

ASSEMBLY, No. 3150

STATE OF NEW JERSEY 209th LEGISLATURE

INTRODUCED JANUARY 23, 2001

Sponsored by:

Assemblyman ANTHONY IMPREVEDUTO

District 32 (Bergen and Hudson)

Assemblyman NEIL M. COHEN

District 20 (Union)

SYNOPSIS

Authorizes Casino Control Commission to permit Atlantic City casinos to offer Internet casino gambling.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT authorizing the Casino Control Commission to permit
2 Atlantic City casinos to offer casino gambling over the Internet, and
3 amending and supplementing the "Casino Control Act", P.L.1977,
4 c.110 (C.5:12-1 et seq.).
5

6 **BE IT ENACTED** by the Senate and General Assembly of the State
7 of New Jersey:
8

9 1. Section 6 of P.L.1977, c.110 (C.5:12-6) is amended to read as
10 follows:

11 6. "Casino" or "casino room" or "licensed casino" -- One or more
12 locations or rooms in a casino hotel facility that have been approved
13 by the commission for the conduct of casino gaming in accordance
14 with the provisions of this act. "Casino" or "casino room" or
15 "licensed casino" shall not include any casino simulcasting facility
16 authorized pursuant to the "Casino Simulcasting Act," P.L.1992, c.19
17 (C.5:12-191 et seq.).

18 "Casino" or "licensed casino" shall mean a "virtual casino" except
19 in sections 35 and 96 through 99, inclusive, of P.L.1977, c.110
20 (C.5:12-35 and C.5:12-96 through 5:12-99, inclusive) and when it is
21 clear on a plain reading of the statute that "casino" or "licensed
22 casino" does not also mean "virtual casino".

23 (cf: P.L.1996, c.84, s.1)
24

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

27 3. "Restricted Casino Areas"--The cashier's cage, the soft count
28 room, the hard count room, the slot cage booths and runway areas, the
29 interior of table game pits, the surveillance room and catwalk areas,
30 the slot machine repair room, any room or area related to virtual
31 casino operations and any other area specifically designated by the
32 commission as restricted in a licensee's operation certificate.

33 (cf: P.L.1987, c.353, s.3)
34

35 3. Section 5 of P.L.1977, c.110 (C.5:12-5) is amended to read as
36 follows:

37 5. "Authorized Game" or "Authorized Gambling Game"-- Roulette,
38 baccarat, blackjack, craps, big six wheel, slot machines, minibaccarat,
39 red dog, pai gow, and sic bo; any variations or composites of such
40 games, provided that such variations or composites, and any above
41 listed game or variation or composite of such game to be offered
42 through a virtual casino, are found by the commission suitable for use
43 after an appropriate test or experimental period under such terms and

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.

1 conditions as the commission may deem appropriate; and any other
2 game which is determined by the commission to be compatible with
3 the public interest and to be suitable for casino or virtual casino use
4 after such appropriate test or experimental period as the commission
5 may deem appropriate. "Authorized game" or "authorized gambling
6 game" includes gaming tournaments in which players compete against
7 one another in one or more of the games authorized herein or by the
8 commission or in approved variations or composites thereof if the
9 tournaments are authorized by the commission.

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

11

12 4. Section 100 of P.L.1977, c.110 (C.5:12-100) is amended to read
13 as follows:

14 100. a. This act shall not be construed to permit any gaming
15 except the conduct of authorized games in a casino room or in a
16 virtual casino in accordance with this act and the regulations
17 promulgated hereunder and in a simulcasting facility to the extent
18 provided by the "Casino Simulcasting Act," P.L.1992, c.19
19 (C.5:12-191 et al.). Notwithstanding the foregoing, if the commission
20 approves the game of keno as an authorized game pursuant to section
21 5 of P.L.1977, c.110 (C.5:12-5), as amended, keno tickets may be sold
22 or redeemed in accordance with commission regulations at any
23 location in a casino hotel approved by the commission for such
24 activity.

