

NEW MEXICO GAMING CONTROL BOARD

MINIMUM INTERNAL CONTROL  
STANDARDS (MICS) FOR NON-PROFIT  
GAMING OPERATIONS

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## TABLE OF CONTENTS

SECTION 1—INTRODUCTION.....	1	<b>Requirements .....</b>	<b>25</b>
<b>1.1 NMGCB Minimum Internal Control Standards (MICS).....</b>	<b>1</b>	SECTION 7—PAYOUT	
<b>1.2 Amendment or Variance Request .....</b>	<b>2</b>	PROCEDURES.....	26
<b>1.3 Definitions.....</b>	<b>3</b>	<b>7.1 Ticket Payout Procedures.....</b>	<b>26</b>
SECTION 2—GENERAL		<b>7.2 Hopper Payout Procedures .....</b>	<b>26</b>
REQUIREMENTS .....	6	<b>7.3 Single Win of \$1,200 or More.....</b>	<b>27</b>
<b>2.1 Gaming Employees .....</b>	<b>6</b>	<b>7.4 Patron Disputes .....</b>	<b>28</b>
<b>2.2 Gaming Signature Cards .....</b>	<b>7</b>	<b>7.5 Unclaimed Jackpots .....</b>	<b>29</b>
<b>2.3 Bank Signature Cards .....</b>	<b>8</b>	<b>7.6 Promotions .....</b>	<b>29</b>
<b>2.4 Gaming Bank Accounts .....</b>	<b>8</b>	SECTION 8—DROP AND COUNT	
<b>2.5 Charity and Educational (C&amp;E) Bank Account.....</b>	<b>10</b>	PROCEDURES .....	30
<b>2.6 Monthly Financial Reporting .....</b>	<b>11</b>	<b>8.1 Drop/Count Team .....</b>	<b>30</b>
SECTION 3 - ACCESS CONTROL ..	13	<b>8.2 Soft Drop Procedures.....</b>	<b>30</b>
<b>3.1 Restricted Keys .....</b>	<b>13</b>	<b>8.3 Soft Count Procedures.....</b>	<b>31</b>
<b>3.2 Other Controls .....</b>	<b>13</b>	<b>8.4 Hard Drop &amp; Count Procedures ....</b>	<b>33</b>
SECTION 4—COIN AND CURRENCY CONTROL .....	15	SECTION 9—SURVEILLANCE SYSTEM .....	34
SECTION 5—FORMS/RECORD RETENTION.....	18	<b>9.1 Surveillance Requirements.....</b>	<b>34</b>
SECTION 6—GAMING MACHINE PROCEDURES .....	19	<b>9.2 Areas Requiring Surveillance .....</b>	<b>34</b>
<b>6.1 Access Logs.....</b>	<b>19</b>	<b>9.3 Surveillance System Failures.....</b>	<b>35</b>
<b>6.2 Hopper Jams Fills.....</b>	<b>19</b>	<b>9.4 Secured Surveillance Cabinet. ....</b>	<b>35</b>
<b>6.3 General Procedures .....</b>	<b>19</b>	<b>9.5 Surveillance Retention .....</b>	<b>36</b>
<b>6.4 Critical Memory Clears .....</b>	<b>20</b>	<b>9.6 Surveillance Modifications .....</b>	<b>36</b>
<b>6.5 Transportation, Installation, Conversion and Movement .....</b>	<b>21</b>	<b>9.7 Reporting Requirements.....</b>	<b>36</b>
<b>6.6 Progressives – General .....</b>	<b>23</b>	SECTION 10 - GAMING POSITIONS.....	37
<b>6.7 Progressive Machine Operation .....</b>	<b>23</b>	<b>10.1 Gaming Manager.. .....</b>	<b>37</b>
<b>6.8 Progressive Technical Specifications.....</b>	<b>24</b>	<b>10.2 Gaming Accountant .....</b>	<b>40</b>
<b>6.9 Progressive Accounting</b>		<b>10.3 Gaming Cashiers .....</b>	<b>42</b>
		SECTION 11 - FORMS SUMMARY..	45
		SECTION 12 - APPENDIX.....	45
		<b>1 Charity and Educational (C&amp;E) Guidelines.....</b>	<b>50</b>
		<b>2 Table of Consanguinity .....</b>	

## 1. INTRODUCTION

A. These minimum internal control standards (MICS), as developed by the New Mexico Gaming Control Board (NMGCB), apply to all non-profit gaming licensees. These MICS do not necessarily include references to the Gaming Control Act (Act) and other NMGCB rules. Compliance with all applicable statutes and NMGCB rules is mandatory, regardless of whether or not the statutes or rules are repeated in the MICS.

B. Periodically, the NMGCB shall revise these MICS to reflect changes in the gaming industry or as circumstances warrant.

C. The gaming license is a privilege granted to the licensed organization. It is the responsibility of the licensed organization's governing body to ensure that gaming is operated in accordance with applicable federal, state and local regulations.

D. All gaming forms shall be approved by the NMGCB prior to use by the licensee.

E. Section 60-2E-35 NMSA of the Act and NMGCB rules outline the procedures for the adoption, revision, and amending of all MICS. The general requirements may be found in Rules 15.1.8.15 and 15.1.9.8 NMAC.

F. Compliance with the MICS is tested and reviewed throughout the year by the Audit and Compliance and Enforcement Divisions. The goals are threefold:

(1) to assure that each licensee is in compliance with the MICS, all applicable federal and state statutes and NMGCB rules;

(2) to analyze and conduct risk assessment of the existing controls to help ensure an equitable balance of the regulatory and business needs; and

(3) to protect the integrity of gaming in New Mexico.

G. Each licensee shall keep a copy of the MICS in the game room or cage, where it can be referenced by all the gaming employees and any member of the licensed organization's governing body upon request.

H. It is the responsibility of every licensee to keep informed of the content of the Act, NMGCB rules, MICS and amendments. Lack of knowledge shall not be an excuse or defense for violations.

### 1.1 NMGCB MINIMUM INTERNAL CONTROL STANDARDS (MICS)

The NMGCB promulgates the MICS. These standards are drafted in broad language to allow flexibility in certain instances for management discretion. However, they are drafted with some specificity to provide protection of the gaming assets. The goals of the MICS are as follows:

(1) to safeguard the assets of the licensee;

- (2) to ensure that the financial records of the licensee are accurate and reliable;
- (3) to ensure that the transactions of the licensee are performed only in accordance with the specific or general authorizations of the MICS;
- (4) to ensure that all transactions are recorded properly in order to ensure accurate and timely recording of financial information;
- (5) to ensure that only authorized personnel have access to assets;
- (6) to ensure that the functions, duties, and responsibilities are appropriately segregated and performed in accordance with the internal controls and that any employee of the licensee is not in a position to perpetuate and conceal errors or irregularities in the normal course of an employee's duties;
- (7) to ensure gaming is conducted with integrity and in accordance with all statutes, rules and MICS.

## **1.2 AMENDMENT OR VARIANCE REQUEST**

- A. An amendment or variance request shall arise when a licensee believes that a specific MIC should be replaced with a different procedure, specific to the licensee's operation, due to technological advances, process changes, or economic considerations. Requirements identified in the Act are not eligible to be considered as an amendment or a variance.
- B. The licensee shall complete and submit an Amendment/Variance Request (GC-15NP) to the Executive Director. The request shall include the specific gaming operation procedure(s) and the regulatory standard(s) from which the licensee is seeking an amendment or variance. The request shall include a description of the reason(s) for the request and a description of how the proposed procedure shall achieve a level of control sufficient to accomplish the purpose of the existing standard.
- C. The Executive Director shall review the request to determine if the proposed change meets the MICS. If the request is deemed to meet or exceed the MICS, the Executive Director may approve an amendment within sixty (60) days of receipt of the completed request without approval of the Board. If the request is deemed not to meet the MICS, the Executive Director shall forward the request along with a recommendation to the Board for consideration.
- D. The Board shall either approve or disapprove the request within sixty (60) days of receipt of the completed request. If the nature of the enumerated standard requires additional time for evaluation or research, the Executive Director may extend the period of time of review up to an additional sixty (60) days.
- E. The licensee shall comply with the standards set forth in these MICS until such a time that the Executive Director or Board grants final approval of the request in writing.
- F. A granted amendment or variance may be for a specific period of time and shall not exceed the expiration date of the license. The amendment or variance shall be reviewed during the annual

license renewal process. The renewal of the license shall not automatically result in renewal of the amendment or variance.

### 1.3 DEFINITIONS

Unless otherwise defined below, terms used in these MICS have the same meaning as set forth in the Gaming Control Act or other NMGCB rules. In event of a conflict between the Act and rules, the Act shall control.

A. **“Accounting lock box”** means a permanently affixed box, file cabinet or drawer secured by a lock device, under surveillance, accessed with a restricted key or combination into which completed gaming documents are deposited. Access to the accounting lock box shall be restricted to the Gaming Accountant.

B. **“Agent”** means an employee or other person authorized by the Board to act upon its behalf and under its authority.

C. **“Authorized personnel”** means a provisional or work permitted Gaming Cashier or a key applicant for a finding of suitability.

D. **“Board”** means the New Mexico Gaming Control Board.

E. **“Cage”** means the area on the licensed premises, under surveillance, where cash is maintained for jackpot payments, gaming machine fills and patron cash transactions.

F. **“Cash reserves”** means currency, coins and checks maintained by the licensee for gaming purposes, synonymous with “bankroll”.

G. **“Cash vault”** means the secured area under surveillance where all cash reserves, not currently being used for gaming purposes, are held for safekeeping.

H. **“Electronic balance transfer (EBT)”** means a system through which recipients of government benefits receive and spend funds electronically, using a plastic EBT card similar to a bank debit card.

I. **“Electronic fund transfer (EFT)”** means a computer-based system used to perform financial transactions electronically. An EFT is the electronic transfer of money from one (1) account to another, either within the same financial institution or across multiple institutions.

J. **“Game room”** means the licensed premises in which gaming is authorized to be conducted.

K. **“Gaming Accountant/Assistant Gaming Accountant (Gaming Accountant)”** means a key executive hired by and who reports directly to the licensee’s governing body who is required to be approved by and obtain a “finding of suitability” from the Board.

L. **“Gaming Cashier”** means a licensed gaming employee, who works in the cage and maintains an imprest fund to process gaming cash transactions.

- M. **“Gaming funds”** means all cash reserves maintained by the licensee whose use is restricted for gaming purposes. This total is inclusive of all Gaming Cashier funds maintained in the cage and reserves maintained in the cash vault.
- N. **“Gaming Manager/Assistant Gaming Manager (Gaming Manager)”** means a key executive hired by and who reports directly to the licensee’s governing body who is required to be approved by and obtain a “finding of suitability” from the Board.
- O. **“Hard count”** means the physical counting of coins after they are removed from gaming machines.
- P. **“House rules”** means rules established by each licensee for items not covered by the Act, or regulations and MICS promulgated under the Act or other provisions of law.
- Q. **“Identification number”** means employee ID number, or the most recently issued work permit, key executive or universal identification number.
- R. **“Imprest amount”** means a fixed, constant and unchanging balance of currency and coin maintained by regular replenishments, to include the gaming vault and Gaming Cashier drawers.
- S. **“Jackpot”** means the total value of credits that are paid as the result of a single winning alignment or combination as determined by the game’s software.
- T. **“Key person”** means a person found suitable by the Board having the power to exercise significant influence over the decisions concerning any part of the licensed operations including, but not limited to the Gaming Manager, the Gaming Accountant, authorized gaming employees with check signing authority over gaming bank accounts or any other personnel required by the licensed organization’s by-laws.
- U. **“MEAL”** means the Machine Entry Access Log (GC-13NP).
- V. **“NMGCB”** means agents of the Board.
- W. **“Patron”** means any authorized person who has entered the licensed premises for the purpose of gaming.
- X. **“Pre-signed checks”** means a check that contains one (1) or two (2) authorized signatures where either the date, payee or the amount are left blank.
- Y. **“Promotion”** means a short-term program designed to stimulate participation in gaming activities through advertising and the award of cash and non-cash prizes, not based on a jackpot; includes the gift of nominal value items, such as t-shirts and mugs.
- Z. **“Secured area”** means a room or series of rooms accessible only through locking door(s) under surveillance.
- AA. **“Sign”** means to affix one’s signature to a gaming document.

