

[First Reprint]

ASSEMBLY, No. 2570

STATE OF NEW JERSEY
214th LEGISLATURE

INTRODUCED MARCH 16, 2010

Sponsored by:

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Assemblyman MATTHEW W. MILAM

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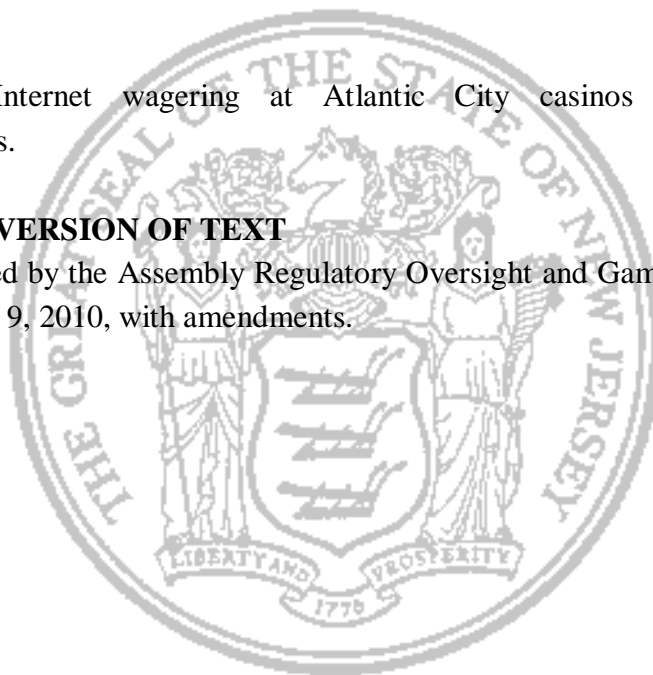
Assemblyman Giblin

SYNOPSIS

Permits Internet wagering at Atlantic City casinos under certain circumstances.

CURRENT VERSION OF TEXT

As reported by the Assembly Regulatory Oversight and Gaming Committee on December 9, 2010, with amendments.



(Sponsorship Updated As Of: 1/11/2011)

1 AN ACT permitting Internet wagering at Atlantic City casinos under
2 certain circumstances and amending and supplementing the
3 "Casino Control Act", P.L.1977, c.110 (C.5:12-1 et seq.).
4

5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*
7

8 1. Section 5 of P.L.1977, c.110 (C.5:12-5) is amended to read
9 as follows:

10 5. "Authorized Game" or "Authorized Gambling Game"--
11 **[Roulette]** Poker, roulette, baccarat, blackjack, craps, big six
12 wheel, slot machines, minibaccarat, red dog, pai gow, and sic bo;
13 any variations or composites of such games, provided that such
14 variations or composites, and any above listed game or variation or
15 composite of such game to be offered through Internet wagering,
16 are found by the commission suitable for use after an appropriate
17 test or experimental period under such terms and conditions as the
18 commission may deem appropriate; and any other game which is
19 determined by the commission to be compatible with the public
20 interest and to be suitable for casino use after such appropriate test
21 or experimental period as the commission may deem appropriate.
22 "Authorized game" or "authorized gambling game" includes gaming
23 tournaments in which players compete against one another in one or
24 more of the games authorized herein or by the commission or in
25 approved variations or composites thereof if the tournaments are
26 authorized by the commission.

27 (cf: P.L.1993, c.292, s.1)
28

29 2. Section 6 of P.L.1977, c.110 (C.5:12-6) is amended to read
30 as follows:

31 6. "Casino" or "casino room" or "licensed casino" -- One or
32 more locations or rooms in a casino hotel facility that have been
33 approved by the commission for the conduct of casino gaming in
34 accordance with the provisions of this act, including any part of the
35 facility where Internet wagering is conducted. "Casino" or "casino
36 room" or "licensed casino" shall not include any casino
37 simulcasting facility authorized pursuant to the "Casino
38 Simulcasting Act," P.L.1992, c.19 (C.5:12-191 et seq.).
39 (cf: P.L.1996, c.84, s.1)
40

41 3. (New section) "Internet wagering" means the placing of
42 wagers with a casino licensee at a casino located in Atlantic City
43 using a computer network of both federal and non-federal
44 interoperable packet switched data networks through which the

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly ARG committee amendments adopted December 9, 2010.

1 casino licensee may offer authorized games to residents of this State
2 who have established a wagering account with the casino licensee.

3
4 4. (New section) "Internet wagering gross revenue" means the
5 total of all sums actually received by a casino licensee from Internet
6 wagering operations, less only the total of all sums actually paid out
7 as winnings to patrons; provided, however, that the cash equivalent
8 value of any merchandise or thing of value included in a jackpot or
9 payout shall not be included in the total of all sums paid out as
10 winnings to players for purposes of determining Internet wagering
11 gross revenue.

12
13 5. Section 3 of P.L.1987, c.353 (C.5:12-43.1) is amended to
14 read as follows:

15 3. "Restricted Casino Areas"--The cashier's cage, the soft count
16 room, the hard count room, the slot cage booths and runway areas,
17 the interior of table game pits, the surveillance room and catwalk
18 areas, the slot machine repair room, any room or area related to
19 Internet wagering operations and any other area specifically
20 designated by the commission as restricted in a licensee's operation
21 certificate.

22 (cf: P.L.1987, c.353, s.3)

23
24 6. Section 100 of P.L.1977, c.110 (C.5:12-100) is amended to
25 read as follows:

26 100. a. This act shall not be construed to permit any gaming
27 except the conduct of authorized games in a casino room or through
28 Internet wagering in accordance with this act and the regulations
29 promulgated hereunder and in a simulcasting facility to the extent
30 provided by the "Casino Simulcasting Act," P.L.1992, c.19 (C.5:12-
31 191 et al.). Notwithstanding the foregoing, if the commission
32 approves the game of keno as an authorized game pursuant to
33 section 5 of P.L.1977, c.110 (C.5:12-5), as amended, keno tickets
34 may be sold or redeemed in accordance with commission
35 regulations at any location in a casino hotel approved by the
36 commission for such activity.

