

SENATE, No. 3972

STATE OF NEW JERSEY
218th LEGISLATURE

INTRODUCED JUNE 17, 2019

Sponsored by:

Senator PATRICK J. DIEGNAN, JR.

District 18 (Middlesex)

SYNOPSIS

Permits owner of 10 percent or more of member team of sports governing body to place or accept wagers on certain sports events in which other member teams participate.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning wagers on certain sports events and amending
2 P.L.2018, c.33.

3

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

6

7 1. Section 2 of P.L.2018, c.33 (C.5:12A-11) is amended to read
8 as follows:

9 2. a. The division shall issue all sports wagering licenses and
10 renewals thereof to casinos. The racing commission shall issue all
11 initial sports wagering licenses to racetracks but the division shall
12 have responsibility for the renewal thereof. In addition to casino
13 games permitted pursuant to the provisions of P.L.1977, c.110
14 (C.5:12-1 et seq.), a casino which holds a sports wagering license
15 issued by the division may operate a sports pool in accordance with
16 the provisions of this act and applicable regulations promulgated
17 pursuant to this act. A racetrack which holds an initial sports
18 wagering license issued by the racing commission or a sports
19 wagering license that has been renewed by the division may operate
20 a sports pool in accordance with the provisions of this act and
21 applicable regulations promulgated pursuant to this act. A casino
22 which holds a sports wagering license and a racetrack which holds a
23 sports wagering license may enter into an agreement to jointly
24 operate a sports pool at the racetrack, in accordance with the
25 provisions of this act and applicable regulations promulgated
26 pursuant to this act. A casino or racetrack that holds a sports
27 wagering license may conduct an online sports pool or may
28 authorize an internet sports pool operator licensed as a casino
29 service industry enterprise pursuant to section 92 of P.L.1977, c.110
30 (C.5:12-92), or an applicant for such license, to operate an online
31 sports pool on its behalf provided the terms of the agreement are
32 approved by the division, in the case of a casino, or the racing
33 commission, in the case of a racetrack; provided, however, that each
34 sports wagering licensee may provide no more than three
35 individually branded websites, each of which may have an
36 accompanying mobile application bearing the same brand as the
37 website for an online sports pool, those websites and mobile
38 applications, in the case of a casino being in addition to or, in the
39 discretion of the casino, in conjunction with, any websites and
40 mobile applications that also offer other types of Internet gaming
41 pursuant to P.L.2013, c.27 (C.5:12-95.17 et seq.). No online sports
42 pool shall be opened to the public, and no sports wagering, except
43 for test purposes, may be conducted therein, until an Internet sports
44 pool operator receives from the division a permit to conduct an
45 online sports pool. Sports wagering licensees and operators may

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 provide promotional credits, incentives, bonuses, complimentaries,
2 or similar benefits designed to induce sports betters to wager. The
3 division, in consultation with the commission, shall establish by
4 rule standards governing the provision of these measures. The
5 server or other equipment used by a racetrack to accept wagers at a
6 sports pool or online sports pool shall be located in that racetrack or
7 in any location in Atlantic City which conforms to the requirements
8 of section 20 of P.L.2013, c.27 (C.5:12-95.22) and any additional
9 requirements which the division may impose by regulation. The
10 server or other equipment used by a casino to accept wagers at a
11 sports pool or online sports pool shall conform to the requirements
12 of section 20 of P.L.2013, c.27 (C.5:12-95.22) and any additional
13 requirements which the division may impose by regulation.

14 With regard to this act, P.L.2018, c.33 (C.5:12A-10 et al.), the
15 duties specified in section 63 of P.L.1977, c.110 (C.5:12-63) of the
16 Casino Control Commission shall apply to the extent not
17 inconsistent with the provisions of this act. In addition to the duties
18 specified in section 76 of P.L.1977, c.110 (C.5:12-76), the division
19 or racing commission, as required pursuant to this act, shall hear
20 and decide promptly and in reasonable order all applications for a
21 license to operate a sports pool. In addition to the duties specified
22 in section 76 of P.L.1977, c.110 (C.5:12-76), the division shall have
23 the general responsibility for the implementation of this act, except
24 with respect to the authority to issue sports wagering licenses to a
25 racetrack as provided by this act, and shall have all other duties
26 specified in that section with regard to the operation of a sports
27 pool.