25 b. Gaming equipment shall not be possessed, maintained or
26 exhibited by any person on the premises of a casino hotel except in a
27 casino room, in the simulcasting facility, or in restricted casino areas
28 used for the inspection, repair or storage of such equipment and
29 specifically designated for that purpose by the casino licensee with the
30 approval of the commission. Gaming equipment which supports the
31 conduct of gaming in a casino or simulcasting facility or through a
32 virtual casino but does not permit or require patron access, such as
33 computers, or gaming software or other gaming equipment used to
34 conduct virtual casino gaming, may be possessed and maintained by a
35 casino licensee in restricted casino areas specifically designated for
36 that purpose by the casino licensee with the approval of the
37 commission. No gaming equipment shall be possessed, maintained,
38 exhibited, brought into or removed from a casino room or simulcasting
39 facility by any person unless such equipment is necessary to the
40 conduct of an authorized game, has permanently affixed, imprinted,
41 impressed or engraved thereon an identification number or symbol
42 authorized by the commission, is under the exclusive control of a
43 casino licensee or his employees, and is brought into or removed from
44 the casino room or simulcasting facility following 24-hour prior notice
45 given to an authorized agent of the commission.

46 Notwithstanding the foregoing, a person may, with the prior

1 approval of the commission and under such terms and conditions as
2 may be required by the commission, possess, maintain or exhibit
3 gaming equipment in any other area of the casino hotel; provided such
4 equipment is used for nongaming purposes.

5 c. Each casino hotel shall contain a count room and such other
6 secure facilities as may be required by the commission for the counting
7 and storage of cash, coins, tokens and checks received in the conduct
8 of gaming and for the inspection, counting and storage of dice, cards,
9 chips and other representatives of value. All drop boxes and other
10 devices wherein cash, coins, or tokens are deposited at the gaming
11 tables or in slot machines, and all areas wherein such boxes and
12 devices are kept while in use, shall be equipped with two locking
13 devices, one key to which shall be under the exclusive control of the
14 commission and the other under the exclusive control of the casino
15 licensee, and said drop boxes and other devices shall not be brought
16 into or removed from a casino room or simulcasting facility, or locked
17 or unlocked, except at such times, in such places, and according to
18 such procedures as the commission may require.

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

21 e. All gaming shall be conducted according to rules promulgated
22 by the commission. All wagers and pay-offs of winning wagers shall
23 be made according to rules promulgated by the commission, which
24 shall establish such limitations as may be necessary to assure the
25 vitality of casino operations and fair odds to patrons. Each slot
26 machine shall have a minimum payout of 83%.

27 f. Each casino licensee shall make available in printed form to any
28 patron upon request the complete text of the rules of the commission
29 regarding games and the conduct of gaming, pay-offs of winning
30 wagers, an approximation of the odds of winning for each wager, and
31 such other advice to the player as the commission shall require. Each
32 casino licensee shall prominently post within a casino room, virtual
33 casino and simulcasting facility, as appropriate, according to
34 regulations of the commission such information about gaming rules,
35 pay-offs of winning wagers, the odds of winning for each wager, and
36 such other advice and information to the player as the commission
37 shall require.

38 g. Each gaming table shall be equipped with a sign indicating the
39 permissible minimum and maximum wagers pertaining thereto. Each
40 game offered at a virtual casino shall display a sign indicating the
41 permissible minimum and maximum wagers pertaining thereto. It shall
42 be unlawful for a casino licensee to require any wager to be greater
43 than the stated minimum or less than the stated maximum; provided,
44 however, that any wager actually made by a patron and not rejected by
45 a casino licensee prior to the commencement of play shall be treated
46 as a valid wager.

1 h. (1) No slot machine shall be used to conduct gaming unless it
2 is identical in all electrical, mechanical and other aspects to a model
3 thereof which has been specifically tested by the division and licensed
4 for use by the commission. The division may, in its discretion, and for
5 the purpose of expediting the approval process, refer testing to any
6 testing laboratory with a plenary license as a casino service industry
7 pursuant to subsection a. of section 92 of P.L.1977, c.110
8 (C.5:12-92). The division shall give priority to the testing of slot
9 machines which a casino licensee has certified it will use in its casino
10 in this State. The commission shall, by regulation, establish such
11 technical standards for licensure of slot machines, including mechanical
12 and electrical reliability, security against tampering, the
13 comprehensibility of wagering, and noise and light levels, as it may
14 deem necessary to protect the player from fraud or deception and to
15 insure the integrity of gaming. The denominations of such machines
16 shall be set by the licensee; the licensee shall simultaneously notify the
17 commission of the settings.

