

## **Title 35 Mississippi State Tax Commission**

### **Part V Gaming**

#### **Subpart 01 General**

#### **Chapter 01 Authority of the State Tax Commission**

- 100 The chairman of the State Tax Commission shall assess and collect all taxes, fees, licenses, interest, penalties, damages and fines imposed by the Gaming Control Act. The chairman, or his designee, will have authority:
1. To conduct periodic audits or reviews of the books and records of licensees;
  2. To review the accounting methods and procedures used by licensees;
  3. To review and observe methods and procedures used by licensees to count and handle cash, chips, tokens, negotiable instruments, and credit instruments;
  4. To examine the licensees' records and procedures in extending credit, and to confirm with gaming patrons the existence of an amount of debt and any settlement thereof;
  5. To examine and review and require modifications of licensees' internal control procedures;
  6. To examine all accounting and bookkeeping records and ledger accounts of the licensee or a person controlling, controlled by, or under common control with the licensee;
  7. To examine the books and records of any licensee when conditions indicate the need for such action or upon the request of the Gaming Commission; and
  8. To investigate each licensee's compliance with the Gaming Control Act and other regulations as it relates to taxes, internal controls or auditing procedures.

101 (Reserved)

#### **Chapter 02 Definitions**

- 100 The following terms as used in the Mississippi State Tax Commission Regulations for Gaming Establishments will have these meanings:
1. Unless otherwise specified, "chairman" means the chairman of the State Tax Commission or his designee.
  2. "Business year" means the annual period used by a licensee for internal accounting purposes.
  3. "Card game" means a game in which the licensee is not party to wagers and from which the licensee receives compensation in the form of a rake-off, a time buy-in, or other fee or payment from a player for the privilege of playing, and includes poker, bridge, whist, solo and panguingui.
  4. The "card game drop box" shall be a locked container marked with a permanent number corresponding to the card table. The container shall be locked to the card table and shall be separately keyed from the container itself.

5. "Credit instrument" means a writing which evidences a gaming debt owed to a person who holds a license at the time the debt is created, and includes any writing taken in consideration, consolidation, redemption or payment of a prior credit instrument.
6. "Drop" means:
  - a. For table games, the total amount of money, chips, and tokens contained in the drop boxes.
  - b. For slot machines, the total amount of money and tokens removed from the drop box, or for cashless slot machines, the amounts deducted from a player's slot account as a result of slot machine play.
7. "Drop box" means:
  - a. For table games, a locked container permanently marked with the game, shift, and a number corresponding to a permanent number on the table. All markings must be clearly visible from a distance of at least twenty feet. The container must be locked to the table, separately keyed from the container itself. All currency exchanged for chips or tokens or credit instruments at the table and all other items or documents pertaining to transactions at the table must be put into the container.
  - b. For slot machines, a container in a locked portion of the machine or its cabinet used to collect the money and tokens retained by the machine that is not used to make automatic payouts from the machine. The container must be permanently marked with the number of the machine.
8. "Game" or "gambling game" means any banking or percentage game played with cards, with dice or with any mechanical, electromechanical or electronic device or machine for money, property, checks, credit or any representative of value, including, without limiting the generality of the foregoing, faro, monte, roulette, keno, fan-tan, twenty-one, blackjack, seven-and-a-half, big injun, klondike, craps, poker, chuck-a-luck (dai shu), wheel of fortune, chemin de fer, baccarat, pai gow, beat the banker, panguingui, slot machine, or any other game or device approved by the Mississippi Gaming Commission. However, "game" or "gambling game" shall not include bingo games or raffles which are held pursuant to the provisions of Section 97-33-51.
9. "Jackpot payout" means:
  - a. Money, tokens, credit to a player's slot account, and the actual cost to the licensee of personal property, other than travel expenses, food, refreshments, lodging, or services, distributed to a slot machine player as the result of a legitimate winning wager; and
  - b. Cash paid directly to an independent financial institution by a licensee for the purchase of an annuity designed to pay a player's winnings over several years.
10. "Statistical drop" means the dollar amount of cash wagered by a patron that is placed in the drop box plus the dollar amount of chips or tokens purchased at a table by a patron with currency or credit instruments.
11. "Statistical win" means the dollar amount won by the licensee through table play.
12. "Wager" means a sum of money or thing of value risked on an uncertain occurrence.

101 (Reserved)

## **Subpart 02 Records**

### **Chapter 01 Accounting Records Required—Taxpayer Must Keep Records**

- 100 Under authority of Sections 75-76-81 and 27-65-43, Mississippi Code of 1972 as Amended, it is the duty of every taxpayer, or gaming licensee, in such manner as the Chairman of the MSTC may approve or require, to keep accurate, complete, legible, and permanent records of all transactions pertaining to revenue that is taxable or subject to fees. The chairman may require any information or records from computer information systems on media common to those systems.
- 101 Each taxpayer, or gaming licensee, shall keep general accounting records on a double entry system of accounting maintaining detailed supporting and subsidiary records, including:
1. Detailed records identifying revenues, expenses, assets, liabilities, and equity for each establishment;
  2. Detailed records of all markers, IOU's, returned checks, hold checks, or other similar credit instruments;
  3. Detailed records indicating individual and statistical game records to reflect statistical drop, statistical win, and the percentage of statistical win to statistical drop by table for each table game, and to reflect statistical drop, statistical win, and the percentage of statistical win to statistical drop for each type of table game, either by each shift or other accounting period, which period is on file with the Chairman, and individual and statistical game records reflecting similar information for all other games;
  4. Slot analysis reports which, by each machine, compare actual hold percentages to theoretical hold percentages;
  5. All records required by the MSTC regulations for gaming establishments;
  6. Journal entries prepared by the taxpayer, or gaming licensee, and its independent accountant; and
  7. Any other records that the chairman of the MSTC specifically requires be maintained.
- 102 Each taxpayer, or gaming licensee, shall create and maintain records sufficient to accurately reflect gross income and expenses relating to its gaming operations.
- 103 If a taxpayer, or gaming licensee, fails to keep the records used by it to calculate gross gaming revenue, the State Tax Commission may compute and determine the amount of taxable revenue upon the basis of an audit and upon the basis of any information within its possession, or upon statistical analysis.
- 104 The taxpayer, or gaming licensee, shall report to the Chairman of the MSTC the manner or method in which tips and gratuities received by his gaming employees shall be

gathered and distributed to such employees in his licensed establishment. The taxpayer/licensee is required to maintain proper and adequate records of the tips and gratuities which come into his control or custody, such records including the reporting of tips and withholding of Mississippi income taxes.

105 (Reserved)

## **Chapter 02 Records of Ownership**

100 Each corporate licensee shall keep on the premises of its gaming establishment the following documents pertaining to the corporation:

1. A certified copy of the articles of incorporation and any amendments;
2. A copy of the bylaws and any amendments;
3. A copy of the certificate issued by the Mississippi Secretary of State authorizing the corporation to transact business in Mississippi;
4. A list of all current and former officers and directors;
5. Minutes of all meetings of the stockholders;
6. Minutes of all meetings of the directors;
7. A list of all stockholders listing each stockholder's name, address, the number of shares held, and the date the shares were acquired;
8. The stock certificate ledger;
9. A record of all transfers of the corporation's stock; and
10. A record of amounts paid to the corporation for issuance of stock and other capital contributions.

101 Each partnership licensee shall keep on the premises of its gaming establishment the following documents pertaining to the partnership:

1. A copy of the partnership agreement and, if applicable, the certificate of limited partnership;
2. A list of the partners, including their names, addresses, the percentage of interest held by each, the amount and date of capital contribution of each partner, the date the interest was acquired, and the salary paid by the partnership; and
3. A record of all withdrawals of partnership funds or assets.

102 Each sole proprietorship licensee shall keep on the premises of its gaming establishment a schedule showing the name and address of the proprietor and the amount and date of the proprietor's original investment and of any additions and withdrawals.

103 (Reserved)

## **Chapter 03 Record Retention**

100 Each licensee shall provide the State Tax Commission, upon its request, with the records required to be maintained by this regulation. Unless the chairman approves or requires otherwise in writing, each licensee shall retain all such records within Mississippi for at least three years after they are made.

101 (Reserved)

### **Subpart 03 Administrative**

#### **Chapter 01 Financial Statements and Annual Audit**

- 100 Each licensee shall prepare financial statements covering all financial activities of the licensee's establishment for each business year. If the licensee or a person controlling, controlled by, or under common control with the licensee owns or operates room, food, or beverage facilities, the financial statement must cover those operations as well as gaming operations.
1. Licensees shall submit the financial statements to the State Tax Commission not later than three months following the end of the business year covered by the statement. Each financial statement must be signed by the licensee who thereby attests to the completeness and accuracy of the statement.
  2. In the event of a license termination, change in the business entity, or a change in the percentage of ownership of more than twenty percent, the licensee or former licensee shall, not later than three months after the event, submit to the chairman a financial statement covering the period since the period covered by the previous financial statement.
- 101 Each licensee shall prepare all financial statements utilizing a chart of accounts recognized by generally accepted accounting principles.
- 102 Each licensee shall furnish to the chairman, upon written request, statistical and financial data for the purpose of compiling, evaluating, and disseminating financial information regarding the economics and trends within the gaming industry.
- 103 Each licensee must submit an audit report of its financial statements to the State Tax Commission each year. This audit must be performed by an independent accountant who holds a permit to practice public accounting in the State of Mississippi.
1. The independent accountant, through the licensee, must submit an audit report which expresses an unqualified or qualified opinion, or disclaim an opinion on the statements taken as a whole in accordance with standards for the accounting profession established by rules and regulations of the Mississippi State Board of Public Accountancy.
  2. The preparation of statement without audit does not constitute compliance. The examination and audit must disclose whether the accounts, records and control procedures maintained by the licensee are as required by the regulations promulgated by the State Tax Commission.
- 104 The licensee shall submit to the State Tax Commission its audited statements no later than three months after the last day of the licensee's business year. If the license of a licensee is terminated within three months of a period covered by an audit, the licensee may submit compiled statements in lieu of the additional audited statement for the licensee's final period of business.