37 b. Gaming equipment shall not be possessed, maintained or
38 exhibited by any person on the premises of a casino hotel except in
39 a casino room, in the simulcasting facility, or in restricted casino
40 areas used for the inspection, repair or storage of such equipment
41 and specifically designated for that purpose by the casino licensee
42 with the approval of the commission. Gaming equipment which
43 supports the conduct of gaming in a casino or simulcasting facility
44 or through Internet wagering but does not permit or require patron
45 access, such as computers, or gaming software or other gaming
46 equipment used to conduct Internet wagering, may be possessed and
47 maintained by a casino licensee in restricted casino areas
48 specifically designated for that purpose by the casino licensee with

1 the approval of the commission. No gaming equipment shall be
2 possessed, maintained, exhibited, brought into or removed from a
3 casino room or simulcasting facility by any person unless such
4 equipment is necessary to the conduct of an authorized game, has
5 permanently affixed, imprinted, impressed or engraved thereon an
6 identification number or symbol authorized by the commission, is
7 under the exclusive control of a casino licensee or his employees,
8 and is brought into or removed from the casino room or
9 simulcasting facility following 24-hour prior notice given to an
10 authorized agent of the commission.

11 Notwithstanding any other provision of this section, computer
12 equipment used by the slot system operator of a multi-casino
13 progressive slot system to link and communicate with the slot
14 machines of two or more casino licensees for the purpose of
15 calculating and displaying the amount of a progressive jackpot,
16 monitoring the operation of the system, and any other purpose that
17 the commission deems necessary and appropriate to the operation or
18 maintenance of the multi-casino progressive slot machine system
19 may, with the prior approval of the commission, be possessed,
20 maintained and operated by the slot system operator either in a
21 restricted area on the premises of a casino hotel or in a secure
22 facility inaccessible to the public and specifically designed for that
23 purpose off the premises of a casino hotel but within the territorial
24 limits of Atlantic County, New Jersey.

25 Notwithstanding the foregoing, a person may, with the prior
26 approval of the commission and under such terms and conditions as
27 may be required by the commission, possess, maintain or exhibit
28 gaming equipment in any other area of the casino hotel, provided
29 that such equipment is used for nongaming purposes.

30 c. Each casino hotel shall contain a count room and such other
31 secure facilities as may be required by the commission for the
32 counting and storage of cash, coins, tokens, checks, plaques,
33 gaming vouchers, coupons, and other devices or items of value used
34 in wagering and approved by the commission that are received in
35 the conduct of gaming and for the inspection, counting and storage
36 of dice, cards, chips and other representatives of value. All drop
37 boxes and other devices in which the foregoing items are deposited
38 at the gaming tables or in slot machines, and all areas wherein such
39 boxes and devices are kept while in use, shall be equipped with two
40 locking devices, one key to which shall be under the exclusive
41 control of the commission and the other under the exclusive control
42 of the casino licensee, and said drop boxes and other devices shall
43 not be brought into or removed from a casino room or simulcasting
44 facility, or locked or unlocked, except at such times, in such places,
45 and according to such procedures as the commission may require.
46 In the event that a state of emergency is declared due to the failure
47 to enact a general appropriation law by the deadline prescribed by
48 Article VIII, Section II, paragraph 2 of the New Jersey Constitution,

1 the commission, in accordance with section 4 of P.L.2008, c.23
2 (C.5:12-211), may, at its discretion, and as may be necessary to
3 ensure the continuity of casino operations and the collection and
4 counting of gross revenue, give temporary custody of its key to a
5 certified public accountant approved by the commission, who shall
6 act in the capacity of the commission with respect to the use,
7 control and security of the key in accordance with internal controls
8 approved by the commission in accordance with section 5 of
9 P.L.2008, c.23 (C.5:12-212).

10 d. All chips used in gaming shall be of such size and uniform
11 color by denomination as the commission shall require by
12 regulation.

13 e. All gaming shall be conducted according to rules
14 promulgated by the commission. All wagers and pay-offs of
15 winning wagers shall be made according to rules promulgated by
16 the commission, which shall establish such limitations as may be
17 necessary to assure the vitality of casino operations and fair odds to
18 patrons. Each slot machine shall have a minimum payout of 83%.

19 f. Each casino licensee shall make available in printed form to
20 any patron upon request the complete text of the rules of the
21 commission regarding games and the conduct of gaming, pay-offs
22 of winning wagers, an approximation of the odds of winning for
23 each wager, and such other advice to the player as the commission
24 shall require. Each casino licensee shall prominently post within a
25 casino room and simulcasting facility, as appropriate, according to
26 regulations of the commission such information about gaming rules,
27 pay-offs of winning wagers, the odds of winning for each wager,
28 and such other advice to the player as the commission shall require.

29 g. Each gaming table shall be equipped with a sign indicating
30 the permissible minimum and maximum wagers pertaining thereto.
31 Each game offered through Internet wagering shall display online
32 the permissible minimum and maximum wagers pertaining thereto.
33 It shall be unlawful for a casino licensee to require any wager to be
34 greater than the stated minimum or less than the stated maximum;
35 provided, however, that any wager actually made by a patron and
36 not rejected by a casino licensee prior to the commencement of play
37 shall be treated as a valid wager.

38 h. (1) Except as herein provided, no slot machine shall be used
39 to conduct gaming unless it is identical in all electrical, mechanical
40 and other aspects to a model thereof which has been specifically
41 tested by the division and licensed for use by the commission. At
42 the request of the commission, the division shall also test any other
43 gaming device, gaming equipment, gaming-related device or gross-
44 revenue related device, such as a slot management system,
45 electronic transfer credit system or gaming voucher system. In its
46 discretion and for the purpose of expediting the approval process,
47 the division may utilize the services of a private testing laboratory
48 that has obtained a plenary license as a casino service industry

1 enterprise pursuant to subsection a. of section 92 of P.L.1977, c.110
2 (C.5:12-92) to perform the testing, and may also utilize applicable
3 data from any such private testing laboratory or from a
4 governmental agency of a state other than New Jersey authorized to
5 regulate slot machines and other gaming devices, gaming
6 equipment, gaming-related devices and gross-revenue related
7 devices used in casino gaming, if the private testing laboratory or
8 governmental agency uses a testing methodology substantially
9 similar to the methodology utilized by the division.
10 Notwithstanding the provisions of this paragraph, the division shall
11 in all instances use the data provided by the private testing
12 laboratory or governmental agency to conduct its own independent
13 evaluation, and shall form its own independent conclusions
14 regarding any submitted device.