18 (2) The commission shall, by regulation, determine the permissible
19 number and density of slot machines in a licensed casino so as to:

20 (a) promote optimum security for casino operations;

21 (b) avoid deception or frequent distraction to players at gaming
22 tables;

23 (c) promote the comfort of patrons;

24 (d) create and maintain a gracious playing environment in the
25 casino; and

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

28 Any such regulation promulgated by the commission which
29 determines the permissible number and density of slot machines in a
30 licensed casino shall provide that all casino floor space and all space
31 within a casino licensee's casino simulcasting facility shall be included
32 in any calculation of the permissible number and density of slot
33 machines in a licensed casino.

34 (3) No software, computer or other gaming equipment shall be
35 used to conduct virtual casino gaming unless it is has been specifically
36 tested by the division and approved by the commission. The division
37 may, in its discretion, and for the purpose of expediting the approval
38 process, refer testing to any testing laboratory with a plenary license
39 as a casino service industry pursuant to subsection a. of section 92 of
40 P.L.1977, c.110 (C.5:12-92). The division shall give priority to the
41 testing of software, computers or other gaming equipment which a
42 casino licensee has certified it will use to conduct virtual casino
43 gaming in this State. The commission shall, by regulation, establish
44 such technical standards for approval of software, computers and other
45 gaming equipment used to conduct virtual casino gaming, including
46 mechanical, electrical or program reliability, security against

1 tampering, the comprehensibility of wagering, and noise and light
2 levels, as it may deem necessary to protect the player from fraud or
3 deception and to insure the integrity of gaming. Where appropriate,
4 the licensee shall set the denominations of virtual casino games and
5 shall simultaneously notify the commission of the settings.

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

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

8 k. It shall be unlawful for any person to exchange or redeem chips
9 for anything whatsoever, except for currency, negotiable personal
10 checks, negotiable counter checks, other chips, coupons or
11 complimentary vouchers distributed by the casino licensee, or, if
12 authorized by regulation of the commission, a valid charge to a credit
13 or debit card account. A casino licensee shall, upon the request of any
14 person, redeem that licensee's gaming chips surrendered by that person
15 in any amount over \$100 with a check drawn upon the licensee's
16 account at any banking institution in this State and made payable to
17 that person.

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

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

26 n. It shall be unlawful for any casino key employee or any person
27 who is required to hold a casino key employee license as a condition
28 of employment or qualification to wager in any casino or simulcasting
29 facility in this State, or any casino employee, other than a junket
30 representative, bartender, waiter, waitress, or other casino employee
31 who, in the judgment of the commission, is not directly involved with
32 the conduct of gaming operations, to wager in a casino or simulcasting
33 facility in the casino hotel in which the employee is employed or in any
34 other casino or simulcasting facility in this State which is owned or
35 operated by the same casino licensee. Any casino employee, other
36 than a junket representative, bartender, waiter, waitress, or other
37 casino employee who, in the judgment of the commission, is not
38 directly involved with the conduct of gaming operations, must wait at
39 least 30 days following the date that the employee either leaves
40 employment with a casino licensee or is terminated from employment
41 with a casino licensee before the employee may gamble in a casino or
42 simulcasting facility in the casino hotel in which the employee was
43 formerly employed or in any other casino or simulcasting facility in this
44 State which is owned or operated by the same casino licensee.

45 o. (1) It shall be unlawful for any casino key employee or boxman,
46 floorman, or any other casino employee who shall serve in a

1 supervisory position to solicit or accept, and for any other casino
2 employee to solicit, any tip or gratuity from any player or patron at the
3 casino hotel or simulcasting facility where he is employed.

4 (2) A dealer may accept tips or gratuities from a patron at the table
5 at which such dealer is conducting play, subject to the provisions of
6 this subsection. All such tips or gratuities shall be immediately
7 deposited in a lockbox reserved for that purpose, accounted for, and
8 placed in a pool for distribution pro rata among the dealers, with the
9 distribution based upon the number of hours each dealer has worked,
10 except that the commission may permit a separate pool to be
11 established for dealers in the game of poker, or may permit tips or
12 gratuities to be retained by individual dealers in the game of poker.
13 (cf: P.L.1998, c.141, s.1)

14

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

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

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

29 (1) There has been charged a violation of any of the criminal laws
30 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 the
34 public peace, health, safety, morals, good order and general welfare
35 or to preserve the public policies declared by this act.