- 105 If a licensee changes its business year, the licensee shall prepare and submit to the State Tax Commission audited financial statements covering the period from the end of the previous business year to the beginning of the new business year no later than three months from the end of such period.
- 106 All reports which directly relate to the independent accountant's examination of the licensee's financial statements must be submitted within three months after the end of the licensee's business year.
- 107 The chairman, or his designee, may request additional information and documents from either the licensee or the licensee's independent accountant, through the licensee, regarding the financial statements or the services performed by the accountant.
- 108 The licensee is responsible for the payment of all costs and fees generated by any audit required by the commission. Failure to pay such costs and fees may result in revocation of the license.
- 109 (Reserved)

#### **Chapter 02 Bond Required**

- 100 Before any applicant is licensed, he is required to enter into a bond in an amount fixed by the Chairman of the MSTC, payable to the State of Mississippi, conditioned upon the payment of all license fees, taxes, penalties, interest or fines and the faithful performance of all requirements imposed by law or regulation, or the conditions of the license.
- 101 An estimate will be made to calculate the amount for the initial bond based on the expected tax payments to be made by the taxpayer/licensee, but in no case shall the bond amount for the gaming licensee be less than \$250,000.00. The amount of the bond for each licensed manufacturer and for each licensed distributor or seller shall not be less than \$5,000.00. If a person holds both a manufacturer's and a distributor's or seller's license, the amount of the bond shall not be less than \$10,000.00.
- 102 The amount of the gaming licensee's bond shall be calculated based upon the licensee's liability for two (2) weeks of all gaming taxes, one (1) month sales tax, use tax and withholding tax liabilities, but in no case shall the bond amount be less than \$250,000. The amount of the manufacturer's or distributor's bond shall be calculated based on any tax liabilities due to the State of Mississippi for an average three (3) month period.
- 103 Such bond shall be made in a surety company authorized to do business in the State of Mississippi and shall be approved by the Chairman. The chairman shall be authorized to institute suit in the proper court on said bond for any violations of the conditions of said bond.

- 104 The replacement bond, or the continuation certificate issued on the existing bond, must be received by the chairman no later than ten days before the bond expiration date. The absence of a proper bond could result in revocation of the gaming license.
- 105 In lieu of the bond, an applicant may deposit with the State Tax Commission a secured financial instrument as authorized by the State Tax Commission. The security, provided in the form of a certificate of deposit, must state that the amount is unavailable for withdrawal except upon order of the Chairman of the State Tax Commission.
- 106 The bond amount will be reviewed periodically by the Chairman or his designated agent to determine if it is sufficient. The taxpayer/licensee will be given 60 days notice by the Chairman if he will be required to increase the amount of the bond.
- 107 (Reserved)

### **Chapter 03 Due Dates of Gaming and License Fees**

- 100 Taxes and fees required under the Mississippi Gaming Control Act, and other local government gaming taxes and license fees which are collected by the MSTC, and all reports relating thereto must be received by the State Tax Commission not later than the due date specified by law or regulation, and in accordance with the State Tax Commission Rules for Administration of Mississippi Code 27-3-81 which authorizes the State Tax Commission to require certain taxpayers to remit taxes by electronic transfer of funds. All other gaming tax or fee payments shall be timely filed if **received** by the State Tax Commission offices in Jackson, Mississippi, **on or before** the due date as prescribed by law or regulation.
- 101 The final return for the fees or taxes upon gross revenues, which includes all municipal or county fees, is due on the 20th day of the month following the month in which the tax accrues. This return shall be a reconciliation of weekly reports and prepayments or deposits made by the licensee.
1. A weekly report shall be made to the MSTC which identifies all gross revenues from slot machines, table games and card games and all other gaming revenue for the week which shall begin Sunday and end on Saturday. A prepayment or deposit of the fees and taxes due for the week must be included with the report. The report and the fee deposit must be **received by** the State Tax Commission no later than 5:00 p.m. **Friday of the following week.**
  2. When a month's end falls within a week, the licensee shall prepare a weekly report through the last day of the month, and another report beginning the first day of the month. The licensee may remit his prepayments for the partial weeks together through the electronic funds transfer. Penalty and interest will be due on any deposits and/or reports not received by Friday of the following week.
  3. The licensee's reconciliation return for the month should indicate any corrections for the weekly reports and provide final gross revenue figures for the month. If the licensee has underpaid his tax, the licensee is required to remit the additional tax with the return. No interest or penalty will be due on the additional payment

provided that the return is filed timely and that the total additional payment does not exceed 5% of the total liability for the month.

4. If the licensee has overpaid his tax, then he will be allowed to take credit for that overpayment. The MSTC will provide a letter of credit to the licensee to be attached to his report or return as verification of the credit amount.
  5. If a licensee fails to report his weekly earnings and remit his weekly deposit at the time provided, the State Tax Commission shall issue a jeopardy assessment and warrant following administrative procedures as provided for by Sections 75-76-81, 27-65-61, 27-65-63 and 27-65-65, Mississippi Code of 1972.
- 102 The application fee of \$5,000.00 for a license to conduct gaming is to be paid to the State Tax Commission on or before filing an application.
- 103 The license fee of \$5,000.00 shall be paid to the State Tax Commission within ten days of the issuance of the gaming license by the Gaming Commission, and annually thereafter on the original anniversary date of that license.
- 104 The license fee determined by the number of games, and any local fee determined by the number of games, is to be paid by the applicant for a state gaming license on or before filing an application. These fees are to be paid annually thereafter for continuation of the gaming license and shall be due on the original anniversary date of the issuance of the license.
- 105 If new games are added after the annual license fee based on the number of games has been reported and paid, a supplemental report shall be filed and the additional fee shall be paid before putting those new games into play. The additional fee paid for a period less than twelve months shall be the proportionate amount of the annual license fee that the number of months remaining bears to twelve months.
- 106 At the receipt of the gaming license fees due by the applicant, the State Tax Commission shall notify the Executive Director of the Gaming Commission that the fee has been paid and the amount paid.
- 107 (Reserved)

#### **Chapter 04 Penalties**

- 100 Any applicant or licensee failing to pay any tax or fees due at the times provided respectively, shall pay in addition to such license fee or fees a penalty of not less than \$50 or 25% of the amount due, whichever is greater, but not more than \$1,000.00 if the fees are less than ten days late.
1. If the fees are ten or more days late, the maximum penalty will be \$5,000.00.
  2. Failure to pay the penalties imposed by the due date could result in closure of the establishment.



- 101 If the gross revenue fees or the municipal/county gross revenue fees are later determined to be greater than the amount actually reported and paid by the licensee, along with the additional license fee due, the chairman will assess and collect interest at the rate of 1% per month until paid, in addition to any other penalties or damages.
1. Failure to pay the fees imposed by the due date could result in closure of the establishment.
- 102 Any person who willfully fails to report, pay or truthfully account for and pay over any license fees imposed by the Gaming Control Act, or willfully attempts in any manner to evade or defeat any such tax or payment, or any licensee who puts additional games into play without the authority of the Gaming Commission to do so or any licensee who fails to remit any license fee provided by the Gaming Control Act when due is, in addition to the amount due, liable for a penalty of the amount of the license fee evaded or not paid, collected, or paid over.
- 103 (Reserved)

#### **Chapter 05 Investigative Costs, Fines or Other Assessments**

- 100 The applicant for a state gaming license is required to pay all or any part of the fees and costs of investigation of such applicant as may be determined by the executive director of the Gaming Commission. These costs shall be made payable to the State Tax Commission within thirty days of written notice. However, the applicant for an initial license shall not be required to pay any or any part of the costs of the investigation of the applicant with regard to the initial license, except for direct "pass-through" charges or fees, for example, the fingerprint charges to the FBI.
- 101 Any fines or other assessments levied by the Mississippi Gaming Commission or the executive director will be considered due and payable thirty days after final determination of such fines or assessments and shall be made to the State Tax Commission.
- 102 (Reserved)

#### **Chapter 06 Rights of Licensee to Request a Hearing**

- 100 If any licensee feels aggrieved by an assessment of taxes or fees made upon him by the chairman, he may apply to the State Tax Commission Board of Review within ten days after the notice is mailed to him for a hearing and a correction of the amount of tax assessed upon him. The Board shall notify the licensee of the time and place fixed for the hearing.
- 101 At the hearing, the Board of Review shall try the issues presented according to the law, the facts and within guidelines set by the chairman.
- 102 The chairman of the Board of Review shall notify the licensee of its determination, and if the Board of Review orders the payment of tax or fees, the licensee shall pay the tax or

fees, damages and interest, if any, within ten days after the order is issued unless there is an application for appeal to the State Tax Commission.

