

13:69D-1.6 Standard financial and statistical reports

(a) Each casino licensee, unless specifically exempted by the Division, shall file monthly, quarterly, and annual reports of financial and statistical data. The data may be used by the Division to evaluate the financial position and operating performance of individual licensees and compile information regarding the performance and trends of the industry in the State of New Jersey.

(b) The Division shall periodically prescribe a set of standard reporting forms and instructions to be used by each licensee in filing the monthly, quarterly and annual reports.

(c) Annual reports to the Division shall be based on a calendar year, beginning January 1, and ending December 31. Quarterly reports shall be based on calendar quarters ending March 31, June 30, September 30, and December 31. Monthly reports shall be based on calendar months.

(d) The reports shall be attested to by the Chief Executive Officer, Chief Gaming Executive, Chief Financial Officer, Treasurer, Financial Director, Controller, or their functional equivalent.

(e) Each report to the Division shall be electronically filed not later than the required filing date, unless specific approval for an extension is granted to the licensee by the Division. Requests for a filing extension must be submitted to and approved by the Division in writing prior to the required filing date. Any filing date that falls on a Saturday, Sunday, or Federal or State holiday shall be extended until the next business day.

1. Monthly gross revenue reports shall be due not later than 9:00 A.M. on the 10th calendar day following the end of the month.

2. All quarterly reports for the quarters ended March 31, June 30, and September 30 shall be due not later than the 15th calendar day of the second month following the end of the quarter.

3. All quarterly reports for the quarter ended December 31 shall be due not later than March 31 of the following year.

4. All annual reports shall be due not later than March 31 of the following year.

(f) In the event of a license termination, change in business entity or material change in ownership, the Division may at its discretion require the filing of an interim monthly, quarterly or annual report, as of the date of occurrence of the event. The filing due date shall be the later of 30 calendar days after notification to the licensee or 30 calendar days after the date of occurrence of the event, unless an extension is granted in accordance with (e) above.

(g) In those circumstances where the licensee is not currently an active operator of an establishment, or portion

thereof, the Division may either revise or eliminate the standard reports to be filed by the licensee.

(h) Any adjustments resulting from the annual audit required in N.J.A.C. 13:69D-1.7 shall be recorded in the accounting records of the year to which the adjustment relates. In the event the adjustments were not reflected in the licensees' quarterly report for the quarter ended December 31 and the Division concludes the adjustments are significant, a revised quarterly report for the quarter ended December 31 may be required from the licensee. The revised filing shall be due within 30 calendar days after notification to the licensee, unless an extension is granted in accordance with (e) above.

(i) Licensees shall report to the Division essential details of any loans, borrowings, installment contracts, guarantees, leases or capital contributions no later than 10 days after the end of the month in which the transaction or event occurs.

13:69D-1.7 Annual audit and other reports

(a) Unless specifically exempted by the Division, each casino licensee shall cause its annual financial statements to be audited in accordance with generally accepted auditing standards by an independent certified public accountant.

(b) The annual financial statements shall be prepared on a comparative basis for the current and prior calendar year, and shall present financial position and results of operations in conformity with generally accepted accounting principles.

(c) The financial statements required by this section shall include a footnote reconciling and explaining any differences between the financial statements included in the casino licensee's quarterly report for the quarter ended December 31, filed in conformity with N.J.A.C. 13:69D-1.6 of this regulation, and the audited financial statements. Such footnote shall, at a minimum, disclose the effect of such adjustments on:

1. Casino revenues;
2. Revenues net of complimentary services;
3. Total costs and expenses;
4. Income before extraordinary items; and
5. Net income.

(d) One copy of the audited financial statements, together with the report thereon of the casino licensee's independent certified public accountant, shall be filed with the Division by April 30 following the end of the calendar year.

(e) Each casino licensee shall require its independent certified public accountant to render a report expressing an opinion as to whether the licensee has followed, in all material respects, its system of internal accounting controls based upon the audit of the financial statements pursuant to (a) above. Whenever, in the opinion of the independent certified public accountant, the licensee has materially deviated from

its system of internal accounting controls or the accounts, records, and control procedures examined are not maintained by the licensee in accordance with the Casino Control Act and this chapter, the report shall enumerate such deviations and shall make recommendations regarding improvements in the system of internal accounting control. If applicable, the licensee shall prepare a written response to the report which shall indicate the actions taken to address the deviations and recommendations. The report and, if applicable, the response shall be filed with the Division by April 30 following the end of the calendar year.