15 (2) The division shall, within 60 days of its receipt of a
16 complete application for the testing of a slot machine or other
17 gaming equipment model, recommend the approval or rejection of
18 the slot machine or other gaming equipment model to the
19 commission. In its report to the commission regarding its
20 recommendation, the division shall specify whether and to what
21 extent any data from a private testing laboratory or governmental
22 agency of a state other than New Jersey was used in reaching its
23 conclusions and recommendation. If the division is unable to
24 complete the testing of a slot machine or other gaming equipment
25 model within this 60-day period, the division may recommend that
26 the commission conditionally approve the slot machine or other
27 gaming equipment model for test use by a casino licensee provided
28 that the division represents that the use of the slot machine or other
29 gaming equipment model will not have a direct and materially
30 adverse impact on the integrity of gaming or the control of gross
31 revenue. The division shall give priority to the testing of slot
32 machines or other gaming equipment which a casino licensee has
33 certified it will use in its casino in this State.

34 (3) The commission shall, by regulation, establish such
35 technical standards for licensure of slot machines, including
36 mechanical and electrical reliability, security against tampering, the
37 comprehensibility of wagering, and noise and light levels, as it may
38 deem necessary to protect the player from fraud or deception and to
39 insure the integrity of gaming. The denominations of such machines
40 shall be set by the licensee; the licensee shall simultaneously notify
41 the commission of the settings.

42 (4) The commission shall, by regulation, determine the
43 permissible number and density of slot machines in a licensed
44 casino so as to:

- 45 (a) promote optimum security for casino operations;
- 46 (b) avoid deception or frequent distraction to players at gaming
47 tables;
- 48 (c) promote the comfort of patrons;

1 (d) create and maintain a gracious playing environment in the
2 casino; and

3 (e) encourage and preserve competition in casino operations by
4 assuring that a variety of gaming opportunities is offered to the
5 public.

6 Any such regulation promulgated by the commission which
7 determines the permissible number and density of slot machines in a
8 licensed casino shall provide that all casino floor space and all
9 space within a casino licensee's casino simulcasting facility shall be
10 included in any calculation of the permissible number and density
11 of slot machines in a licensed casino.

12 '[(6)](5)' All equipment used by a licensee to conduct Internet
13 wagering, including but not limited to computers, servers,
14 monitoring rooms, and hubs, shall be located, with the prior
15 approval of the commission, either in a restricted area on the
16 premises of the casino hotel or in a secure facility inaccessible to
17 the public and specifically designed for that purpose off the
18 premises of a casino hotel but within the territorial limits of Atlantic
19 City, New Jersey. All Internet wagers shall be deemed to be placed
20 when received in Atlantic City by the licensee. Any intermediate
21 routing of electronic data in connection with a wager shall not
22 affect the fact that the wager is placed in Atlantic City.

23 No software, computer or other gaming equipment shall be used
24 to conduct Internet wagering unless it '[is]' has been specifically
25 tested by the division and approved by the commission. The
26 division may, in its discretion, and for the purpose of expediting the
27 approval process, refer testing to any testing laboratory with a
28 plenary license as a casino service industry 'enterprise' pursuant to
29 subsection a. of section 92 of P.L.1977, c.110 (C.5:12-92). The
30 division shall give priority to the testing of software, computers or
31 other gaming equipment which a casino licensee has certified it will
32 use to conduct Internet wagering in this State. The commission
33 shall, by regulation, establish such technical standards for approval
34 of software, computers and other gaming equipment used to
35 conduct Internet wagering, including mechanical, electrical or
36 program reliability, security against tampering, the
37 comprehensibility of wagering, and noise and light levels, as it may
38 deem necessary to protect the player from fraud or deception and to
39 insure the integrity of gaming. When appropriate, the licensee shall
40 set the denominations of Internet games and shall simultaneously
41 notify the commission of the settings.

42 i. (Deleted by amendment, P.L.1991, c.182).

43 j. (Deleted by amendment, P.L.1991, c.182).

44 k. It shall be unlawful for any person to exchange or redeem
45 chips for anything whatsoever, except for currency, negotiable
46 personal checks, negotiable counter checks, other chips, coupons or
47 complimentary vouchers distributed by the casino licensee, or, if
48 authorized by regulation of the commission, a valid charge to a

1 credit or debit card account. A casino licensee shall, upon the
2 request of any person, redeem that licensee's gaming chips
3 surrendered by that person in any amount over \$100 with a check
4 drawn upon the licensee's account at any banking institution in this
5 State and made payable to that person.

6 l. It shall be unlawful for any casino licensee or its agents or
7 employees to employ, contract with, or use any skill or barker to
8 induce any person to enter a casino or simulcasting facility or play
9 at any game or for any purpose whatsoever.

10 m. It shall be unlawful for a dealer in any authorized game in
11 which cards are dealt to deal cards by hand or other than from a
12 device specifically designed for that purpose, unless otherwise
13 permitted by the rules of the commission.

14 n. It shall be unlawful for any casino key employee or any
15 person who is required to hold a casino key employee license as a
16 condition of employment or qualification to wager in any casino or
17 simulcasting facility in this State, or any casino employee, other
18 than a junket representative, bartender, waiter, waitress, or other
19 casino employee who, in the judgment of the commission, is not
20 directly involved with the conduct of gaming operations, to wager
21 in a casino or simulcasting facility in the casino hotel in which the
22 employee is employed or in any other casino or simulcasting
23 facility in this State which is owned or operated by the same casino
24 licensee. Any casino employee, other than a junket representative,
25 bartender, waiter, waitress, or other casino employee who, in the
26 judgment of the commission, is not directly involved with the
27 conduct of gaming operations, must wait at least 30 days following
28 the date that the employee either leaves employment with a casino
29 licensee or is terminated from employment with a casino licensee
30 before the employee may gamble in a casino or simulcasting facility
31 in the casino hotel in which the employee was formerly employed
32 or in any other casino or simulcasting facility in this State which is
33 owned or operated by the same casino licensee.

34 o. (1) It shall be unlawful for any casino key employee or
35 boxman, floorman, or any other casino employee who shall serve in
36 a supervisory position to solicit or accept, and for any other casino
37 employee to solicit, any tip or gratuity from any player or patron at
38 the casino hotel or simulcasting facility where he is employed.