BB. **“Signature”** means at a minimum, a person’s initials immediately followed by the last four (4) four digits of the person’s legibly written work permit number or finding of suitability number (where the signer is licensed by the NMGCB). The signature shall correspond with the signature as imprinted on their Gaming Signature Card (GC-11NP).

CC. **“Soft count”** means the physical counting of currency after it has been removed from gaming machines.

DD. **“Surveillance”** means under continuous observation by at least one (1) fixed camera attached to a continuously recording device and may be subject to human observation.

EE. **“Ticket”** means an encoded voucher printed from a gaming machine that is redeemed for cash in lieu of direct payment.

FF. **“Unclaimed jackpot”** means a jackpot not paid because the patron was unwilling or unable to provide the necessary identification or requested information.

GG. **“Unreconciled variance”** means a discrepancy between an actual amount (determined by a physical count) and an expected amount (determined through a reconciliation process). A variance is unreconciled if the discrepancy cannot be resolved by a correction to the physical count, the reconciliation or both.

HH. **“Video Transaction Report (VTR)”** means a daily report sent by the NMGCB Information Systems Division detailing the previous day’s gaming activity by machine.

II. **“Verifier”** means an authorized employee who is responsible for the propriety and accuracy of the count of any funds during the drop and count.

JJ. **“Winnings”** means the amount due a patron as a result of a legitimate wager; based on a single winning transaction on a gaming machine or other single transaction that entitles the patron to money, a prize, or other award.

KK. **“Work permit”** means an individual licensed to perform the duties of a Gaming Cashier.

## 2. GENERAL REQUIREMENTS

Each licensee shall provide to the NMGCB a valid e-mail address belonging to the licensed organization to be used exclusively for gaming correspondence and communications between the licensee and the NMGCB. The Gaming Manager and Gaming Accountant shall have access to the e-mail account to retrieve the daily Video Transaction Reports (VTRs). The gaming personnel shall check the e-mail account on a regular basis to ensure the timely receipt of gaming correspondence and daily VTRs.

### 2.1 GAMING EMPLOYEES

A. The licensed organization's governing board is responsible to ensure that gaming is conducted in accordance with all statutes, rules and MICS as well as all applicable federal, state and local laws.

B. As part of the annual non-profit license renewal application package, each licensee shall submit to the Licensing Division a complete list of their current officers and their contact information to include; name, title, home address, phone numbers and e-mail addresses.

C. The licensee's governing board is responsible for hiring/firing the Gaming Manager and the Gaming Accountant who report directly to the governing board.

D. Licensees shall have at a minimum, one (1) authorized Gaming Manager, Gaming Accountant and Gaming Cashier.

E. Authorized key personnel are the only individuals who can make decisions regarding day-to-day operations of the game room. The gaming machine distributor, or any of the distributor's employees, shall not be involved in making any decisions regarding the gaming operations or have any undue influence over the licensee's gaming operations.

F. Key and work permit personnel do not have to be members of the licensed organization to work in gaming.

G. Key personnel are prohibited from playing gaming machines at any licensed venue where they hold a key permit.

H. Gaming Cashiers shall not play gaming machines while on duty, break or displaying a NMGCB license.

I. Authorized key personnel, machine technicians or any party with access to the logic area of any gaming machine shall not play them.

J. An authorized person responsible for coin and currency transactions (a Gaming Manager or a Gaming Cashier) shall be on duty when the game room is open.

K. There shall be a separation of duties between the Gaming Manager, Gaming Accountant and the Gaming Cashiers.



- L. The Gaming Manager shall not perform any duties of the Gaming Accountant.
- M. The Gaming Manager shall not perform the duties of a Gaming Cashier on a regular basis. In the event of an emergency, where the Gaming Manager performs the duties of a Gaming Cashier, written notification shall be submitted to the Audit and Compliance Division within twenty-four (24) hours of the end of the shift. The Gaming Manager shall complete and submit a Temporary Job Change Notification (GC-21NP). The Gaming Manager shall not review or verify the shift paperwork they generate during this time. The shift paperwork shall be reviewed by a second Gaming Manager or the next incoming Gaming Cashier.
- N. The Gaming Accountant shall not perform any duties of a Gaming Cashier, the Gaming Manager or any other key permitted employee.
- O. The Gaming Accountant shall not be related to any other gaming employee by marriage, or the 3<sup>rd</sup> degree of consanguinity (see Appendix 2) nor shall the gaming accountant reside in the same household as any other gaming employee.
- P. A Gaming Cashier shall not perform the duties of the Gaming Manager, the Gaming Accountant or any other key permitted employee.
- Q. If a Gaming Cashier is promoted to a key position by the licensee's governing board, the work permit shall be surrendered with the submission of the key application.
- R. Within three (3) business days of the termination, licensees shall complete and submit a Separation of Employment form to the Licensing Division when a key person or a work permittee's employment has been terminated.

## **2.2 GAMING SIGNATURE CARDS**

- A. All key and work permit gaming personnel shall complete a Gaming Signature Card (GC-11NP) within three (3) calendar days of hire. The Gaming Signature Card (GC-11NP) shall reflect all gaming forms the gaming employee is authorized to complete, list all gaming keys the individual may sign out, and any combinations for gaming vaults or doors the employee is permitted to access.
- B. Gaming Signature Cards (GC-11NP) shall be kept in a separate file maintained by the Gaming Manager.
- C. When a gaming employee changes gaming duties or positions, the Gaming Signature Card (GC-11NP) shall be updated or a new form completed to reflect the change within ten (10) calendar days of the change.
- D. When a gaming employee is terminated or resigns, the Gaming Manager shall pull that Gaming Signature Card (GC-11NP), write at the top of the form "separated", the date of the separation and sign it before it is returned back to the file. Gaming Signature Cards (GC-11NPs) for terminated employees shall be filed separately from the cards for active employees.

## **2.3 BANK SIGNATURE CARDS**

A separate folder containing copies of the current bank signature cards for all gaming bank accounts shall be maintained and available for inspection at all times. Only key personnel are permitted to be authorized signers on gaming bank accounts. Each gaming operator shall obtain copies of the updated bank signature cards from their bank for all gaming bank accounts whenever there is an addition or deletion from the authorized check signing team. A copy of each updated bank signature card shall be forwarded to the Audit and Compliance Division within ten (10) calendar days of the change. The licensee may delete all social security numbers prior to making copies.

## **2.4 GAMING BANK ACCOUNTS**

- A. Each licensee shall establish and maintain three (3) separate bank accounts for gaming activity; a gaming operations bank account, a gaming tax bank account, and a gaming charity and educational (C&E) bank account. These bank accounts are for the exclusive purpose of gaming and shall not be used for any other licensee activity.
- B. Statements for each gaming bank account shall have a month end cut-off date.
- C. Checks written on all gaming bank accounts shall be signed by two (2) key personnel.
- D. The Gaming Manager shall maintain sole control of the gaming check registers, blank checks and blank computer check stock. Blank gaming checks/stock shall be kept in a locked cabinet or safe located in a secured area. If the gaming checks are printed by the Gaming Accountant using accounting software, the Gaming Manager shall maintain a log identifying the date, and range of check numbers issued to the Gaming Accountant.
- E. The Gaming Accountant shall serve as a dual check signer for gaming bank accounts only in situations where writing/preparation of the gaming checks is the responsibility of the Gaming Manager. The Gaming Accountant may sign checks they prepare if generated by an accounting software program.
- F. Pre-signed checks and signature stamps are prohibited.
- G. Authorized gaming personnel who are signatories on any gaming bank accounts, shall not write or sign checks written on the gaming bank accounts when the payee is themselves or another gaming employee related by marriage, the 3<sup>rd</sup> degree of consanguinity, or residing in the same household.
- H. Gaming Cashiers shall not write/prepare or sign checks written upon any gaming bank account.
- I. Independent bookkeepers, not licensed by the Board, shall not sign checks written upon any gaming bank account.
- J. A copy of the itemized deposit slips or imaged deposit slips and either cancelled checks or legible check images (both front and back) are required for all gaming bank accounts.

K. Electronic fund transfers (EFTs) from gaming bank accounts to pay monthly distributor lease payments and charitable contributions are prohibited as they violate the dual signature requirement. However, the following EFTs are permitted:

(1) EFTs between gaming bank accounts; from the gaming operations bank account to the gaming charity and educational (C&E) bank account and the gaming tax bank account as these transactions are traceable.

(2) If the licensee chooses to complete EFT's between the gaming operations bank account and the licensed organization's general operations bank account for discretionary fund transfers, they shall provide the account number for the receiving bank account along with the first page of a recent bank statement prior to initiating any EFTs to ensure proper account verification by the NMGCB.

(3) Other items required to be cleared electronically by federal or state regulations are permissible. These include tax payments made to the Taxation and Revenue Department for the payment of monthly gaming taxes.

L. If a check made payable to a third party is cleared electronically as an EFT, voided and returned to the licensee, the licensee shall maintain the original check with the corresponding monthly bank statement for the month in which the item cleared the bank. Copies shall be made and submitted with the monthly gaming bank account statements.

M. The use of debit, ATM or credit cards is prohibited.

N. All gaming bank accounts shall be reconciled on a monthly basis. If a licensee uses accounting software to reconcile the gaming bank accounts, a copy of the reconciliation shall be printed and attached to the front of each bank statement.

O. Any unknown bank account activity shall be investigated and identified and all variances shall be reconciled to ensure the integrity of the gaming bank account balances:

(1) unresolved variances of \$100 or more shall be reported to the Audit and Compliance Division within seventy-two (72) hours of discovery; and

(2) unidentified, unauthorized bank account activity, including fraudulent account activity, shall be immediately reported to the Enforcement Division.

P. Licensees shall review the gaming bank account reconciliations each month and all uncleared items over one (1) year old shall have a stop payment issued.

Q. Drop funds not used to replenish gaming cash reserves shall be deposited in the gaming operations bank account no later than the close of business on the following business day.

R. The gaming tax and C&E bank deposit requirements shall be calculated after receipt of the monthly tax bill. Each account shall have only one (1) deposit per month by check or EFT from the gaming operations bank account which shall be made by the end of the following month.

S. The gaming tax bank account is for the sole purpose of the payment of the monthly gaming taxes assessed by the NMGCB and any penalty and interest assessed by the Taxation and Revenue Department for incomplete and/or late payment of the monthly gaming taxes. The licensee shall include which month the payment is for in the memo field of each check. The payment of payroll taxes or other non-gaming taxes from this account is prohibited.

T. The licensee shall ensure that the monthly tax transfer, C&E transfer and distributor lease payments are made before transferring discretionary funds to the licensed organization.