36 b. An emergency order shall set forth the grounds upon which it is
37 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 of
41 the licensee. The emergency order may suspend, limit, condition or
42 take other action in relation to the approval of one or more individuals
43 who were required to be approved in any operation, without
44 necessarily affecting any other individuals or the licensed casino
45 establishment. The emergency order shall remain effective until
46 further order of the commission or final disposition of the 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 act.

4 e. Thereafter, the person or entity against whom the emergency
5 order has been issued and served shall be entitled to a hearing before
6 the commission in accordance with the provisions of this act.

7 (cf: P.L.1981, c.503, s.18)

8

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

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

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

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

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

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

35

36 7. (New section) "Virtual Casino" - An Internet website or a part
37 of an Internet website established by a casino licensee pursuant to this
38 act, P.L. c. (C.) (now pending before the Legislature as this
39 bill), through which the casino licensee may offer authorized games to
40 residents of this State who have established a wagering account with
41 the casino licensee.

42

43 8. (New section) a. No virtual casino shall be opened to the
44 public, and no gaming, except for test purposes, may be conducted
45 therein, until a casino licensee with a valid operation certificate
46 receives from the commission a permit to conduct virtual casino

1 gaming. Such permit, valid for one year, shall be issued by the
2 commission upon a finding that a virtual casino complies in all respects
3 with the requirements of this act, P.L. c. (C.) (now pending
4 before the Legislature as this bill) and regulations promulgated
5 hereunder, that the casino licensee has implemented necessary
6 management controls and security precautions for the efficient
7 operation of the virtual casino, that casino personnel having duties
8 relating to the virtual casino are licensed for the performance of their
9 respective responsibilities, and that the virtual casino is prepared in all
10 respects to receive and entertain the public.

11 b. The permit shall include an itemized list by category and number
12 of the authorized games featured in the particular virtual casino.

13 c. A casino licensee shall, in accordance with regulations
14 promulgated by the commission, file any changes in the number of
15 authorized games featured in its virtual casino with the commission
16 and the division.

17 d. It shall be an express condition of the continued operation of a
18 virtual casino that a casino licensee shall maintain all books, records,
19 and documents pertaining to the licensee's virtual casino operations in
20 a manner and location within this State approved by the commission.
21 All such books, records and documents shall be immediately available
22 for inspection during all hours of operation in accordance with the
23 rules of the commission and shall be maintained for such period of
24 time as the commission shall require.

25 e. Subject to the power of the commission to deny, revoke, or
26 suspend permits, any virtual casino permit in force shall be renewed by
27 the commission for one year upon proper application for renewal,
28 completion of a review of virtual casino operations for compliance
29 with this act, a review of all controls required under section 9 of this
30 act and payment of permit fees and taxes as required by law and the
31 regulations of the commission. Upon renewal of a virtual casino
32 permit the commission shall issue an appropriate renewal certificate or
33 validating device or sticker which shall be attached to the virtual
34 casino permit.

35 f. Notwithstanding subsections a. and e. of this section, a virtual
36 casino permit shall remain in force only if the casino licensee that holds
37 the permit also holds a valid operation certificate.

38

39 9. (New section) a. The entire virtual casino operation, including
40 facilities, equipment and personnel, shall be located within the
41 licensees' casino hotel facility.

42 b. Facilities used to conduct and support virtual casino gaming
43 shall:

44 (1) be arranged in a manner promoting optimum security for the
45 virtual casino operation;

46 (2) include a closed circuit visual monitoring system according to

1 specifications approved by the commission, with access on the licensed
2 premises to the system or its signal provided to the commission or the
3 division;

4 (3) not be designed in any way that might interfere with the ability
5 of the commission or the division to supervise virtual casino
6 operations; and

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

9

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

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

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

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

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

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

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

43 (7) procedures for the logging in and authentication of a wagering
44 account holder in order to enable the holder to commence virtual
45 casino gaming, and the logging off of the holder of the wagering
46 account when the account holder has finished gaming, including a