39 (2) A dealer may accept tips or gratuities from a patron at the
40 table at which such dealer is conducting play, subject to the
41 provisions of this subsection. All such tips or gratuities shall be
42 immediately deposited in a lockbox reserved for that purpose,
43 unless the tip or gratuity is authorized by a patron utilizing an
44 automated wagering system approved by the commission. All tips
45 or gratuities shall be accounted for, and placed in a pool for
46 distribution pro rata among the dealers, with the distribution based
47 upon the number of hours each dealer has worked, except that the
48 commission may permit a separate pool to be established for dealers

1 in the game of poker, or may permit tips or gratuities to be retained
2 by individual dealers in the game of poker.

3 (3) Notwithstanding the provisions of paragraph (1) of this
4 subsection, a casino licensee may require that a percentage of the
5 prize pool offered to participants pursuant to an authorized poker
6 tournament be withheld for distribution to the tournament dealers as
7 tips or gratuities in accordance with procedures approved by the
8 commission.

9 p. Any slot system operator that offers an annuity jackpot shall
10 secure the payment of such jackpot by establishing an annuity
11 jackpot guarantee in accordance with the requirements of P.L.1977,
12 c.110 (C.5:12-1 et seq.), and the rules of the commission.
13 (cf: P.L.2009, c.36, s.16)

14

15 7. Section 109 of P.L.1977, c.110 (C.5:12-109) is amended to
16 read as follows:

17 109. Notwithstanding any provisions of this article, the
18 commission may issue an emergency order for the suspension,
19 limitation or conditioning of any operation certificate or any
20 license, other than a casino license, or any registration, or any
21 permit to conduct Internet wagering, or may issue an emergency
22 order requiring the licensed casino to keep an individual from the
23 premises of such licensed casino or from using or maintaining an
24 Internet wagering account, or not to pay such individual any
25 remuneration for services or any profits, income or accruals on his
26 investment in such casino, in the following manner:

27 a. An emergency order shall be issued only when the
28 commission finds that:

29 (1) There has been charged a violation of any of the criminal
30 laws of this State by a licensee or registrant, or

31 (2) Such action is necessary to prevent a violation of any such
32 provision, or

33 (3) Such action is necessary immediately for the preservation of
34 the public peace, health, safety, morals, good order and general
35 welfare or to preserve the public policies declared by this act.

36 b. An emergency order shall set forth the grounds upon which
37 it is issued, including the statement of facts constituting the alleged
38 emergency necessitating such action.

39 c. The emergency order shall be effective immediately upon
40 issuance and service upon the licensee, registrant, or resident agent
41 of the licensee. The emergency order may suspend, limit, condition
42 or take other action in relation to the approval of one or more
43 individuals who were required to be approved in any operation,
44 without necessarily affecting any other individuals or the licensed
45 casino establishment. The emergency order shall remain effective
46 until further order of the commission or final disposition of the
47 case.

1 d. Within 5 days after issuance of an emergency order, the
2 commission shall cause a complaint to be filed and served upon the
3 person or entity involved in accordance with the provisions of this
4 act.

5 e. Thereafter, the person or entity against whom the emergency
6 order has been issued and served shall be entitled to a hearing
7 before the commission in accordance with the provisions of this act.
8 (cf: P.L.1981, c.503, s.18)

9
10 8. Section 1 of P.L.1999, c.352 (C.5:12-129.1) is amended to
11 read as follows:

12 1. The holder of any license issued under P.L.1977, c.110
13 (C.5:12-1 et seq.), or any person acting on behalf thereof, shall file
14 a report of any suspicious transaction with the Director of the
15 Division of Gaming Enforcement. For the purposes of P.L.1999,
16 c.352 (C.5:12-129.1 et al.), "suspicious transaction" means the
17 acceptance of cash ~~or~~ , the redeeming of chips or markers or
18 other cash equivalents, or a payment to establish credits in an
19 Internet wagering account involving or aggregating \$5,000 if the
20 licensee or person knows or suspects that the transaction:

21 a. involves funds derived from illegal activities or is intended
22 or conducted in order to conceal or disguise funds or assets derived
23 from illegal activities;

24 b. is part of a plan to violate or evade any law or regulation or
25 to avoid any transaction reporting requirement under the law or
26 regulations of this State or the United States, including a plan to
27 structure a series of transactions to avoid any transaction reporting
28 requirement under the laws or regulations of this State or the United
29 States; or

30 c. has no business or other apparent lawful purpose or is not
31 the sort of transaction in which a person would normally be
32 expected to engage and the licensee or person knows of no
33 reasonable explanation for the transaction after examining the
34 available facts, including the background and possible purpose of
35 the transaction.

36 (cf: P.L.1999, c.352, s.1)

37
38 9. (New section) There is hereby imposed an annual tax on
39 Internet wagering gross revenues in the amount of '~~20%~~ 8%' of
40 such gross revenues which shall be paid into the casino revenue
41 fund. The 8% tax on casino gross revenues shall not apply to
42 Internet wagering gross revenues. The investment alternative tax
43 established by section 3 of P.L.1984, c.218 (C.5:12-144.1) shall
44 apply to Internet wagering gross revenues, except that the
45 investment alternative tax on these revenues shall be '~~5%~~ 30%'
46 and the investment alternative shall be '~~2.5%~~ 15%', with the
47 proceeds thereof used as provided in that section, and except that
48 the '~~Legislature, by law, shall annually appropriate~~ Casino

1 Reinvestment Development Authority may allocate¹ a percentage of
2 the amount of ¹that¹ tax generated by Internet wagering to the New
3 Jersey Racing Commission to be used for the benefit of the horse
4 racing industry, including but not limited to the augmentation of
5 purses ¹; provided that the allocation to the New Jersey Racing
6 Commission for the benefit of the horse racing industry shall cease
7 one State fiscal year after wagering on sports events is implemented
8 in this State. Following one State fiscal year after wagering on
9 sports events is implemented in this State, or five State fiscal years
10 after the provisions of P.L. , c. (pending before the Legislature
11 as this bill) are implemented, whichever occurs sooner, the
12 investment alternative tax on Internet wagering gross revenues
13 imposed pursuant to this section shall be 10% and the investment
14 alternative shall be 5%¹.