U. The licensee shall pay their gaming expenses through the licensed organization's general operations bank account.

V. After making the required tax, C&E and discretionary fund transfers and paying the monthly distributor lease, the remaining funds in the gaming operations bank account are discretionary funds and belong to the licensed organization. The ending balance in the gaming operations bank account shall not exceed twenty thousand (\$20,000) dollars. All funds above this threshold shall be transferred to the licensed organization's general operations bank account. The remaining funds in the gaming operations bank account shall be maintained as a reserve to replenish gaming funds, if needed.

W. No check shall be drawn to "cash" or a fictitious payee. To withdraw funds from the gaming operations bank account to replenish the gaming funds, all checks shall be made payable to the licensed organization or the financial institution and the memo section shall be completed to state the purpose of the fund withdrawal.

## **2.5 CHARITY AND EDUCATIONAL (C&E) BANK ACCOUNT**

A. Each licensee shall make one (1) monthly deposit to the gaming charity and educational (C&E) bank account by the end of the following month.

B. Each licensee is required to deposit the entire C&E obligation based on net revenue each fiscal year. Excess deposits made during a specific fiscal year may be applied to another month within the same fiscal year; however, excess deposits may not be carried forward to the next fiscal year to meet the following fiscal year's C&E deposit obligation.

C. All funds deposited into the gaming C&E bank account shall be used exclusively for charitable or educational purposes. If a licensee makes an unintentional mistake and makes an erroneous deposit into the gaming C&E bank account, they shall notify their assigned auditor prior to reversing the erroneous transaction and removing these funds from the gaming C&E bank account.

D. Each licensee has one-hundred-twenty (120) days from the end of its fiscal year to disburse the required C&E funds.

E. The licensee shall maintain a separate folder containing C&E requests, meeting minutes and other supporting documentation that shall be available for inspection at all times. The licensee shall file all C&E documentation chronologically by month to correspond with the month the disbursement checks are written.

F. Gaming personnel shall obtain written approval from their charity committee or governing body prior to making any C&E disbursements.

G. C&E disbursements shall meet the NMGCB requirements to qualify as allowable disbursements. Refer to the Charity and Educational (C&E) Guidelines (Appendix 1).

H. The licensee shall clearly indicate the purpose of each C&E disbursement in the memo field of each check.

I. Authorized gaming personnel who are signatories on the gaming C&E bank account, shall not write or sign checks written on the gaming C&E bank account when the payee is themselves or another beneficiary related by marriage, the 3<sup>rd</sup> degree of consanguinity, or residing in the same household.

J. Each licensee shall reimburse the gaming C&E bank account for any items disallowed by the NMGCB Executive Director, unless it is determined there is an over deposit during the current fiscal year that exceeds the amount of the disallowed item(s).

K. Charges for check printing, stop payments or any other bank fees shall be reimbursed by the licensee upon receipt and reconciliation of the monthly gaming C&E bank account statement, as these fees are not an allowable charitable disbursement.

L. The gaming C&E bank account balance shall reflect the licensee's current fiscal year C&E liability as closely as possible. If the balance in the gaming C&E bank account is determined by the NMGCB to exceed the licensee's current fiscal year C&E liability, the licensee shall be given written notice to disburse these excess funds for allowable charitable or educational purposes within ninety (90) days of notification.

M. Licensees shall review the C&E bank account reconciliations each month and all uncleared items over one (1) year old shall have a stop payment issued.

## **2.6 MONTHLY FINANCIAL REPORTING**

A. On a monthly basis, each licensee shall submit the following items to the Audit and Compliance Division no later than the end of the following month:

(1) a copy of the Monthly Financial Reporting form (GC-24NP);

(2) copies of the bank statements and monthly account reconciliation for all three (3) gaming bank accounts (operations, tax and C&E). Statements shall be single-sided and include a copy of the itemized deposit slips or imaged deposit slips and either cancelled checks or legible check images (both front and back);

(3) a copy of the check register/ledger for each of the gaming bank accounts;

(4) copies of all the GC-07NP Drop Count forms for each drop completed during the month. This includes the GC-07NP for the end of the month drop; and

(5) in addition, the NMGCB may request additional documents as deemed necessary.

B. Monthly financial reporting packages shall be mailed to the following address:

New Mexico Gaming Control Board  
Attn: Audit and Compliance Division  
4900 Alameda Boulevard NE  
Albuquerque, New Mexico 87113-1736

In addition, monthly financial reporting packages may be hand delivered or sent by e-mail to **GCB-npfinancials@state.nm.us** in a read-only format such as a PDF file. The monthly financial reporting packages shall not be e-mailed to the assigned auditor to ensure the timely receipt and tracking by the Audit and Compliance Division. Fax submissions shall not be accepted.

### 3. ACCESS CONTROL

#### 3.1 RESTRICTED KEYS

A. The licensee shall determine which keys shall be designated as restricted. Only authorized employees shall have access to gaming keys. A secured lock box, vault or locked drawer, located under surveillance, may contain keys accessible to the Gaming Cashiers during their shift. The Gaming Cashier on duty is responsible for maintaining control of the secured lock box and the gaming machine keys. At a minimum, the licensee shall restrict access to the following keys:

- (1) gaming machine keys;
- (2) bill validator box keys;
- (3) cash vault keys;
- (4) game room door keys;
- (5) all cage keys, if applicable;
- (6) accounting lockbox keys; and
- (7) keys to any restricted area.

B. Gaming Managers shall have access to all restricted keys with the exception of the accounting lock box key.

C. Gaming Cashiers may have access to the game room door, cashier cash fund and gaming machine door keys.

D. Gaming Cashiers shall not have access to the logic area of a gaming machine, bill validator drop box keys, the accounting lock box key or other restricted keys as determined by the Gaming Manager.

E. Only the Gaming Accountant shall have access to the accounting lock box.

F. Gaming Accountants shall not have access to any gaming machine keys.

#### 3.2. OTHER CONTROLS

A. Gaming keys shall be issued to the appropriate gaming personnel at the beginning of each shift for the entire shift. The keys may be transferred from the opening shift Gaming Cashier to the closing shift Gaming Cashier who assumes responsibility for their control.

B. All bill validator drop boxes shall have key locks to restrict access and shall be keyed differently from other gaming machine keys.

- C. Access to the game room shall be restricted to authorized personnel and patrons. Unlicensed cleaning and maintenance personnel may enter the game room unescorted when the gaming machines are disabled, between the hours of 12:00 a.m. (midnight) and 12:00 p.m. (noon).
- D. The Gaming Manager shall maintain an updated list of all game room keys and to whom they were issued and ensure that each assigned key is listed on the gaming employee's Gaming Signature Card (GC-11NP).
- E. If a combination is used to restrict access to the game room, the combination shall only be given to authorized gaming personnel. The combination shall be changed whenever an employee resigns or is terminated. The Gaming Manager shall ensure that access to a door combination is documented on the employee's Gaming Signature Card (GC-11NP).
- F. Only the Gaming Manager shall have access to the manager's vault used to secure gaming funds maintained to replenish the Gaming Cashier's drawer. Gaming Cashiers shall not have access to any gaming funds not included in the total listed on the Cashier Inventory (GC-01NP).
- G. Gaming Cashiers may have access to the cashier's vault or locked drawer used to secure the Gaming Cashier funds. If a combination lock is used, it shall be changed whenever an employee resigns or is terminated. The Gaming Manager shall ensure that access to the vault or locked drawer is documented on the employee's Gaming Signature Card (GC-11NP).



#### 4. COIN AND CURRENCY CONTROL

A. Gaming funds shall not be commingled (combined) with any non-gaming funds or funds relating to games of chance such as Bingo, pull-tabs and raffles.

B. If a coin or currency counting device is used for payouts or change, the Gaming Cashier shall test each device prior to use.

C. The cash vault on the premises is the secured area under surveillance where the gaming cash reserves are stored. The gaming cash reserves shall be placed in a safe or secured cabinet. Each safe or secured cabinet shall have a locking device (either a key or combination).

D. Two (2) authorized gaming employees shall independently count the Gaming Cashier funds at the beginning and end of each shift and document each count on the Cashier Inventory (GC-01NP). If two (2) gaming employees are not available at the end of the shift, then the procedures outlined in Section 5D shall be followed. This count shall be verified by signing the Cashier Inventory (GC-01NP). All coins, currency and checks shall be recorded on the Cashier Inventory (GC-01NP) at the beginning and end of each shift.

E. The licensee shall report all unreconciled variances (overage or shortage) of one-hundred (\$100) or more to the Audit and Compliance Division using the Variance Report (GC-23NP) within seventy-two (72) hours of the discovery of the variance. Licensees shall also immediately contact the assigned Enforcement Agent upon discovery of the variance. The licensee shall prepare a written report that describes the nature of the variance, how the variance was investigated, the outcome of the investigation and the name of the person who performed the investigation.

F. The licensee shall notify the Enforcement Division in writing if any Gaming Cashier has a pattern of three (3) or more unresolved discrepancies, of fifty (\$50) or more between the cash count and the imprest amount within a sixty (60) day period.

G. Each licensee shall determine whether checks will be cashed in the game room. If applicable, each licensee shall establish a check cashing policy for all checks cashed through the game room. The check cashing policy shall be posted with the house rules and shall include the following:

(1) a description of the types of checks accepted which specifically excludes any government assistance checks, including welfare checks and child support payments;

(2) a description of the types of identification required to accept checks, which at a minimum shall be a valid government issued photo ID (i.e. driver's license, military identification card or passport) and a current membership card;

(3) criteria for declining checks;

(4) maximum daily limit on check writing;

(5) policies to handle dishonored checks;

(6) a requirement that postdated checks, third party and unsigned checks that are not payable on demand shall not be accepted;

(7) gaming employees are prohibited from cashing any personal or payroll checks in the game room; and

(8) licensees shall not sell checks back to patrons.

H. All checks accepted by the game room shall be deposited into the gaming operations bank account within the drop period which shall not exceed seven (7) calendar days:

(1) a deposit slip shall be completed for the deposit of all gaming checks. All checks shall be itemized on the deposit slip to include check number and amount;

(2) the Gaming Manager shall make a copy of the front of each check before it is deposited. Each sheet may contain images of multiple checks as allowable by the copier size; and

(3) a copy of the deposit slip and the deposit receipt shall be attached to these copies by the Gaming Accountant during the reconciliation.

I. A licensee may have gaming funds on the premises (Gaming Cashier fund and vault) in an amount equal to, but not greater than their average monthly net revenue. The average monthly net revenue shall be based on the prior fiscal quarter's net revenue totals. A licensee's cash reserves shall not exceed \$30,000 inclusive of all Gaming Cashier funds and vault. If additional funds are required for gaming operations, the licensee may consider scheduling an additional drop each week or requesting a variance.

J. The Gaming Manager shall maintain an imprest amount in the gaming vault and each Gaming Cashier drawer. If the imprest amount is changed for any reason, the Gaming Manager shall send written notification within five (5) calendar days of the change to the Audit and Compliance Division. The funds in the vault and cashier drawer(s) shall not exceed the imprest amount. The gaming funds in the vault and cashier drawer(s) shall be replenished to the full imprest amount after each drop. The cashier drawer(s) may be replenished between drops with funds transferred from the vault or the gaming operations bank account.

K. After each drop, the Gaming Manager and one (1) other authorized gaming employee not related by marriage, the 3rd degree of consanguinity, or residing in the same household, shall perform an independent vault count. The vault count will be performed after the acceptance of drop funds used to replenish the vault. The team will also count the Gaming Cashier funds after the acceptance of drop funds to replenish the Gaming Cashier drawer(s).