- 1 procedure to automatically log off the holder after a specified period
- 2 of inactivity;
- 3 (8) procedures for the crediting and debiting of wagering accounts;
- 4 (9) procedures for the cashing of checks to establish credit in a
- 5 wagering account; the receipt and security of cash to establish credit
- 6 in a wagering account, whether such cash is received by wire transfer,
- 7 advance on a credit card or debit card or by other electronic means
- 8 approved by the commission; and receipt of other electronic negotiable
- 9 instruments approved by the commission to establish credit in a
- 10 wagering account;
- 11 (10) procedures for the withdrawal of funds from a wagering
- 12 account by the account holder;
- 13 (11) the redemption of virtual casino chips, tokens or other cash
- 14 equivalents used in gaming and the pay-off of jackpots;
- 15 (12) the recording of transactions pertaining to gaming at a virtual
- 16 casino;
- 17 (13) procedures for the security of information and funds in a
- 18 wagering account;
- 19 (14) procedures for the transfer of funds from wagering accounts
- 20 to the counting process;
- 21 (15) procedures and security for the counting and recordation of
- 22 revenue;
- 23 (16) procedures for the security of virtual casino facilities within
- 24 the casino hotel facility;
- 25 (17) procedures and security standards for the handling and storage
- 26 of software, computers and other electronic equipment used to
- 27 conduct virtual casino gaming;
- 28 (18) procedures and security standards to protect software,
- 29 computers and other gaming equipment used to conduct virtual casino
- 30 gaming from tampering by casino employees or any other person, from
- 31 a location inside or outside of the casino hotel facility;
- 32 (19) procedures for responding to tampering with software,
- 33 computers and other gaming equipment used to conduct virtual casino
- 34 gaming or any gaming-related equipment or hardware used in support
- 35 of gaming, including partial or complete suspension of virtual casino
- 36 operations or the suspension of any or all wagering accounts when
- 37 warranted; and
- 38 (20) procedures to assist problem and compulsive gamblers.
- 39 b. Each casino licensee shall also submit a description of its system
- 40 of internal procedures and administrative and accounting controls for
- 41 non-gaming operations regarding the website on which the virtual
- 42 casino is accessed and a description of any changes thereto no later
- 43 than five days after those operations commence or after any change in
- 44 those procedures or controls takes effect.
- 45 c. The commission shall review each submission required by
- 46 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 promulgated
3 thereunder and whether the system submitted provides adequate and
4 effective controls for the virtual casino operations of the particular
5 casino hotel submitting it. If the commission finds any insufficiencies,
6 it shall specify the insufficiencies in writing to the casino licensee, who
7 shall make appropriate alterations. When the commission determines
8 a submission to be adequate in all respects, it shall notify the casino
9 licensee. Except as otherwise provided in subsection a. of this section,
10 no casino licensee shall commence or alter gaming operations unless
11 and until such system of procedures and controls is approved by the
12 commission.

13

14 11. (New section) a. To establish a wagering account at a virtual
15 casino, a person shall be an individual at least 21 years of age and a
16 resident of this State.

17 b. The account shall be in the name of a natural person and may
18 not be in the name of any beneficiary, custodian, joint trust,
19 corporation, partnership or other organization or entity.

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

28 d. As part of the application process, the casino licensee shall
29 provide the prospective account holder with a password to access the
30 wagering account, or shall establish some other mechanism approved
31 by the commission to authenticate the player as the holder of a
32 wagering account and allow the holder access to the wagering account
33 at the virtual casino.

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

39 f. Any prospective account holder who provides false or misleading
40 information on the application is subject to rejection of the application
41 or cancellation of the account by the casino licensee.

42 g. The licensee shall have the right to suspend or close any
43 wagering account at its discretion.

44 h. Any person on the list established by section 71 of P.L.1977,
45 c.110 (C.5:12-71) of persons who are to be excluded or ejected from
46 any licensed casino shall not be entitled to maintain a wagering

1 account.

2 i. Any of the following persons shall not be permitted to maintain
3 a wagering account:

4 (1) the Governor;

5 (2) any State officer or employee or special State officer or
6 employee;

7 (3) any member of the Judiciary;

8 (4) any member of the Legislature;

9 (5) any officer of Atlantic City; or

10 (6) any casino employee, casino key employee or principal
11 employee of a casino licensee that holds a virtual casino permit.

12 j. The address provided by the applicant in the application shall be
13 deemed the proper address for the purposes of mailing checks, account
14 withdrawals, notices and other materials.