(f) In accordance with the requirements of section 146 of the Casino Control Act (N.J.S.A. 5:12-146), each casino licensee who has made a decision to pay the in lieu taxes prescribed by that section on its licensed premises, shall file with the Department of the Treasury, not later than 90 days following the completion of the project:

1. A schedule which details by major classification, the costs incurred in the project; and
2. A report expressing the opinion of the licensee's independent certified public accountant that the costs are presented fairly in the schedule.

(g) If the casino licensee or any of its affiliates is publicly held, the licensee or the affiliate shall submit one copy to the Division of any report, including, but not limited to, forms S-1, 8-K, 10-Q and 10-K, proxy or information statements and all registration statements, required to be filed by such licensee or affiliates with the Securities and Exchange Commission or other domestic or foreign securities regulatory agency, at the time of filing with such commission or agency.

(h) If an independent certified public accountant who was previously engaged as the principal accountant to audit the casino licensee's financial statements resigns or is dismissed as the casino licensee's principal accountant, or another independent certified public accountant is engaged as principal accountant, the casino licensee shall file a report with the Division within 10 days following the end of the month in which such event occurs, setting forth the following:

1. The date of such resignation, dismissal or engagement;
2. Whether in connection with the audits of the two most recent years preceding such resignation, dismissal or engagement there were any disagreements with the former accountant on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements if not resolved to the satisfaction of the former accountant would have caused him to make reference in connection with his report to the subject matter of the disagreement;
3. The nature and scope of the disagreements, and whether they were resolved;

4. Whether the principal accountant's report on the financial statements for any of the past two years contained an adverse opinion or a disclaimer of opinion or an otherwise qualified opinion; and

5. The nature of such adverse opinion, disclaimer of opinion, or qualification shall be described.

(i) The casino licensee shall request the former accountant to furnish a letter to the Division, stating whether he or she agrees with the statements made by the casino licensee in the report submitted to the Division.

(j) Any filing required by this section shall be made in a format acceptable to the Division.

13:69D-1.8 Retention, storage and destruction of books, records and documents

(a) Books, records and documents shall be defined as any book, record or document pertaining to, prepared in or generated by the operation of a casino, a casino simulcasting facility, a multi-casino progressive slot system, or an approved hotel including, but not limited to, all forms, reports, accounting records, ledgers, subsidiary records, computer generated data, internal audit records, correspondence, and personnel records. This definition shall apply without regard to the medium through which the record is generated or maintained, for example, paper, magnetic media or digital format.

(b) All original books, records and documents shall be:

1. Maintained in a complete, accurate and legible form;
2. Held immediately available for inspection by agents of the Division during all hours of operation; and
3. Organized and indexed in such a manner so as to provide immediate accessibility to agents of the Division.

(c) A casino licensee or a multi-casino progressive slot system operator shall petition the Division for approval of an off-site facility to store original books, records and documents. Such petition shall include:

1. A detailed description of the proposed off-site facility, including security and fire safety systems; and
2. The procedures pursuant to which Division agents will be able to gain access to the original books, records and documents.

(d) A casino licensee or a multi-casino progressive slot system operator shall petition the Division to copy and store original books, records and documents on a microfilm, microfiche or other suitable media system. Such petition shall include a detailed description of:

1. The procedures for the processing, preservation and maintenance of books, records and documents in a form

an audit department executive. The audit department executive shall be subject to the reporting requirements specified in (c) below. The internal audit department shall be responsible for, without limitation, the following:

- i. The review and appraisal of the adequacy of internal control;
- ii. The compliance with internal control procedures;
- iii. The reporting to the Division of instances of noncompliance with the system of internal control;
- iv. The reporting to the Division of any material weaknesses in the system of internal control;
- v. The recommendation of procedures to eliminate any material weaknesses in the system of internal control; and
- vi. If the casino licensee seeks to designate the information technology ("IT") manager as the IT security officer in accordance with the provisions of (b)3 below, the preparation of a written report, updated annually thereafter, which report shall be attested to by the audit department executive and address the following:

(1) A review and appraisal of any risks that may arise as a result of the decision to consolidate the responsibilities of an IT department manager and IT security officer into one position; and

(2) An evaluation of the internal controls designed to mitigate such risks with regard to any activity authorized to be performed by or through the use of a casino computer system, including but not limited to, an electronic transfer credit system or gaming voucher system;