L. All bundled (strapped) currency shall be broken down, recounted, signed and dated at least weekly by the Gaming Manager.

M. Pre-counted bags of coins shall be sealed and secured in the Gaming Cashier's cage/vault.

N. Licensees shall develop procedures to ensure that ATMs on the premises do not accept Electronic Balance Transfer (EBT) or debit cards issued for government assistance. ATMs shall not be replenished using gaming funds.

O. No gaming employee who serves in a supervisory position directly or indirectly shall solicit any tip or gratuity from a patron or a gaming employee under their supervision. Tips received by a gaming employee shall not be combined with any other gaming monies.

## 5. FORMS/RECORD RETENTION

A. All entries on gaming forms shall be made in non-erasable ink. Any corrections made by the Gaming Manager or Gaming Accountant shall be made in non-erasable red ink. When an error occurs, the error shall be crossed out with a single line and the corrected amount inserted. The person making the correction shall sign next to the correction. Entries shall not be written over, erased, or modified in any other manner. The use of white-out, liquid paper or correction tape is prohibited. Gaming forms shall be signed by the Gaming Manager, Gaming Accountant and Gaming Cashier in all required fields.

B. All original gaming paperwork shall be kept on premises for a minimum of five (5) years.

C. The Gaming Accountant shall be responsible for the storage and safeguarding of all gaming paperwork and records. Gaming paperwork includes, but is not limited to; bank statements, duplicate deposit slips, void checks, check images, check registers, check stubs, supporting documentation for each disbursement made from each gaming bank account, supporting documentation for charity and educational disbursements (including requests and approval minutes), daily Gaming Cashier paperwork, correspondence to/from the NMGCB (including monthly gaming tax bills), distributor machine lease invoices and any other related gaming paperwork or documentation.

D. An accounting lock box shall be utilized to secure daily gaming paperwork prior to review and approval of the Gaming Accountant. The accounting lock box shall be installed in a secure location under surveillance. Only the Gaming Accountant shall have a key or the combination to access the accounting lock box. The following procedures shall be followed:

(1) daily gaming paperwork shall be placed in the accounting lock box. The Gaming Accountant is responsible for reviewing all documents at least weekly and independently verifying the Gaming Cashier's and Gaming Manager's paperwork;

(2) at the end of each business day, the Gaming Cashier shall make a copy of the Cashier Inventory (GC-01NP) and Cashier Reconciliation (GC-02NP) and place the copies in the accounting lock box. The originals shall be included with all the gaming forms for that shift and filed where the Gaming Manager has access. The Gaming Manager shall use the originals to review and reconcile the daily gaming activity;

(3) the Gaming Manager shall review, approve and sign the original forms and place them in the accounting lock box; and

(4) the Gaming Accountant shall review, verify and sign the original Gaming Cashier paperwork. In addition to reconciling to the copies made by the Gaming Cashier and filed in the accounting lock box.

## 6. GAMING MACHINE PROCEDURES

### 6.1 ACCESS LOGS

- A. Licensees shall maintain a Machine Entry Access Log (MEAL) inside each gaming machine at all times.
- B. When a gaming machine door is opened, the MEAL (GC-13NP) shall be filled out and placed back inside the gaming machine, except when a gaming machine is accessed during the regularly scheduled drops.
- C. The person who opens the gaming machine and signs the MEAL (GC-13NP) shall be responsible for all activity inside the gaming machine and shall be present the entire time the door is open.
- D. Completed MEALs (GC-13NP) shall be replaced with a blank MEAL (GC-13NP) and deposited in the accounting lock box to be filed by the Gaming Accountant.

### 6.2 HOPPER JAMS/FILLS

The following procedures are performed when a gaming machine hopper jams or requires a fill:

- A. The Gaming Cashier shall obtain the gaming machine key, open the gaming machine door and examine the hopper. If the hopper is jammed, the Gaming Cashier shall clear the jam to complete the payout, complete the MEAL (GC-13NP), close and lock the gaming machine door.
- B. If the hopper is empty, the Gaming Cashier shall complete the MEAL (GC-13NP) close and lock the gaming machine door. In addition the Gaming Cashier shall:
  - (1) obtain a pre-counted bag of coins from the cage;
  - (2) fill the hopper; and
  - (3) complete and sign the Jackpot Payout/Fill Slip (GC-04NP).
- C. Licensees shall visually inspect each gaming machine on the gaming floor that has an active hopper. Any coins found in the gaming machine shall be placed in the drop bucket.

### 6.3 GENERAL PROCEDURES

- A. All technicians shall contact the Information Systems Division prior to performing any maintenance/modifications on any gaming machine that requires opening the secure logic area.
- B. Licensees shall ensure their gaming machines and associated devices/systems comply with NMGCB rules (*15.1.7 NMAC, 15.1.24 NMAC, 60-23-43 NMSA, 60-23-44 NMSA*).

- C. All gaming machine main doors and drop compartments shall be locked when not opened for an authorized purpose.
- D. All aspects of a gaming machine and any associated device/system, including all hardware and software, shall be subject to:
  - (1) testing by the NMGCB and/or an independent testing laboratory designated by the NMGCB;
  - (2) review and approval by the NMGCB; and
  - (3) the testing, review and approval process shall be required prior to the implementation of any new gaming machine, associated device/system by a licensee.
- E. Gaming machines that include progressive jackpots shall include a progressive meter, or on a screen display, visible to the public. If any part of the distribution to the progressive jackpot(s) is being used to fund a secondary jackpot, visible signage informing players of this supplemental distribution must be placed in the immediate area of the gaming machine.
- F. Licensees shall not maintain any associated equipment.

#### **6.4 CRITICAL MEMORY CLEARS**

- A. Critical memory clears shall be performed in accordance with the gaming device manufacturer's procedures, utilizing approved clear chips. NMGCB approved master reset forms shall be completed for all critical memory clears of gaming machines on the gaming floor except gaming machines for which final meter readings have been recorded.
- B. In the event of a gaming machine malfunction that necessitates the services of a technician; all efforts to correct the problem shall be taken without resetting or clearing the critical memory.
- C. If a gaming machine is the subject of a patron dispute that cannot be resolved a critical memory clear shall not be performed until authorized by the NMGCB.
- D. For situations that require resetting or clearing the critical memory, the following steps shall be taken:
  - (1) prior to the critical memory clear, the technician shall notify the Information Systems Division by telephone to request that the gaming machine be disabled from the Central Monitoring System (CMS);
  - (2) the technician shall verify the soft meter readings are properly recorded on the gaming machine master reset forms prior to clearing any critical memory;
  - (3) the technician shall record on the gaming machine master reset form the reason for the critical memory clear and all audit functions of the gaming machine. These functions shall include, but are not limited to:

- (a) reel positions or video display of at least the previous two (2) game outcomes prior to the malfunction or dispute. If no malfunction or dispute exists, this information is not required;
  - (b) the actual meter readings of the internal soft meters: amount-in (credits played), amount-out, total credits wagered, total credits won, and jackpots paid;
  - (c) the actual meter readings of the hard meters: amount-in (credits played), amount-out, total credits wagered, total credits won; and
  - (d) the display in the progressive jackpot indicator if the gaming machine is a stand-alone or linked progressive.
- (4) a copy of the gaming machine master reset form shall be transmitted to the Information Systems Division who will then re-enroll the gaming machine under the CMS; and
- (5) any critical memory clear requires that the gaming machine shall be tested utilizing U.S. coin/currency prior to being offered for play.

## **6.5 TRANSPORTATION, INSTALLATION, CONVERSION AND MOVEMENT**

- A. Licensees shall acquire all gaming machines and/or gaming media from a licensed manufacturer, distributor or gaming operator.
- B. Prior to shipping any gaming machines the following procedure shall be followed pursuant to Rule 15.1.16 NMAC.
- C. When facilitating an interstate or shipping transaction for gaming machines, the licensee shall complete and submit to the NMGCB a Gaming Device Transport Request Form. The NMGCB will assign a transport control number that must be received prior to the shipment.
- D. Installation, Conversions, Movement Procedures:
  - (1) The licensee and/or distributor shall submit to the Licensing Division all completed forms and fees for licensure of new gaming machines or existing gaming machine modification for each of the following topics:
    - (a) gaming machine installation;
    - (b) conversion;
    - (c) removal; and
    - (d) relocation.
  - (2) The written request shall include forms for:
    - (a) premise modification plans, if applicable;

- (b) application for licensure of new gaming machines, if applicable;
  - (c) application for pre-approved modification of existing gaming machines;
  - (d) all required fees;
  - (e) proposed chipset pairings and/or operating system versions;
  - (f) correct pay/hold percentages, max bets, top awards; and
  - (g) bill acceptor, coin acceptor, accounting and player denominations.
- (3) Procedures for gaming machine installation, conversion, removal and relocation shall include:
- (a) notifying the Information Systems Division via the technical support hotline, not less than ten (10) days in advance;
  - (b) removing the contents of the drop buckets, bill validator storage devices, and hoppers;
  - (c) counting and recording the contents; and
  - (d) transporting and storing the contents in a locked location.
- (4) A complete drop is required of any gaming machine on the gaming floor that is moved out of the facility or active service, the procedures shall include:
- (a) the recording of the revenue minus the amount of the initial hopper fill for each machine;
  - (b) the documentation for any movement/installation/conversion of gaming machines shall be verified and signed by a NMGCB agent at the completion of the event indicating the accuracy of the information and that the gaming machines are functioning appropriately; and
  - (c) an updated inventory on an approved electronic format shall be delivered to the agent.
- (5) All gaming machines removed from the gaming floor shall:
- (a) contain no loose or unaccounted currency, coins, tickets or credits; and
  - (b) be stored in a manner approved by the Board and as set forth in this chapter.

## **6.6 PROGRESSIVES - GENERAL**



Licensees are permitted to operate progressive gaming machines provided that the operation strictly regulated to ensure compliance with the Act and Board rules.

A licensed manufacturer or distributor may sell, lease and transport progressive gaming machines and associated equipment to licensees within the state in accordance with Board rules and procedures established for all other gaming devices.

## **6.7 PROGRESSIVE MACHINE OPERATION**

Licensees may operate progressive gaming machines provided they meet the following conditions:

A. Any progressive gaming machine to be placed in operation shall first be submitted to the NMGCB by the manufacturer or distributor for approval. No gaming machine that contains a progressive controller shall be placed in operation until the NMGCB has approved the machine in writing.

B. The licensee shall notify the NMGCB of its intent to place a progressive gaming machine on the licensed premises, and obtain the approval of the NMGCB prior to placing the progressive gaming machines on the licensed premises.

C. The licensee shall apply for and obtain licensure for each progressive gaming machine.

D. The total of the progressive jackpot and the game outcome jackpot shall not exceed \$4,000.

E. The licensee shall post a conspicuous notice of the progressive jackpot limits at the progressive gaming machine to which the limit applies. The notice shall clearly state the maximum amount of the combined game outcome jackpot and progressive jackpot.

F. After play commences on a progressive gaming machine, the licensee shall not change the maximum amount of the progressive jackpot until after the progressive jackpot has been awarded. After a progressive jackpot has been awarded, the maximum progressive jackpot amount may be changed prior to any subsequent play.

G. The NMGCB Executive Director shall be notified in writing, at least five (5) calendar days in advance, if a progressive gaming machine is to be converted to a device of equal or lower denomination. The licensee/distributor shall receive written approval prior to initiating the conversion and document the amount in excess of the old base jackpot amount and whether this amount will be added to the new base jackpot amount or to an existing progressive jackpot already on the floor.

