

**MEMORANDUM**

**TO:** Michelle Siba, Deputy General Counsel, Ohio Casino Control Commission

**FROM:** Emily Kaylor, Regulatory Policy Advocate

**DATE:** June 3, 2016

**RE:** **CSI Review – Minimum Internal Control Standards (OAC 3772-9-01, OAC 3772-9-02, OAC 3772-9-08, OAC 3772-9-09, OAC 3772-9-10, OAC 3772-9-13, 3772-10-03, 3772-10-06, 3772-10-08, 3772-10-13, 3772-10-15, 3772-10-16, 3772-10-17, 3772-10-18, 3772-10-19, 3772-10-21, 3772-10-29, 3772-10-30, 3772-11-07, 3772-11-07, 3772-11-07, 3772-11-07, and 3772-19-07)**

---

On behalf of Lt. Governor Mary Taylor, and pursuant to the authority granted to the Common Sense Initiative (CSI) Office under Ohio Revised Code (ORC) section 107.54, the CSI Office has reviewed the abovementioned administrative rule package and associated Business Impact Analysis (BIA). This memo represents the CSI Office's comments to the Agency as provided for in ORC 107.54.

**Analysis**

This rule package consists of twenty-five rules, twenty-four amended and one new, being proposed by the Ohio Casino Control Commission regarding minimum internal control standards. The rule package was submitted to the CSI Office on March 23, 2016 and the comment period was held open until April 7, 2016. No comments were received during this time. A revised BIA was received on March 28, 2016.

The proposed rules pertain to the minimum internal control standards that casino operators must adhere to while conducting casino gaming. The draft rules include definitions and requirements regarding electronic gaming equipment, gaming chips, table games, tournaments, and payouts. This package also articulates the regulations surrounding redemption kiosks, casino financial reports, patron deposits, information technology controls, security and surveillance requirements, accounting controls, contractors, maintenance, and inspections. Amendments are being proposed to the rules to clarify terms, re-organize for more streamlined rules, and remove some unnecessary burdensome requirements on casino operators.

The Commission contacted Penn National Gaming, Inc., Rock Ohio Caesars, and Jack Entertainment, LLC regarding the proposed rules. The Commission staff held a meeting with all of the Regulatory Compliance Officers and other executive staff members from each of the Ohio casinos. From this meeting, the Commission used their feedback to make further edits to the rules before finalizing the proposed language. The BIA also includes exhibits that detail the stakeholder process that the Commission engaged in and how they responded to concerns and suggestions.

The Commission lists the specific adverse impacts of each rule and identifies those that they do not foresee adversely impacting businesses. Casino operators, management companies, and gaming-related vendors are all impacted by these rules. They may experience fines for noncompliance, costs for staff and their time, and potentially other monetary costs to acquire suitable equipment. The Commission explains that these rules are necessary to ensure the integrity of casino gaming, protect patrons, and adhere to ORC Chapter 3772. No comments were received during the CSI comment period that the requirements prescribed in the rules are overly burdensome; therefore, the CSI Office has determined the purpose of the rules is justified.

### **Recommendations**

For the reasons discussed above, the CSI Office does not have any recommendations for this rule package.

### **Conclusion**

Based on the above comments, the CSI Office concludes that the Ohio Casino Control Commission should proceed with the formal filing of this rule package with the Joint Committee on Agency Rule Review.

cc: Mark Hamlin, Lt. Governor's Office