3. An IT department, which may perform functions and fulfill responsibilities for multiple but affiliated casino licensees, supervised by a person, who shall be located in New Jersey, referred to in this section as an IT department manager. If the casino licensee maintains software and data, or any portion thereof, in a remote computer located outside the casino hotel facility in accordance with the provisions of N.J.A.C. 13:69D-2.2, or utilizes a gaming voucher system to redeem coupons, the responsibilities as to such software and data or gaming voucher system shall be performed by an IT security officer. The IT security officer shall report directly to the IT department manager, be licensed as a casino key employee and who, prior to delegating any security responsibilities, shall determine, to the greatest extent practicable, that such delegation would maintain the segregation of incompatible functions and the security and integrity of the casino computer system. The IT department manager may be designated as the IT security officer, subject to compliance with (b)2vi above. The IT department shall be responsible for the integrity of all data, as well as the quality, reliability and accuracy of all computer systems and software used by the casino

licensee in the conduct of casino and casino simulcasting facility operations, whether such data and software are located within or outside the casino hotel facility, including, without limitation, specification of appropriate computer software, hardware, and procedures for security, physical integrity, audit, and maintenance of:

- i. Access codes and other computer security controls used to insure appropriately limited access to computer software and data;
 - ii. Monitoring logs of user access, security incidents and unusual transactions;
 - iii. Logs used to document and maintain the details of any hardware and software modifications;
 - iv. Computer tapes, disks, or other electronic storage media containing data relevant to casino operations; and
 - v. Computer hardware, communications equipment and software used in the conduct of casino operations;
4. A casino games department supervised by a person referred to in this section as a casino manager. The casino games department shall be responsible for the operation and conduct of all authorized games and bill changers in a casino and casino simulcasting facility. A casino licensee may choose, in its discretion, to:
- i. Operate and conduct the game of poker separately from all other casino games, in which event the operation and conduct of poker shall be supervised by a casino key employee;
 - ii. Make the casino games department responsible for the operation and conduct of the simulcast counter;
 - iii. Make the casino games department responsible for the supervision of slot cashiers in accordance with the provisions of (e) below provided that the casino licensee does not establish an independent slot department pursuant to (b)4v below;
 - iv. Make the casino games department responsible for the supervision of changepersons;
 - v. Establish an independent slot department that:
 - (1) Shall be supervised by a person referred to herein as a slot department manager;
 - (2) Shall be responsible for the operation of all slot machines and bill changers;
 - (3) May be responsible for the supervision of slot cashiers in accordance with the provisions of (e) below;
 - (4) May be responsible for the supervision of changepersons;
 - (5) May be responsible for the operation and conduct of the game of keno; and

(6) May be responsible for the operation and conduct of the simulcast counter; or

vi. Establish an independent keno department that:

(1) Shall be supervised by a person referred to herein as a keno manager;

(2) Shall be responsible for the operation and conduct of the game of keno; and

(3) May be responsible for the operation and conduct of either the simulcast counter or an independent slot machine cage department established pursuant to (b)7ii below, but not both;

5. A security department supervised by a person referred to in this section as a director of security. The security department shall be responsible for the overall security of the establishment including, without limitation, the following:

i. The enforcement of the law;

ii. The physical safety of patrons in the establishment;

iii. The physical safety of personnel employed by the establishment;

iv. The physical safeguarding of assets transported to and from the casino, casino simulcasting facility, slot, and cashiers' cage departments, and the immediate notification to the Division of any incident that has compromised the safeguarding of such assets;

v. The protection of the patrons' and the establishment's property from illegal activities;

vi. The detainment, for a reasonable period of time, of each individual as to whom there is probable cause to believe has engaged in or is engaging in conduct that violates N.J.S.A. 5:12-113 through 116, inclusive, N.J.S.A. 5:12-119 as it relates to underage gambling, or N.J.S.A. 33:1-81 pursuant to section 103d of P.L. 1977, c. 110 (N.J.S.A. 5:12-103), for the purpose of notifying law enforcement or Division authorities;

vii. The control and maintenance of a system for the issuance of temporary credentials and vendor access credentials;

viii. The recordation of any and all unusual occurrences within the casino and casino simulcasting facility for which the assignment of a security department employee is made. Each incident, without regard to materiality, shall be assigned a sequential number and shall be recorded in an unalterable format which shall include:

(1) The assignment number;

(2) The date;

(3) The time;

(4) The nature of the incident;

