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Surveillance

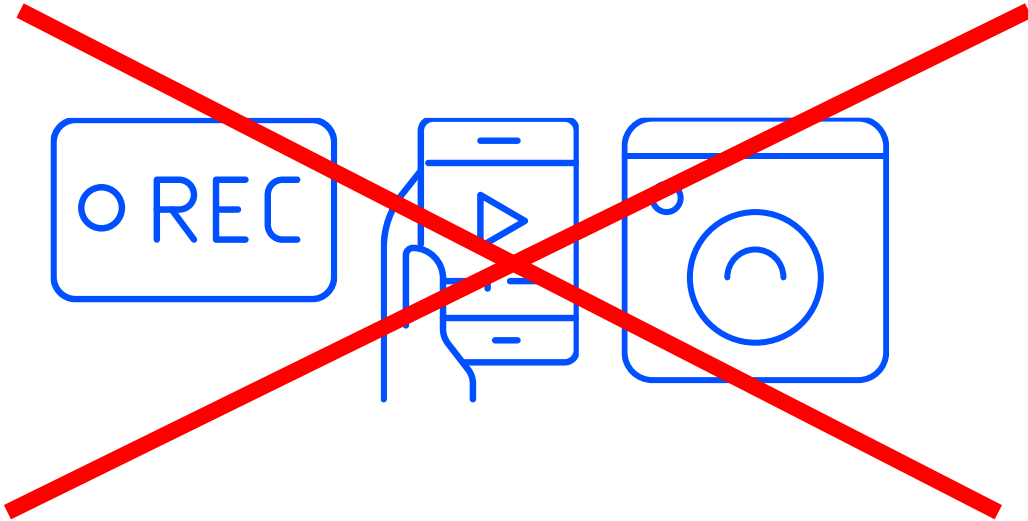
Operations

March 8, 2021

Joseph Busby, Chief Compliance Officer
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No recording of any kind



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- For questions, please contact Sophia Thompson at sophia.thompson@wipfli.com.

Poll Question 1



Your Presenter



Joseph Busby

*Chief Compliance Officer
Foxwoods Resort Casino*

- Joseph Busby has 16 years of experience in the gaming industry having worked in both commercial and Tribal gaming in multiple jurisdictions domestically and internationally. He was the Director of Surveillance Operations for multiple casino, racetrack, and card room operations in Alabama, Florida, and Oklahoma. Additionally, he has experience in regulatory compliance; including internal and external audit, anti-money laundering, and risk assessments. He also has a background in law enforcement and public accounting.

■ Education

Masters Degree in Business Management

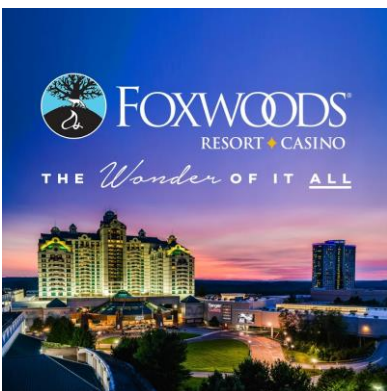
■ Certifications

Certified Internal Auditor

Certified Fraud Examiner

Certified Anti-Money Laundering Specialist

Certified Gaming Commissioner - NIGA



Regulatory References

- NIGC MICS 542.23 Tier A: GGR between \$1 Million and \$5 Million
- NIGC MICS 542.33 Tier B: GGR between \$5 Million and \$15 Million
- NIGC MICS 542.43 Tier C: GGR more than \$15 Million
- NIGC MICS 543.21 Class II: Cover A, B, and C; however, Tier A is between \$3 Million and \$8 Million

The differences in how surveillance operations is handled comes down to the Systems of Internal Control Standards (SICS) approved by the TGRA.

It's important to understand the differences in the minimum regulatory requirements for surveillance operations for each Tier because this will help with resource allocation of both personnel and equipment.

The biggest differences that will have an operational impact are related to the following:

- Tier A surveillance operations aren't required to have a staffed surveillance room.
- Tier A requirements related to power outages. (Alternative security procedures vs. immediate back up power source.)

