

Pit Redemption of Counter Checks

Accounting and Internal Controls

Proposed Amendments: N.J.A.C. 19:45-1.1, 1.15, 1.16, 1.20, 1.25, 1.26, and 1.33

Proposed New Rule: N.J.A.C. 19:45-1.26B

Authority: N.J.S.A. 5:12-63, 69, 70, 99, and 101

Calendar Reference: See Summary below for explanation of exception to calendar requirement.

Submit written comments by February 18, 2011 to:

James E. Fehon, Director

Compliance Division

Casino Control Commission

Arcade Building

Tennessee Avenue and the Boardwalk

Atlantic City, N.J. 08401

The agency proposal follows:

### **Summary**

The redemption of a patron's counter check is generally required to be performed at the cashiers' cage. See N.J.A.C. 19:45-1.26. The proposed amendments and new rule would also permit a casino licensee, at its option, to redeem a counter check at a gaming pit, if a patron so desires. See proposed N.J.A.C. 19:45-1.26B.

Under the alternative procedures, a patron would be required to elect the pit redemption option at the time the counter check is being prepared and issued. See proposed N.J.A.C. 19:45-1.26B(c)1. The counter check would then be processed in accordance with proposed N.J.A.C. 19:45-1.25(k), except that instead of being transferred to the check bank, the original counter check would remain in the pit, in a double-locked cabinet or drawer accessible only by the casino clerk and pit boss. See proposed N.J.A.C. 19:45-1.26B(c)2.

The counter check could only be redeemed at the same gaming pit where the counter check was created, and only during the same gaming day that it was created. See proposed N.J.A.C. 19:45-1.26B(a)1. The counter check must be redeemed for the full amount (no partial redemptions or substitutions would be permitted for pit redemptions), and by payment of gaming chips only. See proposed N.J.A.C. 19:45-1.26B(a)2. The redemption must be supervised by a dealer and casino supervisor, who must verify that the amount of chips tendered agrees with the amount of the original counter check, and with the redemption documentation prepared by the casino clerk and the dealer. See proposed N.J.A.C. 19:45-1.26B(b)2. The casino supervisor and casino clerk must sign the documentation evidencing that verification, and the casino clerk then stamps the original counter check “redeemed” and returns it to the patron. One copy of the documentation would be placed in the drop box at the gaming table where the counter check was redeemed, and one copy would be forwarded to the check bank for reconciliation. See proposed N.J.A.C. 19:45-1.26B(b)3.

A casino licensee wishing to offer the pit redemption option must submit and obtain approval of internal controls governing such a procedure, which must include the documentation used for the option and a description of the redemption process. The internal controls must also include the documentation and separate tracking procedure utilized by the check bank for counter checks redeemed at a gaming pit in order to ensure the reconciliation of all copies of the counter check. See proposed N.J.A.C. 19:45-1.26B(c).

Any original counter check remaining in the locked drawer required by N.J.A.C. 19:45-1.26B(c)2 must be removed from the gaming pit by no later than the end of the gaming day and expeditiously forwarded to the check bank, where it would be processed in accordance with the provisions of N.J.A.C. 19:45-1.26. See proposed N.J.A.C. 19:45-1.26B(d).

The new pit redemption counter check procedure is also cross-referenced in: the definitions of “poker revenue” and “table game win or loss” in N.J.A.C. 19:45-1.1; cashier procedures in N.J.A.C. 19:45-1.15(c); drop boxes in N.J.A.C. 19:45-1.16(a); table inventories in N.J.A.C. 19:45-1.20(a); counter check procedures in N.J.A.C. 19:45-1.25(k), and 1.26(e); and count room procedures in N.J.A.C. 19:45-1.33(h) and (i).

This notice of proposal is not required to be referenced in a rulemaking calendar since a public comment period of 60 days is being provided. See N.J.A.C. 1:30-3.3(a)5.

**Full text** of the proposal follows (additions are indicated in boldface **thus**; deletions are indicated in boldface brackets [thus]):

#### 19:45-1.1 Definitions

The following words and terms, when used in this chapter, shall have the following meanings unless the context clearly indicates otherwise:

...

“Poker revenue” means the total value of rake charged to patrons at all poker tables pursuant to N.J.A.C. 19:47-14.14. The poker revenue is determined by: **1)** adding the value of cash, coupons, the amount recorded on the Closer, the totals of amounts recorded on the Credits and issuance copies of Counter Checks [removed from a drop box], **and** the total of the amounts recorded on documents that evidence the exchange of gaming chips or plaques as part of credit card or debit card chip transactions, **removed from a drop box**, and **2)** subtracting the amount on the Opener, **the total of amounts recorded on documentation evidencing counter check pit redemptions**, and the total of amounts recorded on Fills, removed from a drop box.

...