15 k. A wagering account shall not be assignable or otherwise
16 transferable.

17 l. The casino licensee may at any time declare all or any part of the
18 virtual casino closed for wagering.

19

20 12. (New section) a. Credits to a wagering account at a virtual
21 casino shall not be made except as provided by this subsection.

22 (1) The wagering account holder's deposits to the wagering
23 account shall be submitted by the account holder to the casino licensee
24 and shall be in the form of one of the following:

25 (a) cash given to the casino licensee;

26 (b) check, money order, negotiable order of withdrawal, or wire or
27 electronic transfer, payable and remitted to the casino licensee;

28 (c) charges made to an account holder's debit or credit card upon
29 the account holder's direct and personal instruction, which instruction
30 may be given by telephone communication or other electronic means
31 to the casino licensee by the account holder if the use of the card has
32 been approved by the casino licensee; or

33 (d) any other method approved by the commission.

34 (2) When an account holder wins an account wager on a game at
35 a virtual casino, the casino licensee shall pay to the holder virtual chips
36 or tokens or other cash equivalents in the appropriate amount pursuant
37 to the rules of that game for that particular type of wager. When the
38 account holder logs off of the virtual casino or cashes out the virtual
39 chips, tokens or other cash equivalents, the casino licensee shall credit
40 the holder's wagering account in the amount of virtual chips, tokens or
41 other cash equivalents cashed in.

42 (3) The casino licensee shall have the right to credit a wagering
43 account as part of a promotion scheme.

44 (4) The casino licensee shall have the right to refuse for any valid
45 reason all or part of any wager or deposit to the account.

46 (5) Funds deposited in the account shall not bear interest to the

1 account holder.

2 b. Debits to a wagering account at a virtual casino shall not be
3 made except as provided by this subsection.

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

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

13 (a) proper identification;

14 (b) the correct authentication information for access to the account;
15 and

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

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

25

26 13. (New section) A casino licensee may accept account wagers
27 at its virtual casino only as follows:

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

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

33 c. A casino licensee may not accept an account wager in an amount
34 in excess of funds on deposit in the wagering account of the holder
35 placing the wager. Funds on deposit include amounts credited under
36 section 12 of this act, P.L. c. (C.) (now pending before the
37 Legislature as this bill), and in the account at the time the wager is
38 placed.

39 d. Only the holder of a wagering account shall place an account
40 wager at a virtual casino.

41

42 14. (New section) All amounts remaining in wagering accounts
43 inactive or dormant for such period and under such conditions as
44 established by regulation by the commission shall be paid 50% to the
45 casino licensee and 50% to the Casino Control Fund. Before closing
46 a wagering account pursuant to this section, the casino licensee shall
47 attempt to contact the account holder by mail, phone and computer.

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

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

13 c. Upon logging off, the current amount of the holders' virtual
14 chips, tokens or other cash equivalents shall be credited to the holder's
15 wagering account.

16
17 16. (New section) The casino licensee shall provide to a holder of
18 a wagering account who is logged in to his or her virtual casino
19 wagering account access to a display on the virtual casino of all of the
20 following information:

21 a. the current amount of money in the holder's account, including
22 the current amount of the holder's virtual chips, tokens or other cash
23 equivalents;

24 b. the amount of money the account holder has won or lost on
25 virtual casino gaming since the account was established;

26 c. the amount of money the account holder has won or lost on
27 virtual casino gaming during the current gaming session, where a
28 gaming session begins at log on and ends at log off;

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

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

39
40 17. (New section) In order to assist those persons who may have
41 a gambling problem, a casino licensee shall:

42 a. cause the words "If you or someone you know has a gambling
43 problem and wants help, call 1-800 GAMBLER," or some comparable
44 language approved by the commission, which language shall include
45 the words "gambling problem" and "call 1-800 GAMBLER," to be
46 prominently and continuously displayed to any person visiting or

1 logged into the virtual casino;

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

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

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

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

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

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

29

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

35 (1) cash any check, make any loan, or otherwise provide credit to
36 any person for the purpose of crediting a virtual casino wagering
37 account; or

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

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

1 P.L.1977, c.110, may accept a check, other than a recognized
2 traveler's check or other cash equivalent from any person for the
3 purpose of crediting a virtual casino wagering account unless:

- 4 (1) the check is made payable to the casino licensee;
5 (2) the check is dated, but not postdated;
6 (3) the check is transmitted to the casino licensee and received by
7 the licensee in a manner approved by the commission and is exchanged
8 for credits on the virtual casino wagering account established by the
9 drawer of the check; and
10 (4) the regulations concerning check cashing procedures are
11 observed by the casino licensee and its employees and agents.