- 103 If the licensee feels aggrieved by the decision of the Board of Review, he may apply in writing to the State Tax Commission, within ten days after the notice is mailed to him, for a hearing and a correction of the amount of tax or fees assessed upon him. The licensee should set forth in his petition the reasons such a hearing should be granted and the amount in which the tax or fees should be reduced. The State Tax Commission shall notify the licensee of the time and place fixed for the hearing.
- 104 After the hearing, the State Tax Commission may make such order in the matter as may appear to it just and lawful and shall furnish a copy to the petitioner.
- 105 If the State Tax Commission orders payment of the tax, the taxpayer shall pay the tax, damages and interest, if any, within ten days after the order is issued.
- 106 Any licensee improperly charged with tax or fees and required to pay the same, may recover the amount paid in any proper action or suit against the chairman for the amount paid into the state treasury, or to a representative of any municipality or county which has received any part of the tax sought to be recovered. The chancery court of Hinds County or of the county of the licensee's residence or place of business, shall have original jurisdiction of any tax or fee improperly collected by the chairman. Such appeal shall be taken within thirty days after the commission has entered the order.
- 107 The chancery court, or the supreme court of Mississippi on appeal to it, shall decide all questions both as to legality and the amount of tax or fees and enter its judgement.
- 108 (Reserved)

#### **Chapter 07 Claims for Refund**

- 100 If the chairman finds that the licensee has overpaid his tax or fees for any reason and the licensee has discontinued business and there is no subsequent liability upon which the excess may be credited, or if the amount of the excess exceeds the estimated liability for the next twelve months, the excess shall be certified to the state auditor. The auditor may issue his warrant to the state treasurer in favor of the taxpayer for the amount of tax erroneously paid into the state treasury.
- 101 (Reserved)

#### **Chapter 08 Distribution of Local Government Fee**

- 100 This regulation is to prescribe the method that will be used to determine the pro rata portion of tax revenues, collected under the authority of § 75-76-195, which will be forwarded to the counties and municipalities in the event a municipality annexes

previously unincorporated territory. Note: This methodology would also apply if a municipality contracts its corporate limits.

- 101 § 75-76-197 requires that the Local Government Fee collected under the provisions of § 75-76-195 be distributed as follows:
1. If the licensed gaming establishment is not located within an incorporated municipality, then the entire proceeds of the tax received shall be forwarded to the county in which the establishment is located.
  2. If the licensed gaming establishment is located within an incorporated municipality, then the proceeds of the tax received shall be forwarded to the municipality in the proportion that the population of the municipal corporation bears to the entire population of the county, and to the county in proportion to the population of the county outside of the municipal corporation bears to the entire population of the county. The populations for the municipality and for the county shall be determined by the most recent federal census.
- 102 When an incorporated municipality extends its boundaries through annexation of unincorporated territory thereby increasing the population of the incorporated municipality, then such municipality may petition the Commissioner requesting that he amend the tax computation to reflect the population growth resulting from the annexation according to the population figures for the annexed area contained in the most recent federal census. The municipality must provide to the Commissioner a statement from the United States Department of the Census providing the post annexation population results. The municipality must also provide to the Commissioner a certified copy of the decree that ratifies, approves and confirms the annexation as filed with the Secretary of State.
- 103 The Commissioner shall recalculate the percentages and shall use the revised percentages to determine the tax to be returned to the municipality and to the county and which revised calculations shall become effective the first day of the month, but no less than thirty (30) days, following notification to the Commissioner and provision of the required documentation.
- 104 At the time of enactment of this regulation, the effective date for establishment of the revised calculation for any municipality which has petitioned the Commissioner and has provided the required documentation, shall be the first day of the month following final approval and adoption of this regulation.
- 105 (Reserved)

## **Subpart 04 Taxation**

### **Chapter 01 Gross Revenue Subject to Taxation**

- 100 Gross revenue subject to taxation includes cash received as winnings, cash received for credit extended to a patron for purposes of gaming, and compensation received for conducting any game in which the licensee is not party to a wager, less cash paid out as

losses to patrons or amounts paid to purchase annuities to fund losses paid to patrons over several years by independent financial institutions.

1. For each table game, gross revenue equals the closing bankroll plus credit slips for cash, chips, or tokens returned to the casino cage, plus drop, less opening bankroll and fills to the table.
2.
  - a. For each slot machine, gross revenue equals drop less fills to the machine, jackpot payouts, and, if the licensee retains detailed documentation supporting the deduction, the actual cost to the licensee of any personal property (other than costs of travel, food, lodging, services, food and beverages) provided for or distributed to a patron as winnings.
  - b. The initial hopper load is not a fill and does not affect gross revenue. The difference between the initial hopper load and the total amount that is within a hopper when hopper loads are tested will be an adjustment to gross revenue. The taxpayer/licensee may appropriately adjust gross revenue, no less than quarterly, when a test of the hopper loads was made and such adjustment made to the books and records of the taxpayer/licensee. Each taxpayer/licensee is required to submit for approval and maintain on file with the MSTC the sampling methods and testing schedules employed to determine the hopper adjustments and include such methodology in their written system as provided to the MSTC. When hopper adjustments are made, the taxpayer/licensee must maintain all supporting documentation for the adjustments in accordance with the record retention requirements found in the MSTC Regulations for Gaming Establishments. The taxpayer/licensee must make these records available to the designated agent of the Chairman of the MSTC upon request. If the licensee does not maintain adequate support for the adjustment, or makes inaccurate additions or subtractions to gross revenue, the MSTC may calculate and determine an estimated total amount in the slot machine hoppers and make reasonable adjustments to gross revenue during the course of an audit.
3. For each counter game, gross revenue equals the money accepted by the licensee on events or games that occur during the month or will occur in subsequent months less money paid out during the month to patrons on winning wagers; or the money accepted by the licensee on events or games that occur during the month plus money, not previously included in gross revenue, that was accepted by the licensee in previous months on events or games occurring in the month, less money paid out during the month to patrons on winning wagers.
4. For each card game and any other game in which the licensee is not a party to a wager, gross revenue equals all money received by the licensee as compensation for conducting the game.
5. A licensee shall not include either skill win or skill loss in gross revenue computations.
6. A licensee shall not exclude money paid out on wagers that are knowingly accepted by the licensee in violation of Gaming Control Act or the regulations of the Mississippi Gaming Commission or State Tax Commission from gross revenue.

7. If in any month the amount of gross revenue is less than zero, the licensee may deduct the excess in the succeeding months, until the loss is fully offset against gross revenue.
8.
  - a. Counterfeit money or tokens, foreign currency received in gaming devices, and cash taken in fraudulent acts perpetrated against a licensee for which the licensee is not reimbursed, are not included in gross revenue.
  - b. Any of the above items which were previously excluded from gross revenue, but were reimbursed at a later date, must be included in the next month's gross revenue license fee return.
9. Cash received as entry fees for contests or tournaments in which the patrons compete for prizes are not included in gross revenue, nor are cash or the value of noncash prizes awarded to patrons awarded to patrons in a contest or tournament considered losses.
10. All revenue received from any game or gaming device which is leased for operation on the premises of the licensee-owner to another person other than the owner, or which is located in an area on such premises which is leased by the licensee-owner to any such person, must be included as part of the gross revenue of the licensee-owner.
11. Any prizes, premiums, drawings, benefits or tickets which are redeemable for money, merchandise or other promotional allowance may not be deducted as losses from any game except a slot machine. When awards or prizes awarded to patrons are determined by points or credits earned by the players, a deduction from gross revenue may be allowed only when the award or prize is a direct result of slot machine play and when the points or credits accumulated are determined by coin out. In calculating gross revenue from slot machines, the actual cost to the licensee of any merchandise awarded to the patron shall be the basis of the deduction for any non-cash items. The value of accrued points or credits as stated above may not be deducted from gross revenue until such time as the said points are redeemed by the patron. In the computation of gross revenue at a table game, there is no authority or allowance to deduct any type of promotional play.

101 (Reserved)

## **Chapter 02 Taxation of Credit Instruments**

- 100 There is imposed on each licensee a fee based on the value of any collectible credit instrument received as a result of gaming which remains unpaid on the last day of every month.
- 101 Any payments made on credit instruments prior to months end are to be included in gross revenue and taxed accordingly. Only the remaining collectible amounts of the credit instruments at months end are included in this levy.
- 102 This fee shall be reported on the monthly gross revenue license fee return and is calculated using the same rates and monetary limits set forth for gross revenue fees.

103 Credit against total license fee due shall be allowed for any credit instrument which was, at a later date, settled for a lesser amount or determined to be uncollectible. This credit shall be taken on the next monthly license fee return following final determination of the credit instrument. Supporting documentation shall be maintained by the licensee for a period of three years.