15

16 10. (New section) The Casino Control Commission may
17 establish a Division of Internet Wagering to which it may delegate
18 authority for the administration of Internet wagering conducted by
19 casino licensees. The division shall be responsible for
20 recommending regulations concerning Internet wagering for
21 consideration and possible adoption by the commission. Nothing
22 contained in this section shall be construed as affecting the
23 authority of the Division of Gaming Enforcement with respect to all
24 casino gaming activities, including Internet wagering. The
25 commission and the division shall adopt regulations for the
26 implementation and conduct of Internet wagering that are consistent
27 with regulations governing casino gambling generally.

28

29 11. (New section) Internet wagering in this State shall be
30 subject to the provisions of, and preempted and superseded by, any
31 applicable federal law.

32 Internet wagering in this State shall be deemed to take place
33 where a casino's server is located in Atlantic City regardless of the
34 player's physical location within this State.

35

36 12. (New section) a. No Internet wagering shall be opened to
37 the public, and no gaming, except for test purposes, may be
38 conducted therein, until a casino licensee with a valid operation
39 certificate receives from the commission a permit to conduct
40 Internet wagering. Such permit, valid for one year, shall be issued
41 by the commission upon a finding that the Internet wagering
42 complies in all respects with the requirements of this act,
43 P.L. , c. (now pending before the Legislature as this bill) and
44 regulations promulgated hereunder, that the casino licensee has
45 implemented necessary management controls and security
46 precautions for the efficient operation of Internet wagering, that
47 casino personnel having duties relating to Internet wagering are
48 licensed for the performance of their respective responsibilities, and

1 that the licensee is prepared in all respects to receive and entertain
2 the public.

3 b. The permit shall include an itemized list by category and
4 number of the authorized games offered through Internet wagering.

5 c. A casino licensee shall, in accordance with regulations
6 promulgated by the commission, file any changes in the number of
7 authorized games featured through Internet wagering with the
8 commission and the division.

9 d. It shall be an express condition of the continued operation of
10 Internet wagering that a casino licensee shall maintain all books,
11 records, and documents pertaining to the licensee's Internet
12 wagering operations in a manner and location within this State
13 approved by the commission. All such books, records and
14 documents shall be immediately available for inspection during all
15 hours of operation in accordance with the rules of the commission
16 and shall be maintained for such period of time as the commission
17 shall require.

18 e. Subject to the power of the commission to deny, revoke, or
19 suspend permits, any Internet wagering permit in force shall be
20 renewed by the commission for one year upon proper application
21 for renewal, completion of a review of Internet wagering
22 operations for compliance with this act, a review of all required
23 controls and payment of permit fees and taxes as required by law
24 and the regulations of the commission. Upon renewal of an Internet
25 wagering permit the commission shall issue an appropriate renewal
26 certificate or validating device or sticker which shall be attached to
27 the Internet wagering permit.

28 f. Notwithstanding subsections a. and e. of this section, an
29 Internet wagering permit shall remain in force only if the casino
30 licensee that holds the permit also holds a valid operation
31 certificate.

32

33 13. (New section) a. The entire Internet wagering operation,
34 including facilities, equipment and personnel, shall be located
35 within a restricted area on the premises of the casino hotel or in a
36 secure facility inaccessible to the public and specifically designed
37 for that purpose off the premises of a casino hotel but within the
38 territorial limits of Atlantic City, New Jersey.

39 b. Facilities used to conduct and support Internet wagering
40 shall:

41 (1) be arranged in a manner promoting optimum security for
42 Internet wagering;

43 (2) include a closed circuit visual monitoring system according
44 to specifications approved by the commission, with access on the
45 licensed premises to the system or its signal provided to the
46 commission or the division;

1 (3) not be designed in any way that might interfere with the
2 ability of the commission or the division to supervise Internet
3 wagering operations; and

4 (4) comply in all respects with regulations of the commission
5 pertaining thereto.

6
7 14. (New section) a. Notwithstanding section 99 of P.L.1977,
8 c.110 (C.5:12-99), each casino licensee who holds or has applied
9 for a permit to conduct Internet wagering shall submit to the
10 commission a description of its system of internal procedures and
11 administrative and accounting controls for Internet wagering,
12 including provisions that provide for real time monitoring of all
13 games, and a description of any changes thereof. Such submission
14 shall be made at least 30 days before such operations are to
15 commence or at least 30 days before any change in those
16 procedures or controls is to take effect, unless otherwise directed by
17 the commission. Notwithstanding the foregoing, the internal
18 controls described in paragraph (3) of this subsection may be
19 implemented by a casino licensee upon the filing of such internal
20 controls with the commission. Each internal procedure or control
21 submission shall contain both narrative and diagrammatic
22 representations of the internal control system to be utilized with
23 regard to Internet wagering, including, but not limited to:

24 (1) accounting controls, including the standardization of forms
25 and definition of terms to be utilized in the wagering operations;

26 (2) procedures, forms, and, where appropriate, formulas
27 covering the calculation of hold percentages; revenue drop; expense
28 and overhead schedules; complimentary services; and cash
29 equivalent transactions;

30 (3) job descriptions and the system of personnel and chain-of-
31 command, establishing a diversity of responsibility among
32 employees engaged in Internet wagering operations and identifying
33 primary and secondary supervisory positions for areas of
34 responsibility; salary structure; and personnel practices;

35 (4) procedures for the establishment of wagering accounts,
36 including a procedure for authenticating the age of the applicant for
37 a wagering account;

38 (5) procedures for the termination of a wagering account by the
39 account holder and the return of any remaining funds in the
40 wagering account to the account holder;

41 (6) procedures for the termination of a dormant account;

42 (7) procedures for the logging in and authentication of a
43 wagering account holder in order to enable the holder to commence
44 Internet wagering, and the logging off of the holder of the wagering
45 account when the account holder has finished gaming, including a
46 procedure to automatically log off the holder after a specified
47 period of inactivity;