12

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

20

21 20. (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 virtual casino
24 gaming to alter the odds or the payout of a game or disables the game
25 from operating according to the rules of the game as promulgated by
26 the commission is guilty of a crime of the third degree and
27 notwithstanding the provisions of N.J.S.2C:43-3, shall be subject to a
28 fine of not more than \$50,000 and in the case of a person other than
29 a natural person, to a fine of not more than \$200,000 and any other
30 appropriate disposition authorized by subsection b. of N.J.S.2C:43-2.

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

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

39

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

1 than a natural person, to a fine of not more than \$200,000 and any
2 other appropriate disposition authorized by subsection b. of
3 N.J.S.2C:43-2.

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

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

11

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

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

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

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

29 c. In addition to the penalties provided in subsection a., a casino
30 licensee that violates the provisions of this section more than once
31 shall have its permit to conduct virtual casino gaming revoked.

32

33 23. (New section) a. The commission shall, by regulation,
34 establish annual fees for the issuance or renewal of virtual casino
35 permits. The issuance fee shall be based upon the cost of investigation
36 and consideration of the license application and shall be not less than
37 \$200,000. The renewal fee shall be based upon the cost of maintaining
38 enforcement, control and regulation of virtual casino operations and
39 shall be not less than \$100,000.

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

45 c. A nonrefundable deposit of at least \$100,000 shall be required
46 to be posted with each application for a virtual casino permit and shall

1 be applied to the initial permit fee if the application is approved.

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

9
10 24. This act shall take effect 120 days after enactment, but the
11 Casino Control Commission may take such anticipatory actions as may
12 be necessary to effectuate the purposes of the act.

13
14
15 STATEMENT

16
17 This bill authorizes the Casino Control Commission to issue a
18 permit to a licensed casino in Atlantic City to establish a virtual casino,
19 which would enable New Jersey residents to place wagers over the
20 Internet.

21 In particular, the bill provides:

- 22 C the application process for a licensed casino to obtain a permit to
23 establish a virtual casino, with the permit valid for one year and
24 subject to renewal. As part of the application process, a casino
25 licensee must submit to the commission for its approval a
26 description of its system of internal procedures (including security
27 procedures) and administrative and accounting controls for virtual
28 casino gaming. A casino licensee must also submit its gaming
29 software and other virtual gaming equipment to the Division of
30 Gaming Enforcement for testing to ensure compliance with
31 technical standards for such equipment set by the commission;
- 32 C the process to allow individual players to establish virtual casino
33 wagering accounts;
- 34 C procedures for the crediting and debiting of a wagering account;
- 35 C required features of the virtual casino to assist the wagering
36 account holder;
- 37 C required features to assist problem gamblers and potential problem
38 gamblers;
- 39 C penalties for violations of the provisions of the bill;
- 40 C an annual fee for virtual casino permit holders for the initial permit
41 and permit renewal to cover the costs of regulation by the
42 commission and the division, with the initial fee to be at least
43 \$200,000 and the renewal fee to be at least \$100,000; and
- 44 C an annual fee for virtual casino permit holders of \$100,000 to be
45 allocated to programs to prevent compulsive gambling and to assist
46 compulsive gamblers.

1 In addition, a licensed casino's virtual casino operations would be
2 subject to the existing provisions of the Casino Control Act and the
3 regulations of the commission, including, but not limited to:
4 C the 8% tax on gross revenues and the 2.5% investment alternative
5 tax on gross revenues;
6 C the licensure of all employees with gaming-related duties or
7 responsibilities;
8 C penalties for a violation of the act; and
9 C supplemental sanctions deemed appropriate by the commission, for
10 a violation of a provision of the existing casino control act or this
11 amendatory and supplementary bill.
12 Finally, the bill maintains the commission's authority to promulgate
13 regulations for virtual casino gaming and the commission's and the
14 division's authority to protect the integrity of gaming.