104 (Reserved)

## **Subpart 05 Internal Controls**

### **Chapter 01 Internal Accounting Controls**

100 Each gaming licensee shall establish a plan of internal administrative and accounting controls and procedures for the purpose of determining the licensee's liability for taxes and fees under the Mississippi Gaming Control Act and to ensure the accuracy and reliability of all accounting data. Required controls or procedures for adoption by each licensee shall include, but are not limited to, and are designed to reasonably ensure that:

1. Assets are safeguarded;
2. Financial records are accurate and reliable;
3. Transactions are performed only in accordance with management's general or specific authorization;
4. Transactions are recorded adequately to permit proper reporting of gaming revenue and of fees and taxes, and to maintain accountability for assets;
5. Access to assets is permitted only in accordance with management's specific authorization;
6. Recorded accountability for assets is compared with actual assets at reasonable intervals and appropriate action is taken with respect to any discrepancies; and
7. Functions, duties, and responsibilities are appropriately segregated and performed in accordance with sound practices by competent, qualified personnel.

101 Each gaming licensee and each applicant for a gaming license shall describe its administrative and accounting procedures in detail in its written system of internal control. Each licensee shall submit a copy of this written system to the State Tax Commission. The gaming licensee will submit this written system of internal control at least six (6) weeks before gaming begins at its establishment. Each written system must include:

1. An organizational chart depicting appropriate segregation of functions and responsibilities;
2. A description of the duties and responsibilities of each position shown on the organizational chart;
3. A detailed, narrative description of the administrative and accounting procedures designed to satisfy internal control requirements;
4. A written statement signed by the licensee's chief financial officer and either the licensee's chief executive officer or a licensed owner attesting that the system satisfies the internal control requirements;

5. A letter from an independent accountant stating that the licensees/applicant's written system has been reviewed by the accountant and complies with the requirements of the MSTC Regulations for Gaming Establishments; and
  6. Any such other items as the Chairman of the MSTC may require.
- 102 The licensee may not implement a system of internal accounting controls and procedures, or amend such procedures, that does not satisfy the accountability requirements of the Regulations for Gaming Establishments unless the Chairman of the MSTC determines that the licensee's proposed system satisfies such requirements and approves the system in writing. The licensee is required to submit to the Chairman a copy of any amendments or variations to any accounting procedures along with a copy of the licensee's written system as amended attested by the licensee's chief financial officer and either the licensee's chief executive officer or a licensed owner that the amendments or variations satisfy all requirements.
- 103 Annually each licensee shall require the independent accountant, who has been engaged by the licensee to examine the financial statements as provided in Regulation 5, to submit to the licensee two (2) copies of a written report concerning the licensee's compliance with the required accounting procedures and the written system of internal controls. The independent accountant must compare the licensee's submitted system of internal control in its entirety to ascertain whether the criteria set forth by the MSTC's Regulations for Gaming Establishments or approved variations are adequately addressed. The independent accountant shall report each event and procedure discovered by or brought to the accountant's attention that the accountant believes does not satisfy the requirements or variations that have been approved by the Chairman of the MSTC. Not later than three (3) months after the end of the licensee's business year, the licensee shall submit a copy of the accountant's report or any other correspondence directly relating to the licensee's systems of internal control to the Chairman of the MSTC accompanied by the licensee's statement addressing each item of noncompliance noted by the accountant and describing the corrective measures taken.
- 104 Before adding or eliminating a counter game, eliminating all table games, adding a table game at a gaming establishment not offering table games, adding any computerized system that affects the proper reporting of gross revenue, adding any computerized system for monitoring slot machines or other games, or any other computerized associated equipment, the licensee must:
1. Amend its accounting and administrative procedures and its written system of internal control to comply with the stated requirements;
  2. Submit to the MSTC a copy of the procedures and written system as amended, and a written description of the amendments signed by the licensee's chief financial officer and either the licensee's chief executive officer or a licensed owner;
  3. Comply with any written requirements imposed by the Chairman regarding administrative approval of computerized associated equipment; and
  4. After paragraphs (a) through (c) have been complied with, implement the procedures and written system as amended.

- 105 If the MSTC determines that a licensee's administrative or accounting procedures or its written system does not comply with the requirements of this section, the MSTC shall so notify the licensee in writing. Within thirty (30) days after receiving the notification, the licensee shall amend its procedures and written system accordingly, and shall submit a copy of the written system as amended and a description of any other remedial measures taken.
- 106 The licensee's internal audit department (whose primary function is performing internal audit work and who is independent with respect to the departments subject to audit) must annually submit an audit schedule to the Chairman of the MSTC.
1. (An independent accountant may perform this function in lieu of an internal audit department. For two or more licensees who essentially have common ownership, a single internal audit department for the combined properties is adequate.) The schedule must include as a minimum the audit of:
  2. At least semiannually:
    - a. Table games - fill and credit procedures, pit credit play procedures, soft count procedures and the subsequent transfer of funds, location and control over sensitive keys, the tracing of source documents to summarized documentation, and reconciliation to restricted copies.
    - b. Slot machines - jackpot payout and slot fill procedures, slot drop, count and subsequent transfer of funds, surprise testing of weigh scale, slot machine case/cabinet access, tracing of source documents to summarized documentation and reconciliation to restricted copies, location and control over sensitive keys.
  3. At least annually:
    - a. Keno department - game write and payout procedures, sensitive key location and control, and a review of keno audit procedures.
    - b. Card games department - card game operation, monetary exchange procedures, shill transactions, and drop and count procedures.
    - c. All other revenue sources - procedures for initial recording of other revenue, cash turn-in procedures and accounting procedures.
    - d. Cage and credit procedures - all cage, credit and collection procedures, and the reconciliation of trial balances to physical instruments on a sample basis.
    - e. Cage accountability reconciled to the general ledger.
  4. Whenever possible internal audit observations are performed covertly (i.e., without the employees being knowledgeable that their activities are being observed). The reports generated from the audits must indicate the findings of the audit and management's response to each finding. These reports must be kept by the licensee in accordance with the record keeping requirements stated in earlier sections and available for review upon request by an agent of the Chairman.
- 107 (Reserved)



## **Chapter 02 Authorized Personnel**

- 100 Each licensee shall place on file with the chairman the names of all persons authorized to enter the cashier's cage, those who possess the combination or keys to the locks securing the entrance to the cage and those who possess the ability to operate the alarm systems. Any changes shall be reported to the chairman within ten days of such occurrence.
- 101 (Reserved)

## **Chapter 03 Handling of Cash and Chips**

- 100 All games shall be conducted only with the use of chips or approved tokens or other instrumentalities which have been approved by the executive director of the Gaming Commission, or with lawful currency or coinage of the United States of America. All table game payouts by licensees shall be made in the form of chips, approved tokens, and/or coinage only.
- 100.01 Each employee in gaming operations, owner or licensee who receives currency of the United States (other than tips or gratuities) from a patron in the gaming area of a gaming establishment must promptly place the currency in the locked box in the table or, in the case of a cashier, in the appropriate place in the cashiers' cage. For those games which do not have a locked box, the cash or chips shall be placed in an appropriate place on the table, in the cash register or other repository which has been approved by the chairman.
- 101 No employee, licensee or owner of any gaming establishment may cash for another person the chips of that gaming establishment without immediately returning to the patron the cash, IOU, check, or marker redeemed with the chips.
- 102 All chips shall be the standard colors commonly accepted for each denomination within the industry. Those colors are: One dollar (\$1.00), white; five dollars (\$5.00), red; twenty-five dollars (\$25.00), green; one hundred dollars (\$100.00), black; and five hundred dollar (\$500.00) chips will be purple.
- 102.01 Chips of a denomination other than \$1.00, \$5.00, \$25.00, \$100.00 and \$500.00 must be a color which can be easily distinguished from the standard colors of white, red, green, black and purple, and approved by the Executive Director of the Gaming Commission.
- 103 (Reserved)

## **Chapter 04 Minimum Standards of Internal Control for Keno**

- 100 This regulation prescribes the minimum standards for adoption by each licensee for the operation of keno at the gaming establishment.
1. The keno write and desk area is restricted to specified personnel.

