essentially prohibits a surveillance department employee of a slot licensee from transferring to another department within the casino (unless that employee has left the slot licensee and one year has passed since the employee worked in the surveillance department). This absolute prohibition may be waived by the Board upon consideration of the following factors: (1) whether the former surveillance department employee will be employed in a department or area of operation that the surveillance department monitors; (2) whether the surveillance and security systems of the slot machine licensee will be jeopardized or compromised by the employment of the former surveillance department employee in the particular position; (3) whether the former surveillance department employee's knowledge of the procedures of the surveillance department would facilitate the commission by any person of irregularities or illegal acts or the concealment of any such actions or errors.

The concern is with factor (1) - whether the former surveillance department employee will be employed in a department or area of operation that the surveillance department monitors. Given that surveillance will cover virtually the entire area of the casino operations, it will be extremely difficult if not impossible to show that the

employee will not be employed in a surveillance area. Consequently, the possibility of obtaining a waiver of the transfer prohibition would be diminished in most circumstances. This could severely restrict the job and promotion options of surveillance employees, thereby making it difficult to recruit and retain such employees.

To deal with this concern, MSPD suggests that the factor indicated in subparagraph (1) be eliminated. Consideration of the factors identified in subparagraphs (2) and (3) provide ample safeguards to protect the integrity of the surveillance and security system without unduly restricting the Board's ability to approve or disapprove a waiver petition under this section. Because factor (1) will likely never be satisfied, it should be eliminated and not considered.

*Response:*

*The Board declines to accept the recommended amendments. The waiver provisions contemplate consideration of a multiplicity of factors, among them whether an individual will be employed in a department or area of operation that the surveillance department monitors. There will be many departments and areas of the operation, like marketing, risk management, legal, internal audit and income control audit, which are not construed as*

*monitored by surveillance for the purposes of this regulation. There will be other positions within monitored departments where the conclusion can be fairly reached that a proposed transfer does not jeopardize or compromise the surveillance function. While the Board does not intend to frustrate the career options of surveillance department employees, the clandestine nature of the function dictates the need for reasonable limitations in this area.*

**§ 465.11. Surveillance system recording formats.**

*Comment:*

(a) A slot machine licensee may utilize either an analog or digital video recording format provided the format selected incorporates current technology with regard to video cameras, monitors, recorders, video printers, switches, selectors and other ancillary equipment and provides for adequate and effective surveillance of activities inside and outside the licensed facility.

Explanation: Remove the analog type of equipment for the reason of quality and security issues.

Insert:

**465.11(h) - The surveillance system shall require a secure access long-on and password for each user and record**

shall be keep of all log-on users and times for 30 days.  
Users will be required to change passwords every 60 days.

Explanation: To trace when someone has access to the surveillance system, and prevent outside users into the system.

*Response:*

*The Board declines to accept the recommended amendments. While the Board fully intends its surveillance system review and approval process to examine system access in detail it expressly declines to set fixed parameters at this time.*