

(c) The detailed, supporting, and subsidiary records shall include, but not necessarily be limited to:

1. Records of all patron checks initially accepted by the licensee, deposited by the licensee, returned to the licensee as "uncollected", and ultimately written-off as uncollectible.

2. Statistical game records to reflect drop and win amounts or, for the game of poker, the poker revenue, by table for each table game, and by keno work station number or keno writer for the game of keno, by each shift.

3. Records supporting the accumulation of the costs and number of persons, by category of service, for regulated complimentary services.

4. Records of all investments, advances, loans and receivable balances, other than patron checks, due to the establishment.

5. Records related to investments in property and equipment. The records shall identify the investments made under section 144 of the Casino Control Act as an alternative to the additional two percent tax on gross revenues. Such investments must be approved by the Commission as to their eligibility.

6. Records which identify the handle, payout, win amounts and percentages, theoretical win amounts and percentages, and differences between theoretical and actual win amounts and percentages, for each slot machine on a week-to-date, month-to-date, and year-to-date basis.

7. Records of all loans and other amounts payable by the establishment.

8. Records which identify the purchase, receipt, and destruction of gaming chips and plaques.

9. Records provided for in the system of internal accounting controls submitted to the Commission pursuant to the Casino Control Act.

10. Records used by the casino licensee to reconcile simulcast wagers with sending tracks pursuant to N.J.A.C. 19:55-7.1, calculate outstanding pari-mutuel tickets pursuant to N.J.A.C. 19:55-7.2 and calculate payments to the Racing Commission pursuant to N.J.A.C. 19:55-7.3.

Amended by R.1985 d.51, effective February 19, 1985.

See: 16 N.J.R. 3303(a), 17 N.J.R. 481(a).

(d)-(e) deleted.

Amended by R.1988 d.209, effective May 16, 1988.

See: 19 N.J.R. 1975(b), 20 N.J.R. 1102(a).

Substantially amended (c)3.

Amended by R.1992 d.499, effective December 21, 1992.

See: 24 N.J.R. 2692(b), 24 N.J.R. 4570(a).

In (c)3, deleted description of minimum records to be maintained for complementaries and recodified text, with changes, as N.J.A.C. 19:45-1.9(e).

Amended by R.1993 d.37, effective January 19, 1993.

See: 24 N.J.R. 3695(a), 25 N.J.R. 348(b).

Simulcast provisions added at (c)10.

Amended by R.1994 d.141, effective March 21, 1994.

See: 25 N.J.R. 5906(a), 26 N.J.R. 1380(a).

Amended by R.1995 d.285, effective June 5, 1995.

See: 26 N.J.R. 2218(a), 27 N.J.R. 2254(a).

19:45-1.3 Licensee's system of internal controls

(a) Each applicant for a casino license shall submit to the Commission a narrative description of its initial system of internal procedures and administrative and accounting controls ("internal controls") at least 30 days before gaming operations are to commence, unless otherwise directed by the Commission. Each such submission shall be accompanied by a certification by its Chief Legal Officer or equivalent that the submitted internal controls conform to the requirements of the Act and the regulations promulgated thereunder, and a certification by its Chief Financial Officer or equivalent that the submitted internal controls are adequate and effective, establish a consistent overall system of internal controls, and conform to generally accepted accounting principles. The initial submission shall also be accompanied by a report of an independent certified public accountant licensed to practice in New Jersey, stating that the submitted system conforms in all respects to the standards of internal control set forth in the Act and the Commission's rules or in what respects the system does not conform. Except as otherwise provided in this section, a casino licensee may, upon submission to the Commission of a narrative description of a change in its system of internal controls and the two original signed certifications described above, implement the change on the 16th calendar day following the completed submission. Any submission received by the Commission's Document Control Unit after 3:00 P.M. shall be considered to have been submitted on the next business day. Each submission by a casino licensee or applicant shall include, as applicable and without limitation, the following:

1. Administrative controls which include, without limitation, the procedures and records that are concerned with the decision making processes leading to management's authorization of transactions;

2. Accounting controls which have as their primary objectives the safeguarding of assets and the reliability of financial records and are consequently designed to provide reasonable assurance that:

i. Transactions are executed in accordance with management's general and specific authorization;

ii. Transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and N.J.A.C. 19:45-1.6, and to maintain accountability for assets;

iii. Access to assets is permitted only in accordance with management authorization; and

iv. The recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences; and

3. Procedures and controls for ensuring, through the use of the casino security department, that the casino and casino simulcasting facility are constantly secure during normal operations and any emergencies due to malfunctioning equipment, loss of power, any natural disaster or any other cause.