2. Keno balls in use are to be safeguarded to prevent tampering. Effective procedures are to be established for inspecting new keno balls put into play as well as for those being used.
3. Procedures are to be established for locking out or closing down all ticket writing/filming and timing mechanisms while keno balls are being selected.
4. There are to be safeguards over electronic equipment to prevent access and/or tampering.
5. The keys to the master panel which access the electronic equipment and wiring, keys to the writer machines, keys to the locked boxes which contain written duplicate keno tickets (if writer machines are utilized) and the keys to microfilm equipment shall be maintained and controlled by personnel from the accounting department or cashiers cage who are independent of the keno department.
6. The person controlling inside keno tickets shall be precluded from having access to cash proceeds and from writing tickets unless procedures have been established for regrading all winning tickets written by the desk person using a writer station designated for use solely by him.
7. Both the inside (ticket presented by customer for play) and outside (receipt ticket given customer by keno writer) keno tickets are stamped with the date, ticket sequence number, and game number (outside ticket only).
8. There are to be controls over inside keno tickets after preparation and before they are transferred to personnel performing the keno audit function.
9. There are to be controls to prevent the writing of tickets after a game has been closed.
10. A camera shall be utilized to film the empty "rabbit ears," time, date and game number prior to the calling of a game.
11. Properly identified draw tickets are to be punched as numbers are drawn.
12. A camera shall be utilized to film the full "rabbit ears" (balls drawn), time, date and game number after all balls are drawn.
13. The camera will continuously film the rabbit ears or is to be controlled by master control switches.
14. All winning tickets are to be compared with the draw ticket by writer before being paid.
15. Payouts of \$25 or more are to be verified by actual examination of the inside tickets.
16. Wins of \$500 or more also require approval of supervisory personnel before being paid.
  - a. Any wins of \$2,500 or more will require, not only the approval of management personnel independent of the keno department, but also the following: the development of film of the "rabbit ears" prior to and after the game is called to determine that the same numbers called were not left up from the prior game, the comparison of developed film ("rabbit ears") to the draw ticket, the comparison of the winning ticket presented for payment and the inside ticket to the restricted copy (carbon copy contained in keno writing machine or to developed film of ticket, etc.), and the regrading of the winning ticket.

- b. These procedures must be documented for later verification and reconciliation during the keno audit process.
- 17. A summary report of the keno operation (count sheet) is to be prepared at the end of every shift and shall include the computation of net cash proceeds for the shift, and signatures in ink of two employees who have verified the net cash proceeds for the shift.
- 18. All original tickets (inside ticket) and all duplicate winning tickets (outside ticket) for every game are to be transmitted from the keno floor to independent personnel for audit and verification on a timely basis.
- 19. The accounting department or someone else, who is independent of the keno writer and desk person, will calculate and indicate in a summary report the total "write" by game and shift, total "payout" by game and shift, and the "win/loss" by game and shift.
- 20. All copies of all keno tickets will be maintained for at least thirty days. All copies of winning keno tickets greater than or equal to \$1,500 will be maintained for at least three years. The copy may be maintained in the form of a copy made from the microfilm, videotape, etc.
- 21. The accounting department shall perform the various audit functions of keno and shall include verification on a sample basis at least once a week of the total "write" by writer and shift (from inside tickets for microfilm or videotape system or from locked box copies for a writing machine system), the total "payout" by writer and shift, and the "win/loss" by writer and shift.
- 22. The keno receipts (net cash proceeds) are to be compared with the audit summary. Any cash variances in excess of \$25 will be noted in the above comparison and are to be investigated on a timely basis.
- 23.
  - a. On a sample basis (at least one race per shift or ten races per week), the accounting department shall regrade winning tickets to verify the accuracy of payouts and compare winning tickets (inside and outside) to restricted copies (locked box copy, developed microfilm, videotape, etc.) for all levels of payout authorization, review winning documentation, review smaller winning tickets for proper authorization and evidence of payment, review sequential numbering on restricted write tickets (locked box copy) or foot restricted write tickets (developed film) to insure that tickets have not been destroyed, and review restricted copies (locked box copy) for blank tickets and proper voiding of voids.
  - b. Any exceptions discovered must be documented.
- 24. The licensee is to maintain statistics on the comparison of win to write (handle) by month-to-date and year-to-date. The statistics are to be presented to and reviewed by management at least on a monthly basis.

101 (Reserved)

## Chapter 05 Credit Play

- 100 The following standards represent minimum acceptable credit procedures. For any computer applications, alternate documentation and/or procedures which provide at **least** the level of control described by these standards will be acceptable.
1. The following information will be the minimum recorded for patrons who will have credit limits or be issued credit greater than \$1,000 (excluding payroll checks, cashier's checks and traveler's checks): Patron's name, current address, and signature, identification verifications, authorized credit limit, documentation of the credit history check and the authorization by an individual designated by management to approve credit limits, and credit issuances and payments.
  2. Prior to extending credit, if the following information is not on file, the patron's credit documentation is examined to determine the following: Properly authorized credit limit, whether remaining credit is sufficient to cover the advance, and identity of the patron.
  3. Credit extensions over a specified dollar amount are authorized by personnel designated by management.
  4. Proper authorization of credit extension over 10 percent of the previously established limit or \$1,000, whichever is greater, is documented.
  5. The job functions of credit authorization, such as establishing the patron's credit worthiness, and credit extension, as an example monitoring patron's credit play activity, are segregated between pit personnel and the individual involved in actual credit authorization for credit extensions to a single patron of \$10,000 or more per day. This limit applies whether credit was extended in the pit or the cage.
  6. If personal checks, cashier's checks or payroll checks are cashed, the cage cashier will: Examine and record at least one item of patron identification such as a driver's license, record a bank number or credit card number (not required for payroll checks and cashier's checks), and make a reasonable effort to verify business authenticity of payroll checks.
  7. Counter checks are not accepted by the licensee unless the information required by item #1 has been documented.
  8. When counter checks are accepted, the following will be included on the check: The patron's name and signature, the dollar amount of the check (both alpha and numeric), date of issuance, and signature or initials of the individual approving the check.
  9. When travelers checks are presented: The cashier must comply with examination and documentation procedures as required by the issuer and checks in excess of \$100 denominations are not cashed unless at least one form of identification is examined and recorded.
  10. A reasonable effort must be made to collect outstanding casino accounts receivable.
  11. If outstanding credit instruments are transferred to collection agencies or other collection representatives, a copy of the credit instrument and a receipt from the collection representative are obtained and maintained until such time as the credit instrument is returned or payment is received.
  12. A detailed listing is maintained to document all outstanding credit instruments which have been transferred to others as indicated above.

13. The above listing is prepared or reviewed by an individual independent of credit transactions and collections thereon.
14. All payments received on outstanding credit instruments are permanently recorded on the licensee's records.
15. When partial payments are made on credit instruments, they are evidenced by a multi-part receipt (or another equivalent document) which contains: The same preprinted number on all copies, patron's name, date of payment, dollar amount of payment (or remaining balance if a new marker is issued), signature or initials of individual receiving payment, and number of marker on which payment is being made.
16. Access to the credit information, outstanding credit instruments and written off credit instruments is restricted to those positions which require access and are so authorized by management.
17. All extensions of pit credit transferred to the cage and subsequent payments are documented on a credit instrument control form. Records of all correspondence, transfers to and from outside agencies, and other documents related to issued credit instruments are maintained.
18. Written-off credit instruments must be authorized in writing. Such authorizations are made by at least two management officials who are from departments independent of the credit transaction.
19.
  - a. The receipt or disbursement of front money or a customer cash deposit is evidenced by at least a two-part document with one copy going to the customer and one copy remaining in the cage file. The multi-part form contains the following information: Same preprinted number on all copies, customer's name and signature, date of receipt and disbursement, dollar amount of deposit, and type of deposit (cash, check, chips).
  - b. Procedures are established to: Maintain a detailed record by patron name and date of all funds on deposit, maintain a current balance of all customer cash deposits which are in the cage/vault inventory or accountability, and reconcile this current balance with the deposits and withdrawals at least daily.

101 (Reserved)

### **Chapter 06 Cage/Vault Accountability**

- 100 All transactions that flow through the casino cage must be summarized on a cage accountability form on a per shift basis.
- 101 Increases and decreases to the cage inventory must be supported by documentation.
- 102 The cage and vault (including coin rooms/vaults) inventories are counted by the oncoming and outgoing cashiers, or the cage personnel who have responsibility for the coin/vault room, who shall make individual counts for comparison of accuracy and maintenance of individual accountability and recorded at the end of each shift during which activity took place. All discrepancies are noted and investigated.

- 103 All net changes in outstanding casino receivables are summarized on a cage accountability form or similar document on a per shift basis.
- 104 Such information is summarized and posted to the accounting records on at least a monthly basis.
- 105 A trial balance of casino accounts receivable, including the name of patron and current balance, is prepared at least monthly in the case of active accounts, or quarterly in the case of inactive or written-off accounts. (A listing of written-off items at the time of write-off, and another listing of payments on items previously written-off are acceptable.)
- 106 The trial balance of casino accounts receivable is reconciled to the general ledger at least quarterly.
- 107 In **addition** to internal audit standards, an individual independent of the cage, credit, and collection functions performs all of the following at least quarterly:
1. Ascertain compliance with credit limits and other established credit issuance procedures,
  2. Randomly reconcile outstanding balances of both active and inactive accounts on the listing to individual credit records and physical instruments,
  3. Examine credit records to determine that appropriate collection efforts are being made and payments are being properly recorded, and
  4. For a minimum of seven (7) days per each month partial payment receipts are subsequently reconciled to the total payments recorded by the cage for the day and are numerically accounted for.
- 108 Procedures are established to: Maintain a detailed record by patron name and date of all funds on deposit, maintain a current balance of all customer cash deposits which are in the cage/vault inventory or accountability, and reconcile this current balance with the deposits and withdrawals.
- 109 (Reserved)

## **Subpart 06 Slot Machines**

### **Chapter 01 Slot Machines**

- 100 **Accountability Requirements for Slot Machines**  
 The following sections are the procedures prescribed by the Chairman of the MSTC for adoption by each taxpayer/licensee and which apply to slot machines, requiring that adequate records of the gross revenue of the taxpayer/licensee be kept to ensure the accurate calculation of gross revenue subject to tax and reliable accounting records. These procedures reflect the minimum required to be adopted by a licensee. Any variations must be comparable or must exceed the following criterion. All procedures or changes to those procedures must be provided to the Chairman in written form prior to implementation. As used in this regulation, an employee "work permit number" may be

another identifying employee number used by the licensee, as an example, a partial social security number or a unique employee identification number assigned by the licensee.