Poll Question 2



Required Surveillance Activities and Coverage

Internal Operational Requirements

- Secure Location: Restricted Access to Public and Unauthorized Personnel
- Access Log: For Non-Surveillance Personnel Visitors
- Surveillance Activity Log: Date/Time/Activity Observed/Observer(s)
- Malfunction/Repair Log: Malfunctions must be addressed within 72 hours
- Training: Surveillance Personnel must be trained on the equipment, house rules, and games
- Periodic System Inspections
- Cameras must record and retain video for at least 7 days
- Suspicious Activity Log

Required Surveillance Activities and Coverage

Coverage Requirements

- Wide Area Progressives with a reset of \$1 million or more
 - ▶ Screen, Player, Employees, Meter
- In-house Progressives with a reset of \$250,000 or more
 - ▶ Screen, Player, Employees, Meter
- Table Games and Card Games
 - ▶ Players, Dealers, Chip Denoms, Cards
- Cage/Vault
 - ▶ Employees, Patrons, Cash, Paperwork
- Count Room
 - ▶ Cash/Cash Equivalents and Data Entries

Required Surveillance Activities and Coverage

Coverage Requirements *(continued)*

- Kiosks
 - General overview of activities, players, employees

Retention Requirements

- 7 days, unless...
 - Suspected crimes, suspicious activity, or detentions by security agents discovered within the initial retention period must be copied and retained for a time period, not less than one year.

Poll Question 3



Types of Reviews

Policy Compliance Reviews

- Cage transactions
 - ▶ Guest payouts
 - ▶ Employee transactions (jackpots, fills/credits, bank issuance/returns)
 - ▶ Shift changes

- Slot Activity
 - ▶ Hand pays/cancelled credits
 - ▶ Maintenance
 - ▶ Ticket paper replacement

- Slot Activity
 - ▶ Shuffles/deals
 - ▶ Payouts

Types of Reviews

Risk and Safety Reviews

- Slips & Falls
- Obstructed Exits
- Parking Garages/Lot
- Hotel Corridors/Stairwells
- Back of House Areas
- Food Storage Areas
- Inventory Storage Areas/Warehouses

Types of Reviews

Fraud Reviews

■ Table Game Cheats

- ▶ Card Counters
- ▶ Advantage Players
- ▶ Past Posting/Top Hatting
- ▶ Color Up Schemes
- ▶ Collusion Players (Comps/Points)

■ Employee Theft

- ▶ Cash and Cash Equivalents
- ▶ Drop/Count
- ▶ Cage/Vault
- ▶ Operating Banks (F&B/Slot Attendants)
- ▶ Inventory Theft (F&B, Promotional Prizes, Hotel Inventory)
- ▶ Employee Collusion
- ▶ Player/Employee Collusion – Payouts (Tables/Cage/Promotions)

Types of Reviews

Fraud Reviews *(continued)*

- Inventory Theft
- Employee Collusion
- Player/Employee Collusion – Payouts (Table/Cage/Promotions)

Security Related Reviews

- Banned Patrons/Trespassing
- Fights/Disturbances
- Lost and Found
- Other Crimes
- Subpoenas

Anti-Money Laundering Reviews

- Bill Stuffing
- Minimal Gaming
- Agent Activity

Poll Question 4



Obstacles and Solutions to Consider

All Surveillance Operations deal with similar obstacles; which include, but are not limited to, limited labor resources, outdated/obsolete equipment, limited financial resources, and moving targets from a coverage requirement standpoint.

Potential Solutions

- Risk Based Approach to Labor and Financial Resource Allocation:
 - ▶ Perform periodic risk assessments to identify high risk areas that need to have eyes on them more often than others
 - ▶ When evaluating risk don't forget to include impact and not just probability
- Communication/Approval Internal Controls for Required Camera Coverage Areas:
 - ▶ Moves
 - ▶ Changes
 - ▶ Placement
- Delegate
 - ▶ Non-gaming areas
 - ▶ Other low risk areas

Independence and Objectivity

Surveillance Operations must be independent from Gaming/Casino Operations in order to objectively report material issues related to non-compliance with internal controls and regulations; actions/misconduct that could create a liability for the Tribe; misconduct by casino management/employees; any other activity that could cause or create a risk/threat to the casino and/or the Tribe.

Independence allows for the avoidance of retaliation or pressure/influence; or the appearance of a conflict of interest.

▪ Reporting Structures in Tribal Gaming

- ▶ Tribal Gaming Regulatory Authority
- ▶ Senior Executive/Board of Directors of Casino Operations
- ▶ Combination of Casino Operations reporting structure with TGRA oversight in the surveillance room
- ▶ Other Independent Entity such as Tribal Council

When deciding on a reporting structure consider the financial and system maintenance impact.

Upcoming Seminars

- Internal Audit Fundamentals - March 23
- Title 31/AML Compliance - April 13
- MICS Compliance and Frequent Problems - April 27

Visit www.wipfli.com/events

Poll Question 5



Questions?



Poll Question 6





Thank you

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