(b) The Commission shall review a submission made pursuant to (a) above and determine whether it conforms to the requirements of the Act and the Commission's rules and provides adequate and effective controls for the operations of the casino licensee or applicant. No applicant for a casino license shall commence gaming operations unless and until its system of internal controls is approved by the Commission.

(c) If, during its review of a casino licensee's internal control submission, the Commission preliminarily determines that a procedure in the submission contains a substantial and material insufficiency likely to have a direct and materially adverse impact on the integrity of gaming or simulcast wagering operations or the control of gross revenue, the Chair, by written notice to the casino licensee, shall:

1. Specify the precise nature of the insufficiency and when possible, an acceptable alternative procedure;
2. Schedule a hearing before the full Commission no later than 15 calendar days after the date of such written notice to determine whether the internal controls are insufficient; and
3. Direct that any internal controls in issue not yet implemented not be implemented until approved by the Commission.

(d) Examples of submissions that the Chair and Commission may, under appropriate circumstances, determine to contain a substantial and material insufficiency likely to have a direct and materially adverse impact on the integrity of gaming or simulcast wagering operations or the control of gross revenue shall include, without limitation, the following:

1. Submissions that fail to provide an adequate audit trail that would permit the review of gaming operations or the reconstruction of gross revenue transactions;
2. Submissions that fail to provide for the segregation of incompatible functions so that no employee is in a position both to commit an error or to perpetrate a fraud and to conceal the error or fraud in the normal course of his or her duties;
3. Submissions that do not include forms or other materials referenced in the submission or required by the Act or regulations that are essential elements of the internal controls and prevent a meaningful review of the submission;

4. Submissions that would implement gaming operations or accounting procedures not yet authorized by the Casino Control Act or the regulations of the Commission; and

5. Submissions that are dependent upon the use of equipment or related devices or software not yet approved by the Commission pursuant to N.J.A.C. 19:46-1.20, unless such submissions are required as part of an authorized test of the equipment or related device or software.

(e) If a casino licensee is notified pursuant to (c) above that a particular internal control submission contains a substantial and material insufficiency and that a hearing on the submission has been scheduled before the Commission on a specific date, the 15-day review period for any revision to those internal controls submitted by the casino licensee after receipt of the Chair's notice shall not commence unless the revision is accompanied by the two certifications required by N.J.S.A. 5:12-99a and (a) above.

(f) Notwithstanding any other provision of this section, the following changes to internal controls required by N.J.S.A. 5:12-99a may be implemented immediately upon the preparation and internal filing by the casino licensee of a narrative description of such changes together with, except as otherwise provided in (i) below, the two certifications described in (a) above:

1. N.J.A.C. 19:45-1.9, 1.9A, 1.9B and 1.9C (complimentaries), except for:
 - i. Internal controls required by N.J.A.C. 19:45-1.9(i) for complimentary programs involving authorized games or simulcasting;
 - ii. Internal controls regarding the reporting of complimentaries for uncollected vigorish pursuant to N.J.A.C. 19:47-3.3(c)i and 7.3(c)3i;
2. Changes to the jobs compendium of a casino licensee pursuant to N.J.A.C. 19:45-1.11A;
3. N.J.A.C. 19:45-1.15 (accounting controls), except for procedures relating to casino credit and gross revenue transactions;
4. N.J.A.C. 19:45-1.15A (simulcasting);
5. N.J.A.C. 19:45-1.19 (tips);
6. N.J.A.C. 19:45-1.24A and 1.24B (wire transfers);
7. N.J.A.C. 19:45-1.34 and 1.35 (slot booth controls), except for procedures relating to casino credit and gross revenue transactions;
8. N.J.A.C. 19:45-1.37B (slot tower lights); and
9. N.J.A.C. 19:45-1.46 (coupon redemption and other complimentary distribution programs), except for internal controls governing coupon programs that can affect gross revenue; and