#### 101 Slot Drop and Count Procedures

1. At least three persons shall perform the following functions, two (2) of who are independent of the generation of slot revenue. All personnel must wear a one piece pocketless garment with openings only for the arms, feet and neck. Count room personnel are not allowed to exit or enter the count room except for emergencies or scheduled breaks. At no time when uncounted funds are present may there be less than three (3) persons in the count room. Each licensee shall **submit** a list to the Chairman of the MSTC of the employees authorized to participate in the count including those employees, as an example, the internal audit department employees or computer technicians and equipment maintenance personnel needed for problem resolution, who are authorized to be in the count room during the count (count personnel list). East taxpayer/licensee shall submit a revised list immediately upon any change to the count personnel list. The count personnel list shall indicate those persons, if any, who hold an interest in the license and shall indicate what relationship by blood or marriage, if any, exists between any person in the count personnel list and any other person on such list or any interest holder or employee of the gaming establishment. Each licensee must **report** to the Chairman of the MSTC and **maintain on file** the time when the drop buckets and bill acceptor canisters will be removed and the time when the contents are to be counted. All drop buckets or canisters may only be removed at the time previously designated to the Chairman. The licensee must notify the Chairman **in advance** any change to the designated time in writing. If there is an unscheduled drop, the taxpayer/licensee must immediately notify the Chairman by facsimile in the Jackson office of the event detailing the reason, the date and dollar amount involved. This requirement in no way implies approval for nonscheduled drops, but instead requires the taxpayer/licensee to inform the Chairman if one should occur as result of an unforeseen emergency.
  - a. The slot drop supervisor must notify surveillance when the drop is to begin in order that surveillance may monitor the activities. Surveillance is to record in a proper log or journal in a legible manner any exceptions or variations to established procedures observed during the drop. Such log or journal shall be made available for review by an agent of the Chairman upon request.
  - b. For slot machines that possess bill or currency acceptors, the count procedures shall follow the procedures as prescribed for table games.
2. As each machine is opened, the contents must be tagged with its respective machine number if the bucket is not permanently marked with the machine number. The contents are transported directly to the area designated for the counting of such monies. If more than one trip is required to remove the contents of the machines, the filled carts of coins are securely locked in the room designated for counting. There must be a locked covering on any carts in which the drop route includes passage out of doors.

3. If the contents of each slot machine are weighed, a count team member shall record the machine number, amount of weight and the dollar amount in ink on a source document unless the weigh scale automatically records such information on the master game report sheet. The weight will be converted to dollar amounts prior to the reconciliation of the weigh to the wrap.
4. If a coin meter count machine is used, the count team member records the machine number denomination and number of coins in ink on a source document, unless the meter machine automatically records such information. The coin count for each denomination is entered and is converted into dollars.
5. The coins are wrapped immediately after being weighed or counted. As the coin is being wrapped, it is maintained in such a manner so as to be able to obtain an accurate count when the wrap is completed. At the completion of the wrap, a count team member independently counts the wrap and reconciles it with the weigh/meter count.
6. A count team member prepares a hard drop summary report showing the results of the weigh/count and wrap by denomination. Discrepancies between the weigh/count and wrap are to be investigated immediately and explained on the summary report.
7. At the conclusion of the count, all persons participating in the count process shall sign the face of the report using full signature, including work permit number, to attest to the accuracy of the amounts recorded.
8. Any corrections on slot count documentation are made by crossing out the error, entering the correct figure, and then obtaining the initials of at least two count team members.
9. The wrapped coins are transported to a secure area after the reconciliation of the count. Immediately upon receiving the funds, the cashier who accepts the drop counts the slot drop by denomination and signs the count sheet attesting the accuracy of the total and the denominations of the funds received.
10. A count team member transports the summary report and its supporting documents to the accounting department immediately after the cashier signs it.
11. There will not be any unsecured revenue in the count room when a new drop is entering the count room.
12. The accounting department shall daily:
  - a. Compare for agreement **each** slot machine the dollar value of tokens counted and recorded by the count team to the drop meter reading recorded on the slot meter sheet;
  - b. Record for **each** machine the hopper fills to each slot machine;
  - c. Record for each slot machine the payouts and compare for agreement payouts to the manual jackpot meter reading recorded on the slot meter sheet;
  - d. Calculate and record the win or loss for each slot machine;
  - e. Explain and report for corrections apparent meter malfunctions to the slot department and all significant differences between meter readings and amounts recorded; and
  - f. Calculate statistics by slot machine.



13. The accounting department shall also perform the following functions in relation to the slot win sheet, the slot meter sheet, payouts and hopper fills:
  - a. Compare for agreement with each other and to triplicates or stored data on a test basis;
  - b. Review for the appropriate number and propriety of signatures (including work permit numbers) on a test basis;
  - c. Account for by series numbers all forms;
  - d. Test for proper calculation, summarization and recording all records subsequently recorded, maintained and controlled by accounting department employees.

#### 102 Jackpot Payouts/Hopper Fills

1. Whenever a patron wins a jackpot that is not totally and automatically paid directly from the slot machine, a cashier shall prepare a jackpot payout slip ("payouts"). Whenever a slot supervisor attendant or mechanic requests to fill a payout reserve container ("hopper") of a slot machine, a cashier shall prepare a hopper fill slip ("hopper fills").
2.
  - a. Payouts and hopper fills shall be serially prenumbered forms. Each series of payouts or hopper fills shall be used in sequential order and the series of all payouts or hopper fills received by a casino shall be accounted for by employees independent of the cashier's cage and the slot department.
  - b. All original and duplicate void payouts or hopper fills shall be marked "void" and shall require the signature of the preparer and a slot attendant or supervisor.
3.
  - a. Each series of payouts or hopper fills shall be a three-part form and shall be inserted in a dispenser that shall be locked and will permit an individual slip in the series and its copies to be written upon simultaneously while still in the dispenser and that will discharge the original and duplicate while the triplicate remains in a continuous unbroken form in the dispenser.
  - b. Access to the triplicates shall be maintained and controlled at all times by employees responsible for controlling and accounting for the unused supply of forms, placing those forms in the dispenser and removing from the dispenser the triplicates remaining.
4. For establishments in which payouts or hopper fills are computer prepared, each series shall be a two-part form and shall be inserted in a printer that will simultaneously print an original and a duplicate and store in a machine-readable form all information printed on the original and duplicate. The stored data shall not be susceptible to change or removal by any personnel after the preparation.

#### 103 Procedures for Jackpot Payouts

1. The information which shall be included on every form and in all stored data for payouts is the casino number of the slot machine on which the jackpot was registered, the winning combination of reel characters constituting the jackpot, the date and time during which the jackpot occurred, the amount to be paid from

cashier's cage or slot booth funds, the slot booth number if applicable from which the amount is to be paid, and the time of preparation of the jackpot payout.

2. All remuneration paid to a patron as a result of winning a jackpot shall be disbursed by the cashier directly to the patron, or disbursed by the cashier to a slot attendant or supervisor who shall transport the winnings directly to the patron. All jackpots which are \$1,200.00 or greater, shall be completely handpaid to the patron.
3. Signatures attesting to the accuracy of the information contained on the original and duplicate of the payout shall be of the cashier who prepared the payout slip and a slot attendant or supervisor who observed the reel characters of the slot machine. A manager shall also attest the payout if the amount of the jackpot is in excess of \$5,000.00. All signatures must include the work permit number.
4. The original jackpot payout slip shall be forwarded to the accounting department for agreement with the triplicate or stored data. The duplicate jackpot payout slip shall be maintained by the cashier for recording on the slot win sheet, agreement with the meter reading stored on the slot meter sheet, and agreement with the triplicate or stored data.
5. The Accounting Department shall verify that all jackpots are in compliance with Mississippi Income Tax Regulation 1122.

#### 104 Procedure for Filling Payout Reserve Containers of Slot Machines

1. The information which shall be included on every hopper fill slip, and in all stored data for hopper fills, is the casino number of the slot machine to which the tokens are to be distributed, the date and shift during which the tokens are distributed, the denomination of tokens to be distributed, the amount of tokens to be distributed, the signature of the preparer, the signature of security or other personnel responsible for delivering the hopper fill, and the time of preparation of the hopper fill. All signatures shall include the work permit numbers.
2. All tokens distributed to a slot machine shall be transported directly to the slot machine along with the original hopper fill slip. The slot supervisor shall observe the deposit of the tokens in the slot machine and the closing and locking of the slot machine by the slot mechanic or slot attendant before obtaining the signature of the slot mechanic or slot attendant on the hopper fill slip. The slot supervisor shall also attest by signature that the amount of the hopper fill was deposited into the machine. All signatures must include the work permit number.
3. A slot mechanic who participates in hopper fill transactions shall inspect the slot machine and determine if the empty hopper resulted from a machine malfunction. When a slot attendant participates in hopper fills, he shall view the machine entry authorization log and alert a slot mechanic to inspect the slot machine if the entries in the log indicate a consistent malfunction problem.
4. The duplicate hopper fill slip shall be maintained by the cashier. The original fill slip shall be forwarded to the accounting department for verification.

