



BUREAU OF GAMBLING CONTROL

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NUMBER 10

GAMBLING ESTABLISHMENT ADVISORY

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Adequate Financing

Over the past two years, the Bureau of Gambling Control (Bureau) increased the number of financial evaluations and adequate financing reviews conducted of gambling establishments. During these evaluations and reviews, the Bureau noted some recurring, or commonly occurring, violations and/or misunderstandings that required corrective action by the gambling establishments. This advisory provides clarity for gambling establishments in advance of financial evaluation and adequate financing reviews with respect to chips in use and patron funds on deposit.

The Bureau's regulations require that gambling establishments maintain a separate, specifically designated, insured account(s) with a licensed financial institution in an amount no less than 1) the amount of the chips in use, and 2) if applicable, the amount of funds on deposit by patrons. (Cal. Code Regs., tit. 11, § 2053, subds. (b) & (c).) The funds in these designated accounts may be used only to redeem chips from patrons or return patron funds, and for no other purpose. In addition, the funds must be maintained separately and may not be comingled with any other funds. Patron funds on deposit include the amount that a third-party provider of proposition player services may have on deposit with the gambling establishment. The Bureau consistently has stated that the cash value of outstanding chips and player bank accounts is the sole and exclusive property of the gambling establishment's patrons and players.

The regulation authorizes the Bureau to approve (in advance) some other form of security. Historically, gambling establishments used surety bonds as an alternative form of security; however, surety bonds are not considered as acceptable alternatives to having sufficient funds. The Bureau will consider other methods for providing a form of security on a case-by-case basis following a written request from the gambling establishment. If you seek approval of an alternative or additional form of security, please email your request to GamblingControl@doj.ca.gov. The Bureau will respond to each request in writing.

Please be advised that the Bureau will strictly enforce the requirements of California Code of Regulations, title 11, section 2053.

This advisory is for informational purposes only and is not intended to be legal advice.

For more information regarding this advisory, please contact the California Department of Justice, Bureau of Gambling Control at (916) 830-1700.