10. N.J.A.C. 19:45-1.46A (automated coupon redemption machines).

(g) The following rules are self-explanatory and self-implementing, and except as noted, do not require the preparation or submission of internal controls:

1. N.J.A.C. 19:45-1.1 (definitions);
2. N.J.A.C. 19:45-1.2 (accounting records);
3. N.J.A.C. 19:45-1.3 (internal controls);
4. N.J.A.C. 19:45-1.4 (ownership records);
5. N.J.A.C. 19:45-1.5 (forms);
6. N.J.A.C. 19:45-1.6 (standard reports);
7. N.J.A.C. 19:45-1.7 (audits);
8. N.J.A.C. 19:45-1.8 (record retention);
9. N.J.A.C. 19:45-1.11A (jobs compendium, except as otherwise required of a casino licensee applicant pursuant to N.J.A.C. 19:43-9.1);
10. N.J.A.C. 19:45-1.12 (personnel), except for the submission of secondary position programs and submission of plans for revised supervision;
11. N.J.A.C. 19:45-1.13 (firearms);
12. N.J.A.C. 19:45-1.14 (cashier's cage) and 1.14A (simulcasting counter), except for procedures relating to casino credit and gross revenue transactions;
13. N.J.A.C. 19:45-1.45 (signatures);
14. N.J.A.C. 19:46-1.20 (inspections and approvals of gaming and simulcasting equipment and software);
15. N.J.A.C. 19:46-1.22 and 1.23 (possession and transportation of slot machines);
16. N.J.A.C. 19:46-1.24 (slot machine seals);
17. N.J.A.C. 19:46-1.27 (slot density);
18. N.J.A.C. 19:46-1.28 and 1.28A (gaming and simulcasting equipment testing and standards);
19. N.J.A.C. 19:46-1.29 (operation of gaming and simulcast wagering equipment); and
20. N.J.A.C. 19:46-1.34 (slot tokens).

(h) A current version of the internal controls of a casino licensee shall be maintained in, or made available through secure computer access to, the casino accounting department and surveillance department of the casino licensee. The casino licensee shall also maintain a copy of any superceded changes to its internal control submission and the two certifications required for each change for a minimum of five years in a location approved by the Commission. Each page of the internal controls shall indicate, as applicable, the date on which it was submitted to the Commission and the date on which it was either approved

by the Commission or implemented pursuant to N.J.S.A. 5:12-99a and (a) above, or if the submission was governed by (f) above, the date on which it was filed internally and implemented by the casino licensee.

(i) Notwithstanding any other provision of this section to the contrary, the two certifications otherwise required by N.J.S.A. 5:12-99a and (a) above shall not be required for the following internal control changes:

1. The specific procedures controlling a particular new or modified complimentary distribution program or promotion governed by N.J.A.C. 19:45-1.9 or 1.46, except for internal controls included in (f)1i and ii above and those governing coupon programs that can affect gross revenue;
2. Changes to the jobs compendium of a casino licensee pursuant to N.J.A.C. 19:45-1.11A other than the license categories, job codes, job functions, reporting lines (including, but not limited to, new positions and deleted positions) or job titles of the mandatory departments identified in N.J.A.C. 19:45-1.11 or the positions identified in N.J.A.C. 19:41-1.1 and 1.2; and
3. Changes to positions identified in N.J.A.C. 19:41-1.1 and 1.2 shall not require certification if the changes are limited to the data required by N.J.A.C. 19:45-1.11A(b)3ii (salary range), iv (experiential or educational requirements), v (projected number of employees), vi (equal employment opportunity class or subclass), viii (date of the submission) or ix (page number of corresponding table of organization).

Amended by R.1981 d.272, effective August 6, 1981.

See: 13 N.J.R. 47(c), 13 N.J.R. 628(a), 541(a).

Amended by R.1982 d.189, effective June 21, 1982.

See: 14 N.J.R. 381(a), 14 N.J.R. 664(c).

Amended by R.1989 d.457, effective September 5, 1989.

See: 21 N.J.R. 1506(a), 21 N.J.R. 2808(c).