- 1 (8) procedures for the crediting and debiting of wagering
2 accounts;
 - 3 (9) procedures for the cashing of checks to establish credit in a
4 wagering account; the receipt and security of cash to establish credit
5 in a wagering account, whether such cash is received by wire
6 transfer, advance on a credit card or debit card or by other
7 electronic means approved by the commission; and receipt of other
8 electronic negotiable instruments approved by the commission to
9 establish credit in a wagering account;
 - 10 (10) procedures for the withdrawal of funds from a wagering
11 account by the account holder;
 - 12 (11) the redemption of chips, tokens or other cash equivalents
13 used in gaming and the pay-off of jackpots;
 - 14 (12) the recording of transactions pertaining to Internet
15 wagering;
 - 16 (13) procedures for the security of information and funds in a
17 wagering account;
 - 18 (14) procedures for the transfer of funds from wagering accounts
19 to the counting process;
 - 20 (15) procedures and security for the counting and recordation of
21 revenue;
 - 22 (16) procedures for the security of Internet wagering facilities
23 within a restricted area on the premises of the casino hotel or in a
24 secure facility inaccessible to the public and specifically designed
25 for that purpose off the premises of a casino hotel but within the
26 territorial limits of Atlantic City New Jersey;
 - 27 (17) procedures and security standards for the handling and
28 storage of software, computers and other electronic equipment used
29 to conduct Internet wagering;
 - 30 (18) procedures and security standards to protect software,
31 computers and other gaming equipment used to conduct Internet
32 wagering from tampering by casino employees or any other person,
33 from a location inside or outside of the casino hotel facility;
 - 34 (19) procedures for responding to tampering with software,
35 computers and other gaming equipment used to conduct Internet
36 wagering or any gaming-related equipment or hardware used in
37 support of gaming, including partial or complete suspension of
38 Internet wagering operations or the suspension of any or all
39 wagering accounts when warranted; and
 - 40 (20) procedures to assist problem and compulsive gamblers.
- 41 b. Each casino licensee shall also submit a description of its
42 system of internal procedures and administrative and accounting
43 controls for non-gaming operations regarding the website on which
44 Internet wagering is accessed and a description of any changes
45 thereto no later than five days after those operations commence or
46 after any change in those procedures or controls takes effect.
 - 47 c. The commission shall review each submission required by
48 subsection a. and b. hereof, and shall determine whether it conforms

1 to the requirements of this act, P.L. , c. (C.) (now pending
2 before the Legislature as this bill), and to the regulations
3 promulgated thereunder and whether the system submitted provides
4 adequate and effective controls for Internet wagering operations of
5 the particular casino hotel submitting it. If the commission finds
6 any insufficiencies, it shall specify the insufficiencies in writing to
7 the casino licensee, who shall make appropriate alterations. When
8 the commission determines a submission to be adequate in all
9 respects, it shall notify the casino licensee. Except as otherwise
10 provided in subsection a. of this section, no casino licensee shall
11 commence or alter Internet wagering operations unless and until
12 such system of procedures and controls is approved by the
13 commission.

14 d. It shall be lawful for a casino licensee to provide marketing
15 information by means of the Internet to players engaged in Internet
16 wagering and to offer those players incentives to visit the licensee's
17 casino in Atlantic City.

18

19 15. (New section) a. An Internet wagering account shall be in
20 the name of a natural person and may not be in the name of any
21 beneficiary, custodian, joint trust, corporation, partnership or other
22 organization or entity.

23 b. An account may be established by a person submitting an
24 application form approved by the commission along with proof of
25 age. The commission shall specify by regulation what types of
26 proof are sufficient to authenticate age and residency in this State.
27 The application form shall include the address of the principal
28 residence of the prospective account holder, an electronic mail
29 address of the prospective account holder and a statement that a
30 false statement made in regard to an application may subject the
31 applicant to prosecution.

32 c. As part of the application process, the casino licensee shall
33 provide the prospective account holder with a password to access
34 the wagering account, or shall establish some other mechanism
35 approved by the commission to authenticate the player as the holder
36 of a wagering account and allow the holder access to the Internet
37 wagering account.

38 d. The prospective account holder shall submit the completed
39 application to the casino licensee. The licensee may accept or reject
40 an application after receipt and review of the application and proof
41 of age for compliance with this act, P.L. , c. (C.) (now
42 pending before the Legislature as this bill).

43 e. Any prospective account holder who provides false or
44 misleading information on the application is subject to rejection of
45 the application or cancellation of the account by the casino licensee.

46 f. The licensee shall have the right to suspend or close any
47 wagering account at its discretion.

- 1 g. Any person on the list established by section 71 of P.L.1977,
2 c.110 (C.5:12-71) of persons who are to be excluded or ejected
3 from any licensed casino shall not be entitled to maintain a
4 wagering account.
- 5 h. Any of the following persons shall not be permitted to
6 maintain a wagering account:
- 7 (1) the Governor ¹or Lieutenant Governor¹;
 - 8 (2) any State officer or employee or special State officer or
9 employee;
 - 10 (3) any member of the Judiciary;
 - 11 (4) any member of the Legislature;
 - 12 (5) any officer of Atlantic City; or
 - 13 (6) any casino employee, casino key employee or principal
14 employee of a casino licensee.
- 15 i. The address provided by the applicant in the application
16 shall be deemed the proper address for the purposes of mailing
17 checks, account withdrawals, notices and other materials.
- 18 j. A wagering account shall not be assignable or otherwise
19 transferable.
- 20 k. The casino licensee may at any time declare all or any part
21 of Internet wagering to be closed for wagering.
- 22
- 23 16. (New section) a. Credits to an Internet wagering account
24 shall not be made except as provided by this subsection.
- 25 (1) The wagering account holder's deposits to the wagering
26 account shall be submitted by the account holder to the casino
27 licensee and shall be in the form of one of the following:
 - 28 (a) cash given to the casino licensee;
 - 29 (b) check, money order, negotiable order of withdrawal, or wire
30 or electronic transfer, payable and remitted to the casino licensee;
 - 31 (c) charges made to an account holder's debit or credit card
32 upon the account holder's direct and personal instruction, which
33 instruction may be given by telephone communication or other
34 electronic means to the casino licensee by the account holder if the
35 use of the card has been approved by the casino licensee; or
 - 36 (d) any other method approved by the commission.
 - 37 (2) When an account holder wins an account wager on a game,
38 the casino licensee shall pay to the holder Internet chips or tokens
39 or other cash equivalents in the appropriate amount pursuant to the
40 rules of that game for that particular type of wager. When the
41 account holder logs off or cashes out the Internet chips, tokens or
42 other cash equivalents, the casino licensee shall credit the holder's
43 wagering account in the amount of Internet chips, tokens or other
44 cash equivalents cashed in.
 - 45 (3) The casino licensee shall have the right to credit a wagering
46 account as part of a promotion scheme.
 - 47 (4) The casino licensee shall have the right to refuse, for any
48 valid reason, all or part of any wager or deposit to the account.