H. A licensee shall not discontinue the availability of a progressive gaming machine until the progressive jackpot has been awarded. The NMGCB Executive Director may approve a transfer of a progressive payout from one (1) progressive gaming machine to another progressive gaming machine.

## **6.8 PROGRESSIVE TECHNICAL SPECIFICATIONS**

Progressive systems and their associated components interfaced to coin/bill-drop and ticket gaming machines shall meet the technical standards approved by the NMGCB with regard to local area progressives.

Each progressive gaming machine operated by a licensee shall comply with the following technical specifications:

- A. Each progressive gaming machine shall be capable of being monitored by the CMS.
- B. The progressive gaming machine and the progressive controller shall continuously monitor the insertion of coins or cash and shall multiply the accepted coins or cash by the rate of progression in order to determine the correct amounts to apply to the progressive jackpot.
- C. The progressive controller shall be housed in a separate, locked enclosure within the progressive gaming machine.
- D. A progressive gaming machine shall be equipped with a progressive meter display or on screen display that shall be visible to all players.
- E. Controllers used for local progressives shall be designed or equipped to withstand power failures without loss of data. The progressive gaming machine shall maintain the following information in non-volatile memory, which shall be displayed on demand:
  - (1) the number of progressive jackpots won on each progressive meter if the progressive display has more than one (1) winning amount;
  - (2) the cumulative amounts paid on each progressive meter if the progressive display has more than one (1) winning amount;
  - (3) the maximum amount of the progressive payout for each meter displayed;
  - (4) the minimum amount of the progressive payout for each meter displayed;
  - (5) the rate of progression for each meter displayed; and
  - (6) the progressive gaming machine shall maintain the above information with 99.99% accuracy.
- F. All access to a local progressive controller shall be documented on the Progressive Controller Access Log (GC-27NP). The access log shall be kept inside the controller compartment at all times. Individuals accessing the controller shall complete the access log by recording their name, identification number, the time, date and reason for accessing the controller.
- G. The licensee/distributor shall test and document the incrementation of the system to ensure the correct amount is credited for amount-in whenever the progressive is initially set up, and prior to returning the progressive to service and after any physical break in the progressive communication link.

H. The licensee/distributor shall maintain a record of the percent of funds being contributed to each jackpot held as part of the local progressive and shall ensure the controller is properly communicating with all devices connected to the progressive link.

I. The technical requirements in this Section are in addition to any technical requirements for gaming machines set forth in Board rules.

## **6.9 PROGRESSIVE ACCOUNTING REQUIREMENTS**

A. Each licensee operating progressive gaming machines shall maintain a written daily log of the external meter display. The Progressive Daily Meter Funds Log (GC-28NP) shall be updated daily prior to any play on the progressive gaming machine.

B. The licensee shall provide documentation to the NMGCBC demonstrating the method of calculating progressive jackpot incrementation.

C. The licensee shall adhere to Rule 15.1.24.19.A NMAC in allocating coin-in to jackpots in the event a progressive jackpot is paid.

D. The licensee shall segregate funds generated by patron contributions to the progressive controller.

E. The licensee shall have on the licensed premises at all times cash equal to the current progressive payout balance per Rule 15.1.24.13.F NMAC. This amount shall be in addition to the licensee's minimum bankroll required per Rule 15.1.8.19.A.1 NMAC.

F. Drop funds in an amount equal to the drop period's additions to the progressive jackpot balance shall be segregated from all other drop funds and shall be separately secured in the vault cage. When completing the Drop Count form (GC-07NP), the count team shall indicate the amount held from the drop from progressives in the "Drop Money Reconciliation" section of the form to record the distribution of drop funds to the progressive reserve.

G. Progressive jackpot amounts resulting from incrementation based on patron play shall not be deductible for the purpose of calculating gaming tax.

H. When a progressive jackpot is paid out, the cash for the payout shall be taken from the segregated progressive cash reserve. All other payment procedures required by rule and the MICS shall also be performed.

## 7. PAYOUT PROCEDURES

### 7.1 TICKET PAYOUT PROCEDURES

All tickets shall be paid when presented by the patron and shall expire one-hundred-eighty (180) days after issuance. A licensee may choose to pay expired tickets after the one-hundred-eighty (180) day period. If the ticket is claimed after the one-hundred-eighty (180) day period, the Gaming Accountant shall reverse the ticket procedure in Section 7.5B and make an adjustment in gaming revenue for the current month's tax bill. The Gaming Accountant shall complete and submit the Tax Adjustment Reporting form (GC-20NP) to the Audit and Compliance Division, reversing the previous entry to receive a reduction of gaming revenue and taxes payable.

The following procedures apply when a ticket is presented for redemption:

- A. The Gaming Cashier shall validate all tickets via the site controller prior to payout. The validation slip generated from the site controller shall be attached to the ticket.
- B. The Gaming Cashier and patron shall sign all tickets. The Gaming Cashier is permitted to initial the ticket, if they include their work permit number. This verifies the payment was made and received. The patron is paid by the Gaming Cashier after all signatures have been obtained.
- C. The Gaming Cashier shall record each ticket on the Payout/Fill Summary (GC-03NP) and attach the tickets to the Payout/Fill Summary at the end of each shift.
- D. At the end of each Gaming Cashier's shift, the Gaming Cashier shall total the Payout/Fill Summary (GC-03NP). This form shall be used to reconcile the cash drawer and is attached to the Cashier Reconciliation (GC-02NP).
- E. The completed Gaming Cashier paperwork shall be placed in the accounting lock box after review and verification by the Gaming Manager.

### 7.2 HOPPER PAYOUT PROCEDURES

The following procedures apply to manual payouts on hopper machines:

- A. The Gaming Cashier shall verify that the coin lights are lit, symbols appear in their proper sequence, the machine door is locked and the jackpot amount is correct. The amount shall be recorded on the Jackpot Payout/Fill Slip (GC-04NP).
- B. The Gaming Cashier shall complete the Jackpot Payout/Fill Slip (GC-04NP).
- C. The patron shall sign the Jackpot Payout/Fill Slip (GC-04NP) and shall be paid by the Gaming Cashier only after all signatures have been obtained.
- D. The Gaming Cashier shall reset the gaming machine.

E. The Gaming Cashier shall sign the Jackpot Payout/Fill Slip (GC-04NP) and attach it to the Payout/Fill Summary (GC-03NP) once the Payout/Fill Summary (GC-03NP) is completed.

F. The Gaming Cashier shall record the Jackpot Payout/Fill Slip (GC-04NP) on the Payout/Fill Summary (GC-03NP).

G. At the end of each shift, the Gaming Cashier shall total the Payout/Fill Summary (GC-03NP). This form will be used to reconcile the cash drawer and is attached to the Cashier Reconciliation (GC-02NP).

H. All completed Gaming Cashier paperwork is secured in the accounting lock after review by the Gaming Manager.

### **7.3 SINGLE WIN OF \$1,200 OR MORE**

A. If the handpay ticket is for a single win of \$1,200 or more, the licensee shall complete a Jackpot Payout/Fill Slip (GC-04NP) and record the winnings on the Payout/Fill Summary (GC-03NP). Accumulated credits exceeding the \$1,200 threshold are paid as regular payouts and are not subject to the requirements listed below.

B. The Gaming Manager is required to sign the Jackpot Payout/Fill Slip (GC-04NP) for all single wins of \$1,200 or more.

C. The winning patron shall complete a Verification of Winnings of \$1,200 or More form (GC-29NP) and a Statement of Certain Gambling Winnings (IRS form W2-G) prior to payout of the winnings by the Gaming Cashier.

D. The Gaming Cashier shall verify the identity of the patron against one (1) of the following forms of photographic identification prior to the payout of winnings:

- (1) a valid U.S. driver license;
- (2) a valid identification card issued by any State in the U.S.;
- (3) a valid U.S. employment card;
- (4) a valid U.S. military identification and/or dependent identification card;
- (5) a valid U.S. passport or other country recognized by the U.S. government; or
- (6) a valid alien resident identification card issued by the U.S. government.

In addition the Gaming Cashier shall verify the social security number provided by the patron against one (1) of the following documents:

- (1) winning patrons social security card; or
- (2) by having the patron complete IRS form W-9.

A copy of both forms of identification shall be retained by the licensee.

E. The Gaming Accountant shall sign and date the bottom of the original copy of the Verification of Winnings of \$1,200 or More form (GC-29NP) which shall be retained by the licensee. Two (2) copies shall be made with one (1) copy given to the winner and one (1) copy mailed to the New Mexico Human Services Department, Child Support Enforcement Division, at the address listed on the form within seven (7) days of the win.

F. All W-2G forms shall be retained during the calendar year. At the beginning of the following calendar year, all W-2Gs shall be mailed to the IRS along with the Annual Summary and Transmittal of U.S. Information Returns form 1096. Copies of the 1096 transmittal form and all W-2Gs shall be retained in a separate file maintained by the Gaming Accountant.

G. If the W-2G cannot be completed because the patron does not have the appropriate identification, the jackpot is considered unclaimed and a Disputed/Unclaimed Jackpot Receipt (GC-16NP) shall be completed.

H. Gambling winnings may be shared between two (2) or more people. If a single win jackpot of \$1,200 or more is to be split, each patron shall complete a separate W-2-G and a Verification of Winnings of \$1,200 or More form (GC-29NP). In addition, the licensee shall have each patron complete a Statement of Person(s) Receiving Gambling Winnings (IRS form 5754) in accordance with IRS guidelines.

## **7.4 PATRON DISPUTES**

A. In the event a dispute arises with a patron concerning payment of alleged winnings or promotional prizes including any jackpot or credits, the licensee and patron shall abide by the procedures outlined in Rule 15.1.10.28 NMAC.

B At the time of the dispute, the licensee shall provide the patron with a Patron Dispute form (GC-22NP) that includes a copy of Rule 15.1.10.28 NMAC.

C. If the dispute is unresolved, the Gaming Cashier shall attach the original copy of the Disputed/Unclaimed Jackpot Receipt (GC-16NP) to the original copy of the Jackpot Payout/Fill Slip (GC-04NP). The Gaming Cashier shall retain a copy of the Disputed/Unclaimed Jackpot Receipt (GC-16NP) in the cage/cash drawer until the close of business. The completed Disputed/Unclaimed Jackpot Receipt (GC-16NP) is kept in the vault/cage for thirty (30) days. The Gaming Cashier shall make a note on the Cashier Reconciliation (GC-02NP) detailing the reason for the dispute.

D. If the dispute is not resolved at the end of thirty (30) days, the disputed jackpot shall be included in net revenue for purposes of calculating gaming tax due. The Gaming Accountant shall complete the Tax Adjustment Reporting form (GC-20NP), Section 2, and submit a copy to the Audit and Compliance Division.

E. Pursuant to Rule 15.1.10.10 NMAC, if the disputed jackpot has been added back into revenue and gaming taxes paid, the patron can still claim the disputed jackpot. The Gaming

Accountant shall reverse the disputed jackpot procedure in Section 7.4B and make an adjustment in gaming revenue for the current month's tax bill. The Gaming Accountant shall complete and submit the Tax Adjustment Reporting form (GC-20NP), Section 3, reversing the previous entry to receive a reduction of gaming revenue and taxes payable.