#### 105 Equipment Control

1. The calibration module of the weigh scale is to be sealed at all times by a seal of such a nature to prevent tampering, for example, a metal strip, prenumbered

labels, lock and key. A person independent of the slot department is notified and present at any time the seal is broken.

2. The weigh scale shall be tested by someone independent of the slot department and count team at least on a quarterly basis. The results of this test must be fully documented and maintained on file by the licensee.
3. A metered count machine shall be tested prior to the actual count to ascertain if the metering device is working properly by using a predetermined number of coins of each denomination.

#### 106 Miscellaneous Slot Requirements

1. All slot machines have in-meters. Machine in-meter readings are to be recorded at least weekly. These records must be maintained three years.
2. Slot analysis reports, which compare actual hold to theoretical hold, are prepared on at least a monthly basis. These records must be maintained at least three years and shall provide data on both month-to-date and year-to-date basis. Actual hold is equal to the dollar amount of win divided by the dollar amount of coin-in. Accurate theoretical hold worksheets are maintained for all slot machines.
3. The slot hopper loads and coin in the drop cabinets are to be secured and accounted for during the removal and maintenance of slot machines. Surveillance shall be notified at any time coin is to be removed from the machines.
4. Cashier/change banks are to be counted and reconciled for each shift.
5. Any computer applications that will provide controls that are comparable or exceed the criterion will be acceptable upon review of the Chairman.
6. The machine entry authorization log maintained inside each slot machine in order to record all entries into either the slot machine door, the slot cash door, or the slot coin drop door, shall include employees name, work permit number and reason for entry to the machine. These cards shall be monitored regularly by the slot managers/supervisors.

107 (Reserved)

### **Subpart 07 Table Games**

#### **Chapter 01 Table Games**

##### 100 Accountability Requirements for Table Games

The Mississippi Gaming Control Act of 1990 provides authority for the Chairman of the MSTC to promulgate rules and regulations for adoption by each licensee requiring that adequate records of the gross revenue of the licensee be kept to ensure the accurate calculation of gross revenue subject to tax and to ensure reliable accounting records. The following sections of this regulation apply to all table games. These procedures reflect the minimum required to be adopted by a licensee. Any variations must be comparable or must exceed the following criterion. All procedures or changes to those procedures must be provided to the Chairman in written form prior to implementation. As used in this regulation, an employee "work permit number" may be another identifying employee

number used by the licensee, as an example, a partial social security number or a unique employee identification number assigned by the licensee.

#### 101 Drop/Count Procedures

1. a. Each licensee shall report to the Chairman of the MSTC and **maintain on file** the time(s) when drop boxes will be removed and the time(s) that the contents will be counted. All drop boxes must be removed and counted only at the time(s) previously designated to the Chairman. Removal and counting of drop box contents at other than the designated time is prohibited. If the licensee determines it necessary to change the time(s) of the drop or the count, then the licensee must provide **advance notice** to the MSTC of a change in times before implementing such change. If there is an unscheduled drop, the taxpayer/licensee must immediately notify the Chairman by facsimile to the Jackson office of the event detailing the reason, the date, and dollar amount involved. This requirement in no way implies approval for nonscheduled drops, but instead requires the taxpayer/licensee to inform the Chairman if one should occur as result of an unforeseen emergency.
- b. The drop supervisor must notify surveillance when the drop is to begin in order that surveillance may monitor the activities. Surveillance is to record in a proper log or journal in a legible manner any exceptions or variations to established procedures observed during the drop. Such log or journal shall be available for review by an agent of the Chairman upon request.
- c. The Chairman may, at his discretion, have an agent present to observe the drop or count. To gain entrance to the count room or to the surveillance room(s), the State Tax Commission employee shall present an official identification card containing a photograph issued by the commission.
2. Each licensee shall **submit** a list to the Chairman of the MSTC of employees authorized to participate in the count including those employees, as an example, the internal audit department employees or computer technicians and equipment maintenance personnel needed for problem resolution, who are authorized to be in the count room during the count ("count personnel list"). Each licensee shall submit a revised list to the Chairman immediately upon any change to the count personnel list. The count personnel list shall indicate those persons, if any, who hold an interest in the license and shall indicate what relationship by blood or marriage, if any, exists between any person on the count personnel list and any other person on such list or any interest holder or employee of the gaming establishment.
3. a. The count of pit revenue is to be performed by a minimum of three (3) persons, at least two (2) of whom are independent of the pit department. Immediately prior to entering the count room a member of the team shall notify surveillance that the count is about to begin. Surveillance shall make a video recording of the entire process and such tape shall be maintained for at least thirty (30) days. Surveillance is required to record in writing in a legible manner any exceptions or variations to established

- procedures noted in their observation of the count procedures. Said record shall be available for review by an agent of the Chairman upon request.
- b. The work schedules of count team personnel must be regularly rotated and their functions regularly rotated. All personnel must wear a one piece pocketless garment with openings only for the arms, feet and neck. Such garment may include a jumpsuit or smock, as determined by the licensee. Unauthorized personnel are not allowed to exit or enter the count room unless all boxes and moneys have been secured. At no time may there be less than three (3) count team members present in the soft count room when uncounted money is present. Surveillance must monitor all entrances and exits from the count room.
4. Each casino shall have a room or room(s) specifically designated for counting the contents of drop boxes and slot machine bill/currency acceptors which shall be known as the soft count room. The soft count room shall be designed and constructed to provide maximum security for materials housed in and the activities conducted therein. All soft count room keys, drop box rack keys, drop box removal keys, drop box contents keys and any duplicate keys are to be controlled in such a way that access to the full or empty boxes or to the soft count room requires at least two (2) persons representing different departments and segregated functions. The doors to the count room will be securely locked and no count team member will be permitted to enter or leave the count room except during an emergency or scheduled breaks until the entire counting, recording and verification process is complete. There will be no transfers of chips or currency in or out of the count room until all count procedures are complete and the cage has taken possession of the drop into its accountability. Further, non-gaming revenues, such as restaurant or bar receipts, must not be counted coinciding with the count of gaming revenue.
  5. Procedures and requirements for conducting the count shall be the following:
    - a. As each drop box is placed on the count table to be individually counted, one (1) count team member shall verbalize in a tone of voice to be heard by all persons present the game, table number and shift marked thereon for drop boxes.
    - b. The contents of each drop box shall be emptied on the count table and either manually counted separately on the count table or counted on a currency counting machine located in a conspicuous location on, near or adjacent to the count table. If a currency counting machine is used, it shall be **tested daily** prior to the actual count to ascertain if the metering device is working properly. A record shall be maintained of the daily testing containing no less than two (2) signatures attesting the daily test.
    - c. Immediately after the contents of a drop box are emptied onto the count table, the inside of the drop box shall be examined by at least one (1) other count team member to ascertain that all contents of the drop box have been removed. The empty box shall be positioned by a count team member in such a way that surveillance may verify that the box is empty, after which the drop box shall be locked and placed in the storage area for drop boxes.

- d. The contents of each drop box shall be separated by a count team member into separate stacks on the count table by denominations of coin and currency and by type of form, record or document except that a machine may be used to automatically sort currency by denomination.
- e. Each denomination of coin and currency shall be counted separately by one (1) count team member who shall place individual bills and coins of the same denomination on the count table and in writing record the results of such count. The coin and currency shall then be counted by a second count team member who is unaware of the result of the original count and who, after completing this count, shall confirm the accuracy of the total in writing with that reached by the first count team member. The MSTC may permit a licensee to perform an aggregate count by denomination of all currency collected in substitution of the second count by drop box if the MSTC is satisfied that the original count is being performed automatically by a machine that counts and automatically records the amount of currency by table and that the accuracy of the machine has been suitably tested and proven.
- f. As the contents of each drop box are counted, one (1) count team member shall record in ink on a master game report by game, table and shift the following information:
  - i. The amount of each denomination of currency counted;
  - ii. The amount of all denominations of currency counted;
  - iii. The amount of coin counted;
  - iv. The total amount of currency and coin counted;
  - v. The amount of the opener;
  - vi. The amount of the closer;
  - vii. The serial number and amount of each fill;
  - viii. The amount of all fills;
  - ix. The serial number and amount of each credit;
  - x. The amount of all credits; and
  - xi. The win or loss;
  - xii. The amount of coupons authorizing chip purchases.
- g. After the contents of each drop box are counted and recorded, one (1) member of the count team shall record, by game on the master game report, the total amounts of currency and coin, table inventory slips, fills and credits, and win or loss, along with such additional information as may be required.
- h. Notwithstanding the requirements of 5 (f) and (g) if the licensee's system of internal accounting control provides for the recording on the master game report or supporting documents of fills, credits, and table inventory slips by cashiers prior to commencement of the count, a count team member shall compare for agreement the totals of the amounts recorded thereon to the fills, credits, table inventory slips removed from the drop boxes.
- i. Notwithstanding the requirements of 5 (f) and (g) if the licensee's system of internal accounting control provides for the count team functions to be

conducted only by accounting department employees with no incompatible functions they shall perform all other counting, recording and comparing duties herein.