1 (5) Funds deposited in the account shall not bear interest to the
2 account holder.

3 b. Debits to an Internet wagering account shall not be made
4 except as provided by this subsection.

5 (1) When an account holder logs onto a wagering account and
6 exchanges account funds for Internet chips, tokens or other cash
7 equivalents, the licensee shall debit the holder's account in the
8 amount of funds exchanged. Upon receipt by a casino licensee of
9 an account wager or an account purchase order, the casino licensee
10 shall debit the account holder's Internet chips, tokens or other cash
11 equivalents in the amount of the wager or purchase.

12 (2) A casino licensee may authorize a withdrawal from a
13 wagering account when the account holder submits to the casino
14 licensee:

15 (a) proper identification;

16 (b) the correct authentication information for access to the
17 account; and

18 (c) a properly completed and executed withdrawal on a form
19 approved by the commission.

20 Upon receipt of a properly completed and executed withdrawal
21 form, and if there are sufficient funds in the account to cover the
22 withdrawal, the licensee shall send, within three business days of
23 receipt, a check payable in the amount requested to the holder at the
24 address specified in the application for the wagering account or
25 shall transmit payment to the account holder electronically as
26 approved by the commission by regulation.

27

28 17. (New section) A casino licensee may accept Internet
29 account wagers only as follows:

30 a. The account wager shall be placed directly with the casino
31 licensee by the holder of the wagering account.

32 b. The account holder placing the account wager shall provide
33 the casino licensee with the correct authentication information for
34 access to the wagering account.

35 c. A casino licensee may not accept an account wager in an
36 amount in excess of funds on deposit in the wagering account of the
37 holder placing the wager. Funds on deposit include amounts
38 credited under this act, P.L. c. (C.) (now pending before the
39 Legislature as this bill), and in the account at the time the wager is
40 placed.

41 d. Only the holder of a wagering account shall place an account
42 wager.

43

44 18. (New section) All amounts remaining in wagering accounts
45 inactive or dormant for such period and under such conditions as
46 established by regulation by the commission shall be paid 50% to
47 the casino licensee and 50% to the casino control fund. Before
48 closing a wagering account pursuant to this section, the casino

1 licensee shall attempt to contact the account holder by mail, phone
2 and computer.

3
4 19. (New section) a. The casino licensee shall establish a log in
5 procedure for a holder of a wagering account to access Internet
6 wagering. Part of the log in procedure shall be the provision by the
7 account holder of the appropriate authentication information for
8 access to the wagering account. The casino licensee shall not allow
9 an account holder to participate in gaming before logging in and
10 providing the proper authentication information to access the
11 holder's wagering account.

12 b. Upon log in, the holder of a wagering account shall have the
13 option to exchange any amount of funds in the wagering account to
14 Internet chips, tokens or other cash equivalents, to be used for
15 Internet casino gaming.

16 c. Upon logging off, the current amount of the holders' Internet
17 chips, tokens or other cash equivalents shall be credited to the
18 holder's wagering account.

19
20 20. (New section) The casino licensee shall provide to a holder
21 of a wagering account who is logged in to his or her wagering
22 account access to a display of all of the following information:

23 a. the current amount of money in the holder's account,
24 including the current amount of the holder's Internet chips, tokens
25 or other cash equivalents;

26 b. the amount of money the account holder has won or lost on
27 Internet wagering since the account was established;

28 c. the amount of money the account holder has won or lost on
29 during the current gaming session, when a gaming session begins at
30 log on and ends at log off;

31 d. a detailed accounting of all other Internet gaming sessions,
32 when a session begins at log on and ends at log off, including time
33 and date of log on and log off and the amount of money won or lost
34 on gaming and the amount of money spent from the account on
35 merchandise or services; and

36 e. the complete text of the rules of the commission regarding
37 games and the conduct of Internet wagering, pay-offs of winning
38 wagers, an approximation of the odds of winning for each wager,
39 and such other advice and information to the account holder as the
40 commission shall require.

41
42 21. (New section) In order to assist those persons who may
43 have a gambling problem, a casino licensee shall:

44 a. cause the words "If you or someone you know has a
45 gambling problem and wants help, call 1-800 GAMBLER," or some
46 comparable language approved by the commission, which language
47 shall include the words "gambling problem" and "call 1-800

1 GAMBLER," to be prominently and continuously displayed to any
2 person visiting or logged onto Internet wagering;

3 b. provide a mechanism by which a holder of a wagering
4 account may establish the following controls on wagering activity
5 through the wagering account:

6 (1) a limit on the amount of money lost within a specified period
7 of time and the length of time the holder will be unable to
8 participate in gaming if the holder reaches the established loss limit;

9 (2) a limit on the maximum amount of any single wager on any
10 game; and

11 (3) a temporary suspension of gaming through the account for
12 any number of hours or days.

13 The casino licensee shall not send gaming-related mail or
14 electronic mail to an account holder while gaming through his or
15 her wagering account is suspended. The casino licensee shall
16 provide a mechanism by which an account holder may change these
17 controls, except that while gaming through the wagering account is
18 suspended, the account holder may not change gaming controls
19 until the suspension expires, but the holder shall continue to have
20 access to the account and shall be permitted to withdraw funds from
21 the account upon proper application therefor; and

22 c. establish a system by which a holder of a wagering account
23 who sustains continuous losses of a sufficient level according to
24 standards set by the commission by regulation, will have sent to his
25 or her postal address and electronic mail address a list detailing all
26 gaming winnings and losses through the wagering account, contact
27 information for assistance with identifying a potential gambling
28 problem and other information about gambling problems and
29 compulsive gambling deemed appropriate by the commission.

30
31 22. (New section) a. Except as provided in this section, no
32 casino licensee or any person licensed under P.L.1977, c.110
33 (C.5:12-1 et seq.) and no person acting on behalf of, or under any
34 arrangement with, a casino licensee or other person licensed under
35 P.L.1977, c.110, shall:

36 (1) cash any check, make any loan, or otherwise provide credit
37 to any person for the purpose of crediting an Internet wagering
38 account; or

39 (2) release or discharge any debt, either in whole or in part, or
40 make any loan which represents any losses incurred by any account
41 holder in gaming activity through Internet wagering, without
42 maintaining a written record thereof in accordance with the rules of
43 the commission.