“Table game win or loss” means the value of gaming chips and plaques and cash won from patrons at gaming tables less the value of gaming chips, plaques and coins won by patrons at gaming tables other than poker tables and the value paid to patrons in cash or by casino check for progressive payout wagers in accordance with N.J.A.C. 19:45-1.39B and 1.52. The table game win or loss is determined by: **1)** adding the value of cash, **the** total value of coupons other than match play coupons, [and] 50 percent of the total value of match play coupons, the amount recorded on the Closer, the total[s] of amounts recorded on the Credits, [and] the **total of amounts recorded on** issuance copies of Counter Checks [removed from a drop box], the total of the amounts recorded on documents that evidence the exchange of gaming chips or plaques as part of credit or debit card chip transactions, and the total of the amounts recorded on Complimentary Vigorish Forms that document uncollected baccarat or minibaccarat vigorish, **removed from a drop box; 2)** subtracting the amount recorded on the Opener, **the total of amounts recorded on documentation evidencing counter check pit redemptions**, and the total of amounts recorded on Fills, removed from a drop box[.]; and **3)** making any adjustments required by the internal controls of the casino licensee to account for the value of any progressive payout wagers paid pursuant to N.J.A.C. 19:45-1.39B and 1.52.

...

19:45-1.15 Accounting controls for the cashiers' cage, satellite cages, master coin bank and coin vaults

(a) - (b) (No change.)

(c) Except as otherwise authorized by N.J.A.C. 19:45-1.14(i), the cashiers' cage and any satellite cage shall be physically segregated by personnel and function as follows:

1. (No change.)

2. Check cashiers (also known as "check bank cashiers") shall not have access to cash, gaming chips and plaques, except in accordance with (d) below, and such cashiers' functions may include the following:

i. – v. (No change.)

vi. Receive Wire Transfer or Electronic Fund Transfer Acknowledgment Forms in accordance with N.J.A.C. 19:45-1.24A for the purpose of redeeming Counter Checks and Slot Counter Checks or accepting payment on returned Counter Checks and Slot Counter Checks; [and]

vii. Receive from general, chip bank and reserve cash cashiers['] documentation with signatures thereon, required for the effective segregation of functions in the cashiers' cage; **and**

**viii. Receive from casino clerks documentation of a counter check pit redemption, to be reconciled with the redemption copy.**

3. – 5. (No change.)

(d) – (i) (No change.)

19:45-1.16 Drop boxes and slot cash storage boxes

(a) Each gaming table in a casino or casino simulcasting facility shall have attached to it a secure tamper-resistant container approved by the Commission known as a "drop box" in which shall be deposited all cash, coupons exchanged at the gaming table for gaming chips and plaques, match play coupons, progressive wager coupons, issuance copies of Counter Checks exchanged at the gaming table for gaming chips and plaques, **documentation evidencing Counter Check pit redemptions**, documents that evidence the exchange of gaming chips or plaques as part of credit or debit card chip transactions, duplicate Fill and Credit Slips, Requests for Credit forms, Requests for Fill forms, and Table Inventory forms. In addition, each drop box shall have:

1. - 5. (No change.)
- (b) - (e) (No change.)

19:45-1.20 Table inventories; table inventory container; chip reserve compartment

(a) Whenever a gaming table in a casino or casino simulcasting facility is opened for gaming, operations shall commence with an amount of gaming chips, coins and plaques to be known as the "table inventory" and no casino licensee shall cause or permit gaming chips, coins or plaques to be added to, or removed from, such table inventory during the gaming day except:

1. - 6. (No change.)
7. In conformity with a table inventory return device utilized in the game of pai gow poker pursuant to N.J.A.C. 19:46-1.13B or caribbean stud poker pursuant to N.J.A.C. 19:46-1.13G, the gaming chips wagered on the progressive payout shall always be placed in the table inventory; [and]
8. In conformity with N.J.A.C. 19:47-18.7, 18.8 and 18.9, gaming chips placed on or in the wagering devices utilized for the optional bonus wager in the game of let it ride poker pursuant to N.J.A.C. 19:46-1.13H(e), shall always be placed in the table inventory; **and**

**9. In redemption of a Counter Check in conformity with N.J.A.C. 19:45-1.26B.**

- (b) - (e) (No change.)

19:45-1.25 Procedure for exchange of checks submitted by gaming or simulcast wagering patrons; repurchase of cash equivalents

- (a) - (j) (No change.)
- (k) For each Counter Check exchanged at a gaming table, the casino clerk shall:

1. - 5. (No change.)
6. Receive the signed Counter Check directly from the patron; the issuance copy, which is the equivalent of a Check Credit Slip, of the Counter

Check shall be immediately and directly given to the dealer or boxman. In no instance shall the chips or plaques be given to the patron prior to the receipt of the issuance copy of the Counter Check by the dealer or boxman.

i. [The] **Except as otherwise provided in N.J.A.C. 19:45-1.26B, the** original, redemption, and acknowledgement copies of the Counter Check shall be expeditiously transported to the cashiers' cage where the original and redemption copies shall be maintained and controlled by the Check Bank Cashier;

ii. - iii. (No change.)

(l) – (p) (No change.)

19:45-1.26 Substitution, redemption and consolidation of patron checks at the cashiers' cage; return or destruction of redeemed checks

(a) – (d) (No change.)