## **7.5 UNCLAIMED JACKPOTS**

A. A Disputed/Unclaimed Jackpot Receipt (GC-16NP) shall also be completed when a patron fails to provide appropriate identification for jackpots of \$1,200 or more. The Gaming Cashier shall attach the original copy of the Disputed/Unclaimed Jackpot Receipt (GC-16NP) to the original copy of the Jackpot Payout/Fill Slip (GC-04NP). The Gaming Cashier shall retain a copy of the Disputed/Unclaimed Jackpot Receipt (GC-16NP) in the cage/cash drawer until the close of business. The completed Disputed/Unclaimed Jackpot Receipt (GC-16NP) is then transferred into the vault where it is kept for thirty (30) days. The Gaming Cashier shall make a note on the Cashier Reconciliation (GC-02NP) detailing the reason for the unclaimed jackpot.

B. At the end of thirty (30) days, the unclaimed jackpot shall be included in net revenue and gaming taxes paid. The Gaming Accountant shall complete the Tax Adjustment Reporting form (GC-20NP), Section 2, and submit a copy to the Audit and Compliance Division.

C. The patron shall have one-hundred-eighty (180) days from the date of the unclaimed jackpot to claim the unclaimed jackpot.

D. If after the thirty (30) days and before the one-hundred-eighty (180) day period should the unclaimed jackpot be claimed, the Gaming Accountant shall reverse the unclaimed jackpot procedure in Section 7.5B and make an adjustment in gaming revenue for the current month's tax bill. The Gaming Accountant shall complete and submit the Tax Adjustment Reporting form (GC-20NP), Section 3, reversing the previous entry to receive a reduction of gaming revenue and taxes payable.

## **7.6 PROMOTIONS**

Licensees may purchase prizes or award cash from the gaming operations bank account. The costs for conducting promotions are not deductible from gaming net revenue for tax purposes.

(1) Licensees wishing to conduct a promotion shall complete and submit a Promotion Submittal form (GC-18NP) for each promotion ten (10) business days prior to the promotion run date, including the dates, times, machines and related advertising associated with the proposed promotion.

(2) The licensee shall submit the Promotion Submittal form (GC-18NP) to the Audit and Compliance Division via e-mail to [GCB-Promotions@state.nm.us](mailto:GCB-Promotions@state.nm.us) and to their assigned auditor. The GC-18NPs may be submitted via regular mail if unable to e-mail or fax.

(3) The ten (10) day submittal period shall not begin until a complete package is received by the Audit & Compliance Division.

## 8. DROP AND COUNT PROCEDURES

### 8.1 DROP/COUNT TEAM

- A. The drop and the count are two (2) separate procedures. The drop is conducted when all bill validator boxes/coin buckets are removed from the gaming machines and set aside. The count is conducted when each bill validator box/coin bucket is individually counted and recorded.
- B. Only authorized personnel are permitted in the game room during the drop and count.
- C. At a minimum, the drop and count team shall consist of two (2) key persons or one (1) key person and one (1) work permit person not related by marriage, the 3<sup>rd</sup> degree of consanguinity, or residing in the same household. If two (2) drop and count team members are related, the team is required to have a third non-related member who shall act as the verifier and is responsible for the accuracy of the count of all drop funds.
- D. The authorized count team shall consist of the same members as the drop team.
- E. The Gaming Accountant shall not participate in the drop and count process.
- F. During breaks, drop monies shall be secured, the entire drop/count team shall leave the game room together, the game room door(s) shall be locked and no one shall be allowed access to the game room during that time. At the conclusion of the break, the drop team shall re-enter the game room together.

### 8.2 SOFT DROP PROCEDURES

- A. Drops shall be conducted on the day and time submitted to the Audit and Compliance Division on the Drop and Count Schedule (GC-12NP). The frequency of the drops is dependent on the minimum bankroll requirement (cash on premises) and the volume of patron play. Daily drops are prohibited.
- B. Each licensee is required to perform a drop and count at the end of gaming on the last day of each month or before the start of gaming on the first day of the following month. The regularly scheduled drop day may be adjusted for the last week of the month to satisfy the end of month drop requirement.
- C. Drops may begin at any time up to one (1) hour after the scheduled time. No drops shall start before the scheduled time without prior written notification to the Audit and Compliance Division.
- D. Permanent changes to the regularly scheduled drop times shall be submitted on a Drop and Count Schedule (GC-12NP) to the Audit and Compliance Division at least three (3) business days before the requested change date.



E. Unscheduled, emergency or partial drop changes require the licensee to complete and submit to the assigned Auditor and Enforcement Agent a Drop and Count Schedule (GC-12NP) identifying the details of the emergency drop within forty-eight (48) hours of the drop.

F. A partial drop refers to the drop and count of one (1) or more machines, and all the funds contained in each. All drop and count procedures shall be followed when conducting an unscheduled, emergency or partial drop. In addition, the MEAL (GC-13NP) shall be completed. In the case of an unscheduled, emergency or partial drop conducted during gaming business hours; the game room shall be emptied of patrons and the doors locked prior to beginning the drop and count. Partial drops shall be recorded on the Drop Count form (GC-07NP) and combined with the figures on the GC-07NP for the next regularly scheduled drop.

G. If a licensee needs to complete more than three (3) unscheduled, emergency or partial drops during the month in order to replenish gaming funds, they may be notified by their assigned auditor and required to either increase their gaming funds, schedule an additional weekly drop, or both.

H. The drop team shall replace the full bill validator boxes with a second set of empty bill validator boxes supplied by the distributor. Each validator box shall be assigned to a specific gaming machine, be clearly labeled with the machine's identification numbers and shall have working restricted key locks.

I. The general procedures for conducting the drop are as follows:

- (1) keys to the gaming machines are obtained from the secured lock box;
- (2) the game room doors shall be locked;
- (3) the gaming machine doors are opened one (1) at a time;
- (4) full bill validator boxes are removed one (1) at a time and replaced with empty bill validator boxes that match the gaming machine's identification numbers;
- (5) the gaming machine doors are closed and locked;
- (6) the removed bill validator boxes are placed on the count table in full view of the surveillance cameras;
- (7) all team members shall remain in full view of the surveillance cameras and in full view of each other throughout the entire drop process; and
- (8) after the drop is completed, the keys are returned to the secured lock box.

### **8.3 SOFT COUNT PROCEDURES**

A. Counts shall be performed immediately following the drop, allowing a reasonable amount of time for breaks.

B. All areas of the count room shall be visible to the surveillance cameras. Count team members shall be aware of the location of the surveillance cameras. The count shall be performed in a location that ensures the process is captured by the surveillance system. This includes the drop boxes, currency, in addition to the face and hands of each count team member.

C. The general procedures for the soft count are as follows:

- (1) a designated team member obtains a blank copy of the Drop Count form (GC-07NP);
- (2) the count room is secured and the doors are locked;
- (3) two (2) members of the count team test the currency counter with a predetermined number of bills, if applicable. Team members shall document the test on the Drop Count form (GC-07NP). If a currency counter is not used, the team shall enter "n/a";
- (4) bill validator boxes shall be individually opened; the bills removed and placed on the count table;
- (5) the empty bill validator box is shown to all other count team members and to the surveillance camera. The empty box is then closed, locked and placed aside before the next box is opened, emptied and counted;
- (6) one (1) member performs an initial count and another member verifies each total and records the count, by gaming machine identification number, on the Drop Count form (GC-07NP);
- (7) steps 4 through 6 are repeated for each bill validator box until all are counted;
- (8) at the end of the count, each team member shall recalculate and verify the totals on the Drop Count form (GC-07NP);
- (9) the drop total shall be reconciled to the total of the daily Video Transaction Reports (VTRs). The VTRs for the drop period shall be totaled and attached to the Drop Count form (GC-07NP) as supporting documentation. If the VTRs are not available at the time of the count, the Gaming Accountant can complete this step during their review;
- (10) the distribution of dropped funds shall be itemized on the Drop Count form (GC-07NP). This shall include the amount of drop funds used to replenish the cashier cage, the gaming vault and segregated funds required for progressive jackpot payouts. The remaining funds shall be deposited into the gaming operations bank account;
- (11) when the count is complete, all members shall sign and date the Drop Count form (GC-07NP) and place it with the attached VTR reports in the accounting lock box for the Gaming Accountant's review;
- (12) after each drop, the Gaming Manager, along with one (1) other drop team member shall conduct an individual vault/cashier drawer count. The count shall be performed after the acceptance of drop funds used to replenish the vault and each cashier drawer; and

(13) the count team leader shall return all gaming machine and bill validator keys to the secured lock box.

D. Deposit of all dropped funds not used to replenish the gaming funds shall be made into the gaming operations bank account no later than the close of business on the following business day.

E. Variances identified between the drop funds and VTR totals in one drop period are often off-set by a variance in the prior or following drop period. These off-setting variances do not need to be immediately reported. However, all unreconciled variances (overage or shortage) of \$100 or more, that are not off-set by a variance in the prior or following drop period, shall be reported to the Audit and Compliance Division using the Variance Report (GC-23NP) within seventy-two (72) hours of confirmation of the variance. Licensees shall also immediately contact the assigned Enforcement agent upon confirmation of the unresolved variance.

F. When there is a pattern of variances or numerous variances in the drop funds in any drop period, the NMGCB may require the licensee to complete a variance investigation for each variance that falls below the \$100 minimum threshold. This will allow the licensee to investigate the reason(s) for the variances and to identify any malfunctioning machine(s) so corrective measures can be implemented.

#### **8.4 HARD DROP AND COUNT PROCEDURES**

A. A hard drop and count (hopper) is required at the end of the gaming day on the last day of each month or before the start of the gaming day on the first day of the following month. The hard count shall be documented on the Hopper/Overflow Count form (GC-08NP).

B. The procedures for the monthly hard drop and count are basically the same procedures for the soft drop and count. In addition, the following steps are required:

(1) coins shall be bagged or wrapped immediately after the count. Two (2) drop/count team members shall be present throughout the bagging or wrapping process; and

(2) when the bagging or wrapping of coins is complete, the recorder enters the results by denomination on the Hopper/Overflow Count form (GC-08NP).

## 9. SURVEILLANCE SYSTEM

### 9.1 SURVEILLANCE REQUIREMENTS

A. The surveillance system shall be of sufficient quality to produce clear high quality reproducible recordings. Cameras shall be equipped with lenses of sufficient magnification and clarity to allow the viewer to clearly distinguish the identity of any persons in the game room.

B. Surveillance recordings shall be made using digital media or tape recording equipment of equal quality. The Gaming Manager shall be trained and capable of downloading and providing surveillance footage upon request by the NMGCB. At a minimum the video recording system shall:

- (1) capture and retain five (5) frame pictures per second, per camera, twenty-four (24) hours a day, seven (7) days a week for a thirty (30) day period;
- (2) all digital systems shall be capable of archiving the recorded contents of any internal hard drive on digital media such as, but not limited to, video tape, DVD, CD, CD-R, CD-RW or flash memory;
- (3) VCR systems shall have the tapes replaced with new tapes every eighteen (18) months or when it is determined by an agent that the quality is no longer sufficient. Video tapes shall be marked with the date first put into service;
- (4) be equipped with date and time generators that display the date and time of events on each recording. The displayed date and time shall not obstruct the recorded view;
- (5) produce continuous video playback;
- (6) be capable of high-speed search and time lapse play back;
- (7) shall record input from every camera on the system;
- (8) shall include a monitor screen with a resolution that meets or exceeds the input from any camera; and
- (9) all areas where surveillance is required shall have lighting adequate to enable clear recording and still reproduction.

### 9.2 AREAS REQUIRING SURVEILLANCE

The surveillance system shall be installed to monitor and record clear and unobstructed views of the following areas:

A. all video gaming machine operations, including access points (entry and exit) to the licensed premises;

- B. general over view of safes (vault), cash drawers, and all areas where cash handling activities are conducted; and
- C. key storage area(s) where bill acceptor drop box release keys and bill acceptor drop box keys are maintained.