44 b. Notwithstanding section 101 of P.L.1977, c.110 (C.5:12-
45 101), no casino licensee or any person licensed under P.L.1977,
46 c.110 (C.5:12-1 et seq.) and no person acting on behalf of, or under
47 any arrangement with, a casino licensee or other person licensed
48 under P.L.1977, c.110, may accept a check, other than a recognized

1 traveler's check or other cash equivalent from any person for the
2 purpose of crediting an Internet wagering account unless:
3 (1) the check is made payable to the casino licensee;
4 (2) the check is dated, but not postdated;
5 (3) the check is transmitted to the casino licensee and received
6 by the licensee in a manner approved by the commission and is
7 exchanged for credits on the Internet wagering account established
8 by the drawer of the check; and
9 (4) the regulations concerning check cashing procedures are
10 observed by the casino licensee and its employees and agents.

11
12 23. (New section) Any person who offers games into play or
13 displays such games through Internet wagering without approval of
14 the commission to do so is guilty of a crime of the fourth degree
15 and notwithstanding the provisions of N.J.S.2C:43-3, shall be
16 subject to a fine of not more than \$25,000 and in the case of a
17 person other than a natural person, to a fine of not more than
18 \$100,000 and any other appropriate disposition authorized by
19 subsection b. of N.J.S.2C:43-2.

20
21 24. (New section) a. Notwithstanding section 46 of P.L.1991,
22 c.182 (C.5:12-113.1), any person who knowingly tampers with
23 software, computers or other equipment used to conduct Internet
24 wagering to alter the odds or the payout of a game or disables the
25 game from operating according to the rules of the game as
26 promulgated by the commission is guilty of a crime of the third
27 degree and notwithstanding the provisions of N.J.S.2C:43-3, shall
28 be subject to a fine of not more than \$50,000 and in the case of a
29 person other than a natural person, to a fine of not more than
30 \$200,000 and any other appropriate disposition authorized by
31 subsection b. of N.J.S.2C:43-2.

32 b. In addition to the penalties provided in subsection a., an
33 employee of the casino licensee who violates this section shall have
34 his or her license revoked and shall be subject to such further
35 penalty as the commission deems appropriate.

36 c. In addition to the penalties provided in subsection a., a
37 casino licensee that violates this section shall have its permit to
38 conduct Internet wagering revoked and shall be subject to such
39 further penalty as the commission deems appropriate.

40
41 25. (New section) a. Any person who knowingly offers or
42 allows to be offered any Internet game that has been tampered with
43 in a way that affects the odds or the payout of a game or disables
44 the game from operating according to the rules of the game as
45 promulgated by the commission is guilty of a crime of the third
46 degree and notwithstanding the provisions of N.J.S.2C:43-3, shall
47 be subject to a fine of not more than \$50,000 and in the case of a
48 person other than a natural person, to a fine of not more than

1 \$200,000 and any other appropriate disposition authorized by
2 subsection b. of N.J.S.2C:43-2.

3 b. In addition to the penalties provided in subsection a., an
4 employee of the casino licensee who knowingly violates this section
5 shall have his or her license suspended for a period not less than 30
6 days.

7 c. In addition to the penalties provided in subsection a., a
8 casino licensee that violates this section shall have its permit to
9 conduct Internet wagering suspended for a period not less than 30
10 days.

11

12 26. (New section) a. No person under the age of 21 shall be
13 permitted to maintain an Internet wagering account. Any casino
14 licensee or employee of a casino licensee who allows a person
15 under the age of 21 to maintain a wagering account is guilty of a
16 crime of the fourth degree and subject to the penalties therefor;
17 except that the establishment of all of the following facts by a
18 licensee or employee allowing any such underage person to
19 maintain an account shall constitute a defense to any prosecution
20 therefor:

21 (1) that the underage person falsely represented during the
22 application process for an Internet wagering account that he or she
23 was at least 21 years of age; and

24 (2) that the establishment of the Internet wagering account was
25 made in good faith, relying upon such representation, and in the
26 reasonable belief that the underage person was actually 21 years of
27 age or older.

28 b. In addition to the penalties provided in subsection a. of this
29 section, an employee of the casino licensee who violates the
30 provisions of this section more than once shall have his or her
31 license revoked.

32 c. In addition to the penalties provided in subsection a. of this
33 section, a casino licensee that violates the provisions of this section
34 more than once shall have its permit to conduct Internet wagering
35 revoked.

36

37 27. (New section) a. The commission shall, by regulation,
38 establish annual fees for the issuance or renewal of Internet
39 wagering permits. The issuance fee shall be based upon the cost of
40 investigation and consideration of the license application and shall
41 be not less than \$200,000. The renewal fee shall be based upon the
42 cost of maintaining enforcement, control and regulation of Internet
43 wagering operations and shall be not less than \$100,000.

44 b. The Attorney General shall certify to the commission actual
45 and prospective costs of the investigative and enforcement
46 functions of the division, which costs shall be the basis, together
47 with the operating expenses of the commission, for the
48 establishment of annual permit issuance and renewal fees.

1 c. A nonrefundable deposit of at least \$100,000 shall be
2 required to be posted with each application for an Internet wagering
3 permit and shall be applied to the initial permit fee if the application
4 is approved.

5 d. In addition to the permit issuance and renewal fees, a casino
6 licensee with an Internet wagering permit shall pay annually to the
7 commission \$100,000 to be deposited into the State General Fund
8 for appropriation by the Legislature to the Department of ¹Health
9 and Senior Human¹ Services, \$85,000 of which shall be allocated
10 to the Council on Compulsive Gambling of New Jersey and \$15,000
11 of which shall be used for compulsive gambling treatment programs
12 in the State.

13

14 ¹[28. Notwithstanding the provisions of any other law to the
15 contrary, the Casino Control Commission and the New Jersey
16 Racing Commission may, jointly, authorize casino licensees to enter
17 into agreements with racetrack permitholders for the operation of
18 terminals at racetracks on which individuals who have registered to
19 participate in Internet wagering may wager on games conducted at
20 casinos in Atlantic City. Terminals located at racetracks pursuant
21 to this section may be identical in appearance to slot machines
22 located at casinos.]¹

23

24 ¹[29.] 28.¹ This act shall take effect immediately.