- j. After preparation of the master game report **each** count team member shall sign the face of the report attesting to the accuracy of the report. The count team members must record his/her work permit number with his/her signature.
  - k. Soft count team members must be prepared to perform a manual count of the drop in case of currency counting or sorting machine malfunctions. This manual process should be included in the written system.
6. Procedures and requirements at the conclusion of the count shall be the following:
- a. All cash removed from the drop boxes or slot cash storage boxes shall be immediately presented in the soft count room by the count team to the cashier who prior to having access to the information recorded on the master game report and in the presence of the count team shall recount either manually or mechanically the cash received and attest by signature on the master game report, if applicable, the amount of cash received.
  - b. The master game report shall be delivered by the count team, after all signatures have been obtained and the cashier has verified the cash/chips/coins received, to the Accounting Department for audit and verification. Fills, credits, table inventory slips and all other supporting documents shall be attached or filed with the report and shall be held by the Accounting Department as a permanent record.

## 102 Fill and Credit Slips

- 1. Fill slips and credit slips in all establishments shall be handled as follows:
  - a. All fill slips and credit slips shall be serially numbered forms and shall be purchased in triplicate in a continuous series utilizing the alphabet, so that no gaming establishment may ever utilize the same number and series. Only one series of each type may be used at a time in any establishment, this series must be inserted in a consecutive order in a locked machine that will permit the original and duplicate to be utilized by the establishment in accordance with the detailed rules for each type of slip set forth, and will only permit the third copy to be retained intact in a continuous unbroken form.
  - b. The third series, after use, must not be available to personnel in the gaming operations of an establishment, or cashier's cage, who have access to the original and duplicate of the series, and must be retained in a secure place on the premises. All series numbers that are received by the establishment must be accounted for. All void slips shall be marked "VOID" and shall require the signatures and work permit number of the two (2) persons voiding the slip.
  - c. Information on the fill or credit slip must include the denomination of gaming chips to be distributed to the gaming tables or being returned, the total amount of each denomination of gaming chips, the game and table

number to which the gaming chips are to be distributed or returned, and the time and date of the fill or credit.

- d. For licensees in which fills or credits are computer prepared, each series shall be a two (2) part form and shall be inserted in a printer that will simultaneously print an original and a duplicate and store, in machine readable form, all information printed on the original and duplicate. The stored data shall not be susceptible to change or removal by any personnel after preparation.

103 Procedure for Distributing Gaming Chips to Gaming Tables—(Fills)

1. All fill slips requesting chips or money must be prepared at the time a fill is made. The original slip must be signed by the cashier or his assistant and by security personnel, or employee responsible for delivering the fill to the table, at the time the funds are exchanged. The signature must include the employee's full name in a legible manner including his/her work permit number.
2. The original fill slip and the fill shall then be hand carried from the cashier's cage to the table requesting the fill by security or another employee whose function is to transport fills. The dealer or boxman must count the amount of the fill and sign the form attesting that the table has received the amount of the fill indicated. The pit supervisor or his assistant must also certify that the fill was deposited on the table by signing his full name in a legible manner. All signatures must include the work permit number.
3. The original fill slip shall then be deposited into the drop box on the table by the dealer, where it will appear in the soft count room with the cash receipts for the shift.
4. The duplicate fill slip shall remain in sequence in the series at the cashier's cage, or location where they are kept, to provide a means of reconciliation of fill slips by the gaming establishment. This duplicate cannot be accessible to pit personnel.

104 Procedure for Removing Gaming Chips from Gaming Tables—(Credits)

1. A credit slip shall be prepared to authorize the removal of gaming chips from gaming tables to the cashier's cage. The signatures of the casino supervisor or his assistant, and dealer or boxman assigned to the gaming table from which the gaming chips are to be removed, must be on the original credit slip using the full name in a legible manner along with work permit number. The credit slip must be signed by the security personnel, or employee responsible for delivering the credit to the cage, at the time the funds are exchanged.
2. The original credit slip, along with the gaming chips to be removed from the table, shall be hand carried by security or another person whose function is to transport credits to the cashier's cage. The cashier must count the amount of the credit and certify by signature that the table has returned the amount of the credit indicated. All signatures must include the work permit number.
3. The duplicate credit slip which includes the signatures of the dealer, supervisor and runner, is to be deposited in the drop box by the dealer prior to removing the



chips from the table where it will appear in the counting room with the cash receipts.

4. The original credit slip shall remain in sequence at the cashier's cage or location where they are kept to provide a means of reconciliation of credit slips for the gaming establishment.

#### 105 Procedure for Closing Gaming Tables

1. At the end of each day, or after each shift if the drop boxes are collected by shift, or whenever gaming activity at a table is concluded, the gaming chips remaining at the gaming table shall be counted by the dealer or boxman assigned to the gaming table and observed by a casino supervisor, or his assistant, assigned to the gaming table.
2. The gaming chips counted shall be recorded on a table inventory slip by the casino supervisor or his assistant assigned to the gaming table.
3. The table inventory slip shall be a three-part form and on the original copy of the slip ("closer") and the duplicate of the slip ("opener"), the casino supervisor shall record the date and identification of the shift ended, the game and table number, the total value of each denomination of gaming chips remaining at the gaming table, and the total value of all denominations of gaming chips remaining at the gaming table.
4. Signatures attesting to the accuracy of the information recorded on the table inventory slips at the time of the shift's end shall be the outgoing supervisor and the incoming supervisor or his assistant assigned to the gaming table who count the contents of the table inventory. All signatures shall include the work permit numbers.
5. The original closer shall be deposited by the dealer in the drop box attached to the gaming table immediately prior to the closing of the table, the first copy shall be deposited in the oncoming drop box, and the second copy opener shall be forwarded to the accounting department for later verification. The gaming chips remaining at the table shall be placed in a container which shall then be locked if the table is closed.
6. The accounting department shall be responsible for daily verification of the opener with the closer of the preceding day. Any discrepancy must be immediately reported to the licensee who shall investigate and take any appropriate action.

106 (Reserved)

## **Chapter 02 Accountability Requirements for Card Games**

- 100 This regulation prescribes the minimum standards, requiring that adequate records of the gross revenue of the licensee be kept to ensure the accurate calculation of gross revenue subject to tax and the reliability of the accounting records for adoption by each taxpayer/licensee and which apply to card games such as poker, bridge, whist, solo, and panguingui.

1. The procedures for the collection of card game drop boxes and the count of the contents thereof will comply with all procedures applicable to the table game drop boxes. The card games drop boxes shall be removed at the time designated to the Chairman of the MSTC and the contents therein counted at the time designated. Removal of the boxes at any other time is prohibited. All procedures or changes to these procedures shall be provided to the Chairman in written form prior to implementation.
2. A person functioning as a supervisor of equal or higher authority than those being supervised shall be present at all times the card room is operating.
3.
  - a. Card table banks shall be used only for the purposes of making change or handling player buy-ins. It is to be physically located in the table tray (a receptacle used to hold the card table bank) on the card table.
  - b. The card room bank is to be used only for the purposes of issuance and receipt of shill funds, the maintenance of card table banks used in card games, and the purchase and redemption of chips by players.
  - c. All advances to and winnings of a shill shall be utilized only for wagering in card games or turned into the card room bank at the conclusion of play.
4. Transfers between the card table banks and the card room bank, or casino cage if a card room bank is not used, must be authorized and verified by the supervisor, card room dealer and the runner.
5. If applicable, transfers between the card room bank and the casino cage are to be properly authorized and documented by the card room supervisor, cashier and the runner.
6. When the card table bank is to be replenished with chips from the card room bank, all cash or chips to be transferred must be counted down by the dealer in public view on the card table and verified by the person who transported the cash or chips (runner) and the dealer.
7.
  - a. Rake-off, which is a percentage of the pot taken by the licensee for maintaining or dealing a game, shall only be pulled from the pot by the dealer in an obvious manner after each wager and call or at the completion of the hand.
  - b. The rake-off shall be placed in a designated rake circle and shall remain there until a winner is declared and paid. The rake-off shall then be deposited into the drop box. The rake circle must be clearly visible to all players.
8. All time buy-ins, which is a charge to a player determined on a time basis by the licensee for the right to participate in a game, or any other fees charged to a patron shall be immediately placed in the drop box.
9. No cash or chips received for the sale of stakes shall be commingled with any rake-offs or other compensation received by the licensee from the players for the right to play. Stakes are the funds with which a player enters the game.
10. The amount of the main card room bank is to be counted, recorded and reconciled on, at least, a daily basis. At the end of the shift the amount of the table bank is counted, recorded, and reconciled by at least two persons with such count being attested to by signatures on the check-out form.

11. Issuance of shill funds shall have the written approval of the supervisor, shill returns shall be recorded and verified, and the replenishment of shill funds is to be documented.

101 (Reserved)