### **9.3 SURVEILLANCE SYSTEM FAILURES**

- A. Under no circumstances shall machine drop and counts or gaming machine movements or be conducted unless they are under surveillance.
- B. If surveillance of any portion of the gaming operation is lost, the licensee shall immediately notify the Enforcement Division. All machines not under surveillance may be host disabled by the NMGCB.
- C. In the event of total surveillance system failure, the licensee shall notify the Enforcement Division.
- D. Upon discovery of a surveillance system failure, the licensee may permit patrons to continue to game and complete the gaming day at the risk to the licensee. Patrons shall not be informed about the surveillance system failure. The following day, the game room shall remain closed and the gaming machines shall not be played until the surveillance system is operational.

### **9.4 SECURED SURVEILLANCE CABINET**

- A. Each licensed premises shall include an approved secured cabinet for the recording devices and media storage. This area shall be restricted from general member access.
- B. The secured surveillance system/area shall only be accessible to authorized key personnel, agents and technicians servicing the surveillance system. Gaming Accountants and Gaming Cashiers shall not have access to the surveillance cabinet or the surveillance system. Technicians shall notify the Enforcement Division prior to servicing the surveillance system.
- C. An index and guide to the cameras, monitors and controls shall be maintained. The guide shall include a copy of the latest surveillance plan approved by the NMGCB, contact information for NMGCB personnel and a list of all individuals contracted to service the surveillance system, along with a list of key employees authorized to have access to the surveillance system.
- D. Each day gaming personnel shall inspect the recording equipment to ensure it is on and in the recording mode. They shall also ensure that the recording media is changed or downloaded in a timely manner and that cameras are properly adjusted.
- E. Each licensee shall review the surveillance system on a weekly basis to ensure that it is properly recording and retaining the surveillance data and maintain a log to record the dates that the recordings were reviewed.

## **9.5 SURVEILLANCE RETENTION**

Licensees shall retain, in a secure manner, all recorded video media for a period of at least thirty (30) days. Licensees shall preserve and retain recorded media for a time specified by the NMGCB when circumstances exist where unusual or irregular activities have occurred, or where activities appear to violate any statute, NMGCB regulation or policy. Licensees shall maintain appropriate equipment to allow the NMGCB to view, analyze and copy images that were recorded or maintained by the surveillance system.

## **9.6 SURVEILLANCE MODIFICATIONS**

All surveillance modifications shall be submitted in writing to the Enforcement Division on the Surveillance Modification Request form at least ten (10) calendar days prior to implementation.

## **9.7 REPORTING REQUIREMENTS**

A. Licensed operators and employees shall report all suspected criminal activities to the NMGCB and a law enforcement agency.

B. Licensees shall permit the NMGCB access to surveillance records and recorded media upon request.

## 10. GAMING POSITIONS

### 10.1 GAMING MANAGER/ASSISTANT GAMING MANAGER

- A. Shall be hired by the governing board of the licensed organization and report directly to the governing board.
- B. Shall not perform any duties of the Gaming Accountant.
- C. Responsible for reviewing and signing ALL gaming forms.
- D. Duties include, but are not limited to the following:
  - (1) ensure complete license renewal applications, machine license renewals, key and work permit applications/renewals are submitted to the Licensing Division by the required deadlines;
  - (2) ensure work permit and key person badges are kept up-to-date and notify the Licensing Division of all personnel and title changes;
  - (3) establish house rules for the game room, to include, but not limited to, gaming hours, last call and check cashing policies;
  - (4) ensure that all reporting requirements for providing information to the NMGCB are met by the assigned deadlines;
  - (5) prepare a new Drop and Count Schedule (GC-12NP) whenever there is a permanent change to the schedule and submit a copy to the Audit and Compliance Division;
  - (6) perform drop and counts with another work permit or key person, other than the Gaming Accountant;
  - (7) ensure emergency drops are completed correctly and that the Audit and Compliance and Enforcement Divisions are notified;
  - (8) maintain the permanent Gaming Signature Card (GC-11NP) file;
  - (9) review and sign Gaming Cashier's daily paperwork;
  - (10) sign the Jackpot Payout/Fill Slip (GC-04NP) for jackpot payouts of \$1,200 or more;
  - (11) ensure that the Gaming Cashiers are completing the W-2G and Human Services forms for a single win of \$1,200 or more;
  - (12) independently count the currency and coin inventory at the end of each gaming day or prior to the beginning of the next days shift;
  - (13) replenish the Gaming Cashier drawer with currency and coin as needed;

- (14) count the vault (if applicable) and complete the Vault Reconciliation (GC-06NP) anytime there is an increase or decrease in vault cash;
- (15) conduct an individual vault/cashier drawer count after each drop with one (1) other authorized gaming employee not related by marriage, the 3<sup>rd</sup> degree of consanguinity, or residing in the same household;
- (16) complete and submit a Temporary Job Change Notification (GC-21NP) to the Audit and Compliance Division in cases (emergency situations only) where the Gaming Manager shall perform the duties of a Gaming Cashier;
- (17) establish the required gaming bank accounts;
- (18) may sign gaming checks with one (1) other key person;
- (19) ensure all required deposits are made into the gaming tax, C&E, and operations bank accounts;
- (20) ensure that all required tax, C&E and distributor lease payments are made pursuant to NMGCB rules and statutes;
- (21) maintain sole control of the gaming check registers, blank checks and blank computer check stock;
- (22) ensure gaming funds are not commingled with non-gaming funds;
- (23) prepare bank deposit slips for gaming funds and take deposits to the bank;
- (24) ensure bank deposit receipts are deposited in the accounting lock box;
- (25) ensure that a daily report that details all of the gaming ticket transactions and/or jackpot payouts is printed from the site controller at the close of the final shift or prior to the start of the next shift;
- (26) review the daily Video Transaction Reports (VTRs);
- (27) inform the Information Systems Division via the Tech Support Hotline of missing VTRs or make inquiries concerning irregularities contained in the VTRs;
- (28) deposit the VTRs and the Drop Count form (GC-07NP) into the accounting lock box after each drop;
- (29) report any unresolved variances of \$100 or more in writing to the Audit and Compliance Division within seventy-two (72) hours of discovery by completing the Variance Report (GC-23NP) and immediately contact the Enforcement Division;
- (30) report unresolved jackpot disputes to the Enforcement Division within forty-eight (48) hours;



(31) complete the Promotion Submittal form (GC-18NP), Additional Payout Reporting form (GC-19NP) and Tax Adjustment Reporting form (GC-20NP) for promotions;

(32) ensure compulsive gambling training for all key and work permit personnel is completed within sixty (60) calendar days of hire for new gaming employees and that each gaming employee attends an annual recertification;

(33) ensure that the surveillance system is working properly and coordinate repairs as necessary. Report all malfunctions to the Enforcement Division immediately;

(34) ensure measures are in place to retain original gaming records on the premises for a period of five (5) years;

(35) ensure annual compliance with the Johnson Act; and

(36) ensure a signed copy of the annual 990 Federal tax return is submitted to the NMGCB Licensing Division as part of the annual license renewal application package.

## 10.2 GAMING ACCOUNTANT/ASSISTANT GAMING ACCOUNTANT

A. Shall be hired by the governing board of the licensed organization and report directly to the governing board.

B. Shall not participate in any gaming transactions or activities, including handling cash, conducting drops, counts, fills, vault counts, deposits, or any other activity that would require review by the Gaming Accountant.

C. Shall not perform any duties of the Gaming Manager or Gaming Cashier.

D. Responsible for reviewing and signing the following gaming forms:

- GC-01NP Cashier Inventory
- GC-02NP Cashier Reconciliation
- GC-03NP Payout/Fill Summary
- GC-04NP Jackpot Payout/Fill Slip
- GC-05NP Vault Transfer Slip
- GC-06NP Vault Reconciliation
- GC-07NP Drop Count
- GC-08NP Hopper/Overflow Count (if applicable)
- GC-24NP Monthly Financial Reporting

E. Responsible for *preparing* the following gaming forms:

- GC-09NP Bankroll Analysis Worksheet – Monthly – Only required the first six (6) months of gaming
- GC-10NP Monthly Gaming Summary (Ticket printers) – Monthly (Optional)
- GC-20NP Tax Adjustment Reporting – As needed
- GC-23NP Variance Report – As needed
- GC-24NP Monthly Financial Reporting
- Annual Summary and Transmittal of U.S. Information Returns form 1096

F. Duties include, but are not limited to the following:

- (1) remove all gaming source documents from the accounting lock box and review, reconcile and sign at a minimum on a weekly basis;
- (2) file and maintain all gaming source documents in a secure location;
- (3) make copies of the monthly bank statements and GC-07NP Drop Count forms for the entire month and submit them to the Audit and Compliance Division by the end of the following month;
- (4) determine the amounts to be deposited into the licensee's gaming tax bank account and gaming C&E bank account and provide these figures to the Gaming Manager;
- (5) ensure that the gaming tax is paid to the New Mexico Taxation and Revenue Department and postmarked by the 15<sup>th</sup> day of the following month;

- (6) ensure the gaming tax bank account has a minimum reserve balance equal to six percent (6%) of the previous month's net take (revenue);
- (7) serve as a dual check signer for gaming bank accounts;
- (8) reconcile the daily Video Transaction Reports (VTRs) to the individual tickets and/or the Jackpot Payout/Fill Slips (GC-04NP) for each day of gaming. The VTRs show the activity of each gaming machine from the previous gaming day. The "Funds Out" column should equal the Payout/Fill Summary total from the previous day. The total "Funds In" column for each day in the drop period should equal the amount of the drop from the Drop Count form (GC-07NP);
- (9) document in writing any unresolved variances on the gaming paperwork and conduct an investigation to explain the variances;
- (10) if a disputed jackpot is not resolved within thirty (30) days, complete and submit a Tax Adjustment Reporting form (GC-20NP) to the Audit and Compliance Division; and
- (11) ensure that the original gaming paperwork and reports are securely stored on the premises for a period of five (5) years.

### 10.3 GAMING CASHIERS

- A. Shall be on duty when the game room is open.
- B. Shall not perform any duties of the Gaming Manager or Gaming Accountant or any other key permitted employee.
- C. Shall not play gaming machines while on duty, break or displaying a NMGCB license.
- D. Responsible for *preparing* and *signing* the following forms:

- GC-01NP Cashier Inventory
- GC-02NP Cashier Reconciliation
- GC-03NP Payout/Fill Summary
- GC-04NP Jackpot Payout/Fill Slip
- GC-05NP Vault Transfer Slip
- GC-07NP Drop Count
- GC-08NP Hopper/Overflow Count
- GC-13NP Machine Entry Access Log (MEAL)
- GC-16NP Disputed/Unclaimed Jackpot Receipt
- GC-27NP Progressive Controller Access Log
- GC-28NP Progressive Daily Meter/Funds Log
- GC-29NP Verification of Winnings of \$1,200 or More (Human Services)
- W-2G IRS Statement of Gambling Wins

- E. Duties include, but are not limited to the following:
  - (1) verify all patrons have current membership cards prior to entering game room;
  - (2) provide change to patrons and cash checks (if applicable);
  - (3) validate tickets, pay jackpots and conduct hopper fills (if applicable);
  - (4) prepare and sign all required daily gaming paperwork;
  - (5) shall sign and obtain patron signatures on all tickets prior to payout;
  - (6) prepare the W-2G and Human Services form for a single win of \$1,200 or More;
  - (7) may print a daily report that details all of the gaming day's ticket transactions and/or jackpot payouts from the site controller at the close of the final shift;
  - (8) may participate in the drop and count with the Gaming Manager or another key person other than the Gaming Accountant;
  - (9) may conduct a vault/cage cashier count after each drop with the Gaming Manager (if not related by marriage, the 3<sup>rd</sup> degree of consanguinity, or residing in the same household);
  - (10) report unresolved variances of \$100 or more to the Gaming Manager;

- (11) secure cage, Gaming Cashier drawer, Gaming Cashier vault and key lock boxes when the game room is open;
- (12) may change paper and clear paper jams in the gaming machines;
- (13) make copies of the GC-01NP and GC-02NP to deposit in the accounting lock box and forward all original copies of the gaming paperwork at the end of the day with the cash drawer to the Gaming Manager; and
- (14) report any unresolved jackpot disputes to the Gaming Manager.