Changes to submission schedule from 90 days to 120 days before gaming commences and Commission determination to be made within 90 days, reflects changes to Casino Control Act.

Amended by R.1991 d.381, effective August 5, 1991.

See: 23 N.J.R. 1302(a), 23 N.J.R. 2323(a).

In (a): reduced mandatory maximum application period for internal control submissions from 120 to 60 days.

Added (a)1-2. In (b): stylistic revisions.

In (c): reduced time frames for submission of any changes to licensee's system of internal procedures, as well as time frame for determination regarding changes.

Amended by R.1994 d.265, effective June 6, 1994.

See: 25 N.J.R. 5893(a), 26 N.J.R. 2463(a).

Amended by R.2004 d.128, effective April 5, 2004.

See: 35 N.J.R. 1401(a), 36 N.J.R. 1788(a).

Rewrote the section.

19:45-1.4 Records regarding ownership

(a) In addition to other records and information required by this regulation, each casino licensee shall maintain the following records regarding the equity structure and owners:

1. If a corporation:

- i. A certified copy of articles of incorporation and any amendments thereto;
- ii. A copy of by-laws and amendments thereto;
- iii. A current list of officers and directors;
- iv. Minutes of all meetings of stockholders and directors;
- v. A current list of all stockholders and stockholders of affiliates, including their names and the names of beneficial owners of shares held in street or other name where any beneficial owner has a beneficial interest in two percent or more of the outstanding shares of any class, addresses, and the number of shares held by each and the date acquired;
- vi. A complete record of all transfers of stock;
- vii. A record of amounts paid to the corporation for issuance of stock and other capital contributions and dates thereof;
- viii. A record, by stockholder, of all dividends distributed by the corporation; and
- ix. A record of all salaries, wages, and other remuneration (including prerequisites), direct and indirect, paid during the calendar or fiscal year, by the corporation, to all officers, directors, and stockholders with an ownership interest at any time during the calendar or fiscal year, equal to or greater than five percent of the outstanding capital stock of any class of stock.

2. If a partnership:

- i. A schedule showing the amounts and dates of capital contributions, the names and addresses of the contributors, and percentage of interest in net assets, profits, and losses held by each;
- ii. A record of the withdrawal of partnership funds or assets;
- iii. A record of salaries, wages, and other remuneration (including prerequisites), direct and indirect, paid to each partner during the calendar or fiscal year; and
- iv. A copy of the partnership agreement and certificate of limited partnership, if applicable.

3. If a sole proprietorship:

- i. A schedule showing the name and address of the proprietor and the amount and date of his original investment;
 - ii. A record of dates and amounts of subsequent additions to the original investment and withdrawals therefrom; and
 - iii. A record of salaries, wages, and other remuneration (including prerequisites), direct or indirect, paid to the proprietor during the calendar or fiscal year.
4. If a limited liability company:
- i. Certificates of formation, amendment, and cancellation;
 - ii. Operating agreement;
 - iii. A current list of all members and managers;
 - iv. A schedule showing the amounts and dates of contributions by members, the names and addresses of the contributors, and percentage of interest in net assets, profits, and losses held by each member and manager;
 - v. A record of the distributions of limited liability company funds or assets; and
 - vi. A record of salaries, wages, and other remuneration (including prerequisites), direct and indirect, paid to each member and manager during the calendar or fiscal year.

(b) All records regarding ownership shall be located on the premises of the establishment, unless a specific exemption is allowed to the licensee by the Commission.

(c) Each casino licensee or applicant shall, upon request by the Commission or Division, provide a list of all record holders of any or all classes of publicly traded securities issued by any holding company or by any other affiliated entity which is required to qualify as a financial source pursuant to subsection 84b of the Act.

Amended by R.1992 d.500, effective December 21, 1992.
See: 24 N.J.R. 3225(a), 24 N.J.R. 4563(a).

Added (c).

Amended by R.1993 d.126, effective March 15, 1993.
See: 25 N.J.R. 63(a), 25 N.J.R. 1229(c).

In (c): added text regarding publicly traded securities and reference to subsection 84b of the Act.

Amended by R.2002 d.283, effective September 3, 2002.
See: 34 N.J.R. 1371(a), 34 N.J.R. 3127(a).

In (a), added 4.