(e) Except as otherwise provided in this section, N.J.A.C. 19:45-1.26A, **1.26B**, 19:46-1.5(g) and 1.35(d), all consolidations, total or partial redemptions or substitutions of patron checks shall be initiated by the drawer of the patron check and processed by a general cashier at a cashiers' cage or a satellite cage. Consolidation, redemption or substitution of personal checks exchanged for non-gaming purposes pursuant to N.J.A.C. 19:45-1.25(d) shall not be allowed.

(f) – (k) (No change.)

#### **19:45-1.26B Redemption of a Counter Check at a gaming pit**

**(a) A casino licensee may, in its discretion, allow a patron who has exchanged a Counter Check for chips or plaques pursuant to N.J.A.C 19:45-1.25 to redeem the Counter Check at a gaming pit, provided that:**

**1. The redemption occurs at the same gaming pit where the Counter Check was created, and on the same gaming day that the Counter Check was created; and**

**2. The Counter Check is redeemed for the full amount and only by payment of an equal value of gaming chips.**

**(b) A Counter Check redeemed at a gaming pit shall be redeemed in the following manner:**

**1. At the time of redemption, the casino clerk shall remove the original Counter Check from its secured location in the pit, and shall prepare documentation to evidence the placement of the required gaming chips into the table inventory.**

**2. Prior to returning the redeemed original Counter Check to the patron:**

**i. The dealer and the casino supervisor shall verify that the amount of chips agrees with the amount of the original Counter Check, and with the redemption documentation prepared by the casino clerk and the dealer; and**

**ii. The casino supervisor and the casino clerk shall sign the documentation evidencing such verification, and the casino clerk shall stamp the original Counter Check "redeemed."**

**3. One copy of the documentation shall be placed in the drop box at the gaming table where the Counter Check was redeemed, and one copy shall be forwarded to the check bank for reconciliation in accordance with (c)4 below.**

**(c) If a casino licensee permits the pit redemption of a Counter Check, the casino licensee shall comply with approved internal control procedures which shall include, at a minimum, the following:**

**1. Documentation by the casino clerk, prepared concurrently with the preparation of the Counter Check, evidencing the intended use of the pit redemption option rather than the cashiers' cage procedure in N.J.A.C. 19:45-1.25 and 1.26;**

**2. Processing of the Counter Check, which shall be done in accordance with N.J.A.C. 19:45-1.25(k), except that in lieu of the requirements in N.J.A.C. 19:45-1.25(k)6, the original Counter Check**

**shall be maintained in the gaming pit where it was generated, and shall be placed by the casino clerk in a dual-locked cabinet or drawer, which locks shall be keyed separately and controlled by the casino clerk and pit boss, respectively; and**

**3. Documentation and a separate tracking procedure by the check bank of Counter Checks processed pursuant to this section, to ensure the reconciliation of all copies of the Counter Check as required by N.J.A.C. 19:45-1.25(p)2.**

**(d) Any original Counter Checks remaining in the locked cabinet or drawer required by (c)2 above shall be removed from each gaming pit by no later than the end of the gaming day and expeditiously forwarded to the check bank for processing in accordance with the provisions of N.J.A.C. 19:45-1.26.**

19:45-1.33 Procedure for opening, counting and recording contents of drop boxes and slot cash storage boxes and the recording of keno revenue

(a) – (g) (No change.)

(h) Procedures and requirements for conducting the count shall be as follows:

1. - 10. (No change.)

11. The Master Game Report shall be, at a minimum, a two-part form consisting of an original and a duplicate copy unless the casino licensee chooses, pursuant to (i)3 below, to make copies of the original Master Game Report, in which case only an original shall be required. Each additional copy of a multi-part Master Game Report shall be clearly labeled as a copy. As the contents of each drop box are counted, a count team member shall manually record or cause a computer system to record, in a manner approved by the Commission, the following information on the Master Game Report or other supporting documentation by game and table number:

i. - xxiii. (No change.)

xxiv. The table game win or loss or, for poker, the poker revenue; [and]

xxv. The gaming date of the items being recorded, the total number of drop boxes opened and counted and the date the Master Gaming Report is being prepared or generated[.] ;

**xxvi. The dollar amount of each Counter Check Pit Redemption form; and**

**xxvii. The total dollar amount of all Counter Check Pit Redemption forms counted.**

12. - 17. (No change.)

(i) After the contents of all drop boxes or all slot cash storage boxes have been counted:

1. - 4. (No change.)

5. The original Master Game Report, after signing, and the Requests for Fills, the Fills, the Requests for Credits, the Credits, the issuance copies of the Counter Checks, **the Counter Check Pit Redemption Forms**, the Table Inventory Slips, the documents evidencing a credit or debit card chip transaction, Complimentary Vigorish Forms that document uncollected baccarat and minibaccarat vigorish, the coupons removed from drop boxes and any other supporting documentation shall be transported directly to the accounting department and shall not be available to any cashiers' cage personnel. All coupons shall be received and processed by the accounting department in the manner set forth in N.J.A.C. 19:45-1.46(l).

6. - 8. (No change.)

(j) – (n) (No change.)