## 11. FORMS SUMMARY

The forms reflect the minimum information that is required. The licensee may create additional forms that are essential to their operations. Alternative and additional forms used by the licensee in lieu of the NMGCB approved forms, shall be approved by the NMGCB in writing prior to implementation. The NMGCB approved forms are available online at [www.nmgcb.org](http://www.nmgcb.org).

Non-profit gaming forms:

Non-Profit Form Matrix – Identifies each non-profit gaming form and provides guidance on the completion frequency and who is generally responsible to complete, approve, review and sign each form by gaming position.

- GC-01NP Cashier Inventory
- GC-02NP Cashier Reconciliation
- GC-03NP Payout/Fill Summary
- GC-04NP Jackpot Payout/Fill Slip
- GC-05NP Vault Transfer Slip
- GC-06NP Vault Reconciliation
- GC-07NP Drop Count
- GC-08NP Hopper/Overflow Count
- GC-09NP Bankroll Analysis Worksheet
- GC-10NP Monthly Gaming Summary (Ticket Printers)
- GC-11NP Gaming Signature Card
- GC-12NP Drop and Count Schedule
- GC-13NP Machine Entry Access Log (MEAL)
- GC-14NP Vacant
- GC-15NP Amendment/Variance Request
- GC-16NP Disputed/Unclaimed Jackpot Receipt
- GC-17NP Compulsive Gambling Training Log
- GC-18NP Promotion Submittal
- GC-19NP Additional Payout Reporting
- GC-20NP Tax Adjustment Reporting
- GC-21NP Temporary Job Change Notification
- GC-22NP Patron Dispute
- GC-23NP Variance Report
- GC-24NP Monthly Financial Reporting
- GC-25NP Progressive Begin/Terminate
- GC-26NP Progressive/Mystery Jackpot Definition
- GC-27NP Progressive Controller Access Log
- GC-28NP Progressive Daily Meter Funds Log
- GC-29 Verification of Winnings of \$1,200 or More (Human Services)
- GC-30NP Compulsive Gambling Assistance Plan Reporting
- GC-31NP Progressive Jackpot Version Change

## 12. APPENDIX

### APPENDIX 1. CHARITY AND EDUCATIONAL (C&E) GUIDELINES

#### GENERAL

In addition to the standards in Section 2.5 Charity and Educational (C&E) Bank Account, the following guidelines shall apply to the disbursement of charitable and educational funds to ensure compliance with NMGCB rules 15.1.10.7(I), 15.1.10.7(M) and 15.1.10.31 NMAC.

- A. Licensees shall keep detailed documentation for each disbursement to support the actual disbursement; including the request letters and approval documents (minutes).
- B. All C&E checks require two (2) authorized signatures. In no case shall one (1) of the signatures also be the payee, or individual who benefits from the donation.
- C. Donations to auxiliary organizations shall be supported by receipts indicating how the funds were used for a charitable or educational purpose.
- D. Checks payable to individuals are discouraged as donations to individuals have a higher potential for abuse than donations to charitable organizations. A licensee may choose to make payments to, or on behalf of, individuals.
- E. C&E disbursements are subject the following maximum allowable limits:
  - (1) disbursements payable to an individual, the maximum allowable is \$500 per year;
  - (2) disbursements payable to third party service providers to assist an individual, shall not total more than \$500 per year without prior NMGCB approval; and
  - (3) disbursements to registered 501c(3) organizations do not have a maximum limit.
- F. Licensees shall comply with all federal and state reporting requirements for cumulative annual disbursements to individuals. IRS requirements relative to reporting of miscellaneous income require all charity donations exceeding six hundred (\$600) during any calendar year to be reported on IRS form 1099.

#### VARIANCE REQUESTS

- A. Variances from these guidelines may be requested for any C&E purpose to which the licensee wishes to donate. Variances shall be submitted in writing to the Director of the Audit & Compliance Division with a copy to the assigned auditor. Variance requests shall include; the amount to be donated, the specific organization or cause, and an explanation as to why the variance is being requested. Variance requests will be reviewed and acted upon within two (2) business days. Variances that are not approved by the Audit & Compliance Director shall be referred to the NMGCB Executive Director for review and consideration.

B. Factors considered in granting a variance include:

- (1) does the donation benefit an “indefinite number of persons”;
- (2) is the amount reasonable given the charity funds generated by the licensee;
- (3) what is the impact on the local community;
- (4) for individual hardships, what is the nature and extent of the hardship;
- (5) is this an “emergency request”;
- (6) what is the licensee’s compliance record in general, and in charity;
- (7) does the licensee have procedures for reviewing and approving requests;
- (8) is the request for capital funds for the licensee or their affiliates;
- (9) does the request contemplate holding charity funds more than 120 days beyond the fiscal year end;
- (10) any settlement agreements between the licensee and the NMGCB; and
- (11) what exceptions were identified during the last compliance review.

## **PROCESS AND PROCEDURES**

A. Licensees shall develop written procedures for the request, approval and documentation of C&E disbursements. The procedures shall include, but not be limited to, the following:

- (1) each licensee shall establish a C&E committee (this role can be performed by existing licensee management committees or board);
- (2) gaming employees shall not be the sole decision makers with respect to C&E disbursements;
- (3) written requests for C&E disbursements shall be required and maintained;
- (4) documents supporting the request (copies of utility bills, eviction notices, etc.) shall be required and maintained;
- (5) written documentation of disbursement approval by the licensee’s C&E committee, board or management committee shall be required and maintained;
- (6) checks drawn on the C&E account shall not be made payable to “cash”; and
- (7) all records related to the approval and disbursement of C&E funds shall be maintained and made available to NMGCB representatives on request.



B. Questions or clarifications related to any C&E disbursement shall be directed, in writing, to the NMGCB Director of Audit & Compliance. Answers shall be provided in writing within two (2) business days of receipt of the question.

C. Pursuant to Rule 15.1.10.32(G) NMAC, disallowance of any C&E disbursements may be appealed to the Board. Appeals shall be submitted in writing and shall not be automatic. Items requiring Board approval shall be addressed at a regularly scheduled Board meeting.

D. In order to provide licensee's with guidance relative to the appropriate disbursement of C&E funds, the following five (5) lists include; "Disallowed Donations", "Generally Not Allowed (Prior Approval Recommended)", "Allowable Charitable Donations", "Allowable Educational Donations" and "Exceptions for Veterans Organizations".

### **LIST A - DISALLOWED DONATIONS**

The following donations do not meet the definition of charity and shall be disallowed:

- (1) gaming operating expenses of any kind;
- (2) awards or gifts to members commemorating membership or other events;
- (3) payments to building or repair funds related to licensee's premises;
- (4) direct payments for building and repairs of licensee's premises unless the premises are used exclusively for charitable or educational purposes;
- (5) purchase of equipment for general use (e.g. microphones, PA systems);
- (6) donations to political candidates and political parties;
- (7) donations to organizations whose primary purpose is to influence public policy; and
- (8) insurance deductibles.

### **LIST B – GENERALLY NOT ALLOWED (PRIOR APPROVAL RECOMMENDED)**

Prior approval from the NMGCB is recommended for the following donations:

- (1) donations of any kind to gaming employees;
- (2) donations of hall rental for weddings, other non-charitable events or to for profit groups unless the event is for charitable or educational purposes;
- (3) payments of mortgages;
- (4) car payments;

- (5) payments of rent;
- (6) travel expenses not directly related to a charitable cause;
- (7) assistance to adult (over 21 years old) individuals or teams engaged in sports, beauty pageants or similar “non-charitable” pursuits;
- (8) sponsorship of adult (over 21 years old) amateur sports events, unless the sports event is a charitable event;
- (9) sponsorship of meetings and conventions;
- (10) payments to utility companies to assist needy individuals. Utility payment programs shall be available to members and non-members. Licensees shall make good faith efforts to publicize the availability of funds to assist with utilities to the community at large;
- (11) donations to auxiliaries not used directly and entirely for charitable purposes; and
- (12) sponsorship of non-charitable activities such as parades, air shows, etc.

### **LIST C - ALLOWABLE CHARITABLE DONATIONS**

The following donations are allowable under NMGCB guidelines:

- (1) donations to charitable organizations qualified under IRS code 501c(3);
- (2) donations made for medical assistance involving members, the general public and their families;
- (3) donations to qualified youth groups like the boy or girl scouts;
- (4) donations to, and sponsorship, of youth sports teams and leagues;
- (5) donations to disaster specific funds (e.g., funds for fire);
- (6) bank trust accounts established to provide assistance to a specific need or cause; and
- (7) donations in support of compulsive gambling programs.

### **LIST D - ALLOWABLE EDUCATIONAL DONATIONS**

Educational donations require documentation confirming that the student is attending school. Checks may be made payable to the student or school, or jointly to the student and the school. Checks payable to students are limited to a maximum of \$500 per year. Checks payable to the school do not have a maximum limit. The following donations are allowable under NMGCB guidelines:

- (1) scholarships available to the general public;
- (2) scholarships/assistance to attend a trade, vocational school or similar adult training;
- (3) donations to a particular scholarship fund;
- (4) donations to schools serving the community;
- (5) youth trips sponsored by schools or other non-profit organizations for educational and/or civic purposes: and
- (6) reimbursement for books, lab fees, student fee, etc.

## **LIST E - EXCEPTIONS FOR VETERANS ORGANIZATIONS**

A. Veteran's organizations are permitted to provide assistance to individual veterans as identified in the IRS tax code and shall comply with the general requirements in Section A.

B. The NMGCB has imposed the following guidelines on donations to individuals to ensure compliance with IRS reporting requirements and avoid potential issues based on past abuses:

- (1) licensees shall ensure that donations are based on need and are applied consistently and equitably;
- (2) ensure donations are exclusively for the benefit of the veteran;
- (3) it is recommended that checks be made payable to a third party service provider (i.e. Doctor, hospital, school) whenever possible;
- (4) documentation relative to the determination of need shall be maintained and made available for inspection by the NMGCB and its agents;
- (5) documentation for non-member or transient veterans shall include a copy of the veteran's military ID, DD214, Department of Veterans Affairs identification card or veteran's designation driver's license issued by any state;
- (6) monetary gifts to individual veterans shall not exceed five hundred (\$500) per month;
- (7) payments to third parties benefitting individual veterans shall not exceed five hundred (\$500) per month; and
- (8) payments recurring payments to individual veterans shall be approved for a specific time period and shall not be open ended.

**APPENDIX 2. TABLE OF  
CONSANGUINITY**

**Showing Degrees of Relationships**

**NUMBERS SHOW DEGREE OF RELATIONSHIP**