(5) The person involved in the incident; and

(6) The security department employee assigned;

ix. The communication in writing to the supervisor of the credit department of accurate and verifiable information which may be relevant in determining a patron's credit worthiness;

x. The identification and removal of any person who is required to be excluded pursuant to N.J.S.A. 5:12-71, N.J.S.A. 5:12-71.2, or N.J.A.C. 13:69G-1.7, or who may be excluded or ejected pursuant to N.J.S.A. 5:12-71.1, or of any person, other than those who are to be detained pursuant to (b)5vi above, who is prohibited from entering a casino or a casino simulcasting facility pursuant to N.J.S.A. 5:12-119a; and

xi. The performance of all duties and responsibilities in accordance with the procedures and controls pursuant to N.J.A.C. 13:69D-1.3(a)3; and

6. A casino accounting department supervised by a person referred to in this section as a controller. The controller shall be responsible for all casino and casino simulcasting facility accounting control functions including, without limitation, the preparation and control of records and data, the control of stored data, the control of unused forms, the accounting for and comparison of operational data and forms, and the control and supervision of the cashiers' cage, any satellite cages, the soft count room, and the hard count room. The soft count room and hard count room shall each be supervised by a casino key employee, who shall be responsible for the supervision of the soft count or hard count in accordance with N.J.A.C. 13:69D-1.33 and 1.43, respectively. A casino licensee that operates more than one casino room within its casino hotel facility may be required to maintain a separate main cage in each casino room. A casino key employee referred to herein as a cage manager shall supervise the main cage and any satellite cages within the casino room. The cage manager shall report to the controller and shall be responsible for the control and supervision of cage and slot cashiers, casino clerks and the cage functions set forth in N.J.A.C. 13:69D-1.14 and 1.15. If a casino licensee elects to operate one or more satellite cages, each satellite cage shall be supervised by a casino cage supervisor who shall report to a cage manager. A casino licensee may choose, in its discretion, as to each cashier's cage in its casino hotel facility, to:

i. Separate the cashiers' cage into independent operations for table games and slot machines. If a casino licensee elects to operate a separate table games cage and slot machine cage:

(1) The provisions of N.J.A.C. 13:69D-1.14(i) shall not apply (that is, the casino licensee shall be required to have a master coin bank);

(2) Each independent cage operation shall be supervised by a cage manager and each cage manager shall report to the controller;

(3) The cage manager for the independent slot machine cage shall be responsible for the supervision of the master coin bank, slot cashiers and coin impressment personnel; and

(4) The cage manager for the independent table games cage shall be responsible for all cashiers' cage functions not included in (b)6i(3) above;

ii. Operate an independent slot machine cage as a separate department. If an independent slot machine cage is operated as a separate department:

(1) The slot machine cage department shall comply with the provisions of (b)6i(1) and (3) above;

(2) The cage manager of the slot machine cage department shall report to a casino key employee;

(3) The slot machine cage department may be responsible for the supervision of changepersons; and

(4) The slot machine cage department may be responsible for the operation and conduct of either the simulcast counter or the game of keno, but not both;

iii. Make the casino accounting department responsible for the supervision of changepersons; or

iv. Make the casino accounting department responsible for the operation and conduct of the simulcast counter.

(c) The supervisors of the surveillance and internal audit departments required by (b) above shall comply with the following reporting requirements:

1. Each supervisor shall report directly to the chief gaming executive of the casino licensee regarding administrative matters and daily operations; provided, however, a casino licensee may allow each of these supervisors to report directly to a management executive of the licensee other than the chief gaming executive if that executive reports directly to the chief gaming executive.

2. Each supervisor shall report directly to one of the following persons or entities regarding matters of policy, purpose, responsibility, and authority. The hiring, termination, and salary of each supervisor shall also be controlled by one of the following persons or entities:

i. The independent audit committee of the casino licensee's board of directors;

ii. The independent audit committee of the board of directors of any holding company of the casino licensee which has absolute authority to direct the operations of the casino licensee;

iii. The senior surveillance or internal audit executive of any holding company included in (c)2ii above if such executive reports directly to the independent audit committee of the board of directors of the holding company; or

iv. For casino licensees or holding companies which are not corporate entities, the non-corporate equivalent of any of the persons or entities listed in (c)2i through iii above.

3. For purposes of this subsection, the independent audit committee shall be comprised of three or more members; provided, however, that the independent audit committee may be comprised of less than three members upon a showing of good cause to the Division.

(d) The casino licensee's personnel shall be trained in all internal and accounting control practices and procedures relevant to each employee's individual function.

(e) A casino licensee may choose to make the slot department responsible for the supervision of slot cashiers provided the casino licensee complies with either of the provisions below:

1. A slot cashier shall be prohibited from participating in any transaction that involves the acceptance, issuance, recordation or accounting of assets that affect the determination of gross revenue; or

2. Slot department operations shall be conducted as follows:

i. The casino licensee shall utilize a computerized slot monitoring system that, at a minimum, automatically records the slot machine asset number, date, time, and dollar amount whenever a hand-paid jackpot or hopper fill takes place;

ii. Each slot machine on the casino floor shall be connected electronically to the computerized slot monitoring system and each jackpot payout slip and hopper fill slip shall be computer generated pursuant to N.J.A.C. 13:69D-1.40 and 1.41, respectively;

iii. The security features of the computerized slot monitoring system shall, at a minimum, prohibit the deletion, creation or modification of any information required by (e)2i above, unless a permanent record is created that sets forth:

(1) The original information;

(2) Any modification to the original information;

(3) The identity of the employee making the modification; and

(4) If applicable, the identity of each employee authorizing the modification;

iv. The computerized slot monitoring system shall be capable of generating a daily report that contains, at a minimum, the information required by (e)2i and iii above, which report shall be used by the casino accounting department to verify the number and dollar amount of hand-paid jackpots and hopper fills and shall only be available to the casino accounting department until such verifications have been completed;

v. Any modification of \$100.00 or more to the original amount recorded on a computerized jackpot payout slip or hopper fill slip shall be authorized by two employees of the department that is responsible for the operation of the casino licensee's slot machines and bill changers, and at least one of the two employees shall be in a position of equal or greater authority than the individual who initially requested the jackpot payout slip or hopper fill;

vi. The master coin bank and coin impressment personnel of the casino licensee shall be supervised by the casino accounting department; and

vii. The internal controls of the casino licensee shall specify the manner in which the department that is responsible for the operation of the casino licensee's slot machines and bill changers shall interact with the computerized slot monitoring system including, without limitation, access to system menus, the establishment of slot machine profile parameters, and the ability of the department to access, delete, create or modify information contained in the slot monitoring system.

(f) A casino licensee may designate and assign more than one person to serve jointly as the manager of a department within the licensed facility. Each person serving as a joint manager of a department within the licensed facility shall be individually and jointly accountable and responsible for the operations of that department.

(g) Each department required or permitted by this section shall be supervised at all times by at least one casino key employee.

(h) In the event of a vacancy in the chief executive officer position, the chief gaming executive position required by N.J.A.C. 13:69D-1.1, the equal opportunity officer position required by N.J.A.C. 13:69K-1.4 or in any department supervisor position required or permitted by this section:

1. The casino licensee shall notify the Division no later than five days from the date of the vacancy. Such notice shall be in writing and shall indicate, without limitation, the following information:

- i. The vacant position;
- ii. The date on which the position became vacant; and
- iii. The date on which it is anticipated that the vacancy will be filled on a permanent basis;

2. The casino licensee shall designate a person to assume the duties and responsibilities of the vacant position no later than 30 days from the date of vacancy. Such person may assume the duties and responsibilities of the vacant position on a temporary basis, provided that:

i. Such person does not function as the department supervisor for any department required by this section;

ii. Such person's areas of responsibility will not be so extensive as to be impractical for one person to monitor;

iii. The chief executive officer or the chief legal officer of the licensee shall assume the responsibilities of the equal opportunity officer until such position is filled on a permanent basis; and

iv. Such position shall be filled on a permanent basis within 120 days of the original date of vacancy;

3. Within five days of filling any vacancy pursuant to (h)2 above, the casino licensee shall notify the Division thereof. Such notices shall be in writing and shall indicate, without limitation, the following:

i. The position;

ii. The name of the person designated;

iii. The date that the vacancy was filled; and

iv. An indication of whether the position has been filled on a temporary or permanent basis; and

4. All notices required by this subsection shall be directed to the Division.

13:69D-1.11A Table of organization

(a) Each casino licensee shall maintain on file a table of organization delineating the lines of authority for all personnel engaged in the operation of the hotel, casino and casino simulcasting facility which shall include chain-of-command requirements of the Act and the Division's regulations.

(b) The table of organization shall, for each department and division, include direct and indirect lines of authority within the department or division. Each page of a table of organization shall specify the following:

1. The date of its submission;

2. The date of the previously submitted table of organization which it supersedes; and

3. A unique title or other identifying designation for that table of organization.

(c) Each casino licensee shall submit to the Division a list of persons, except casino key employees and casino key qualifiers, who have received compensation of \$100,000 or more, including salary, bonuses, incentives, profit sharing or any other compensation as indicated on the employees'