28 The license to operate a sports pool shall be in addition to any
29 other license required to be issued pursuant to P.L.1977, c.110
30 (C.5:12-1 et seq.) to operate a casino or pursuant to P.L.1940, c. 17
31 (C.5:5-22 et seq.) to conduct horse racing. The division and the
32 racing commission shall each have the authority to charge a casino
33 or a racetrack a fee for the issuance or, in the case of the division
34 renewal, of a sports wagering license in an amount of \$100,000 for
35 initial issuance and in the case of a renewal a reasonable fee that is
36 based upon the expense associated with renewal, enforcement, and
37 gambling addiction programs. No sports wagering license shall be
38 issued by the division or racing commission to any entity unless it
39 has established its financial stability, integrity and responsibility
40 and its good character, honesty and integrity. No casino or
41 racetrack shall be permitted to operate a sports pool or accept
42 wagers via an online sports pool unless a sports wagering lounge is
43 established and has commenced operation in its facility; provided,
44 however, that an applicant for a sports wagering license may
45 petition the agency issuing the sports wagering license pursuant to
46 this act to commence operation of the sports pool at a temporary
47 facility and/or an online sports pool during the pendency of
48 construction of a sports wagering lounge in its facility. Such

1 temporary facility may include, at the discretion of the agency
2 issuing the sports wagering license pursuant to this act, the
3 utilization of designated windows at the current casino cage or
4 racetrack betting window for purposes of placing sports betting
5 wagers and self-service wagering machines located at the racetrack
6 or casino hotel complex. No license to operate a sports pool shall
7 be issued to any entity which is disqualified under the criteria of
8 section 86 of P.L.1977, c.110 (C.5:12-86).

9 No later than five years after the date of the issuance of a license
10 and every five years thereafter or within such lesser periods as the
11 agency issuing the sports wagering license pursuant to this act may
12 direct, a licensee shall submit to the said agency such
13 documentation or information as the division or racing commission
14 may by regulation require, to demonstrate to the satisfaction of the
15 agency that the licensee continues to meet the requirements of the
16 law and regulations.

17 The division and the racing commission following consultation
18 with the sports wagering licensees shall annually cause a report to
19 be prepared and distributed to the Governor on the impact of sports
20 wagering, including Internet wagering on sports events, on problem
21 gamblers and gambling addiction in New Jersey. The report shall
22 be prepared by a private organization or entity with expertise in
23 serving the needs of persons with gambling addictions, which
24 organization or entity shall be selected jointly by the division and
25 the racing commission. The report shall be prepared and distributed
26 under the supervision of, and in coordination with, the division and
27 the racing commission. Any costs associated with the preparation
28 and distribution of the report shall be borne by casino and racetrack
29 licensees who have been authorized by the division or the racing
30 commission to conduct Internet gaming and the division and the
31 racing commission shall be authorized to assess a fee against such
32 licensees for these purposes. The division and the racing
33 commission may also report periodically to the Governor on the
34 effectiveness of the statutory and regulatory controls in place to
35 ensure the integrity of gaming operations through the Internet.

36 b. A sports pool shall be operated in a sports wagering lounge
37 located at a casino or racetrack. A sports wagering lounge may be
38 located at a casino simulcasting facility. The lounge shall conform
39 to all requirements concerning square footage, design, equipment,
40 security measures and related matters which the division shall by
41 regulation prescribe. The space required for the establishment of a
42 lounge shall not reduce the space authorized for casino gaming
43 activities as specified in section 83 of P.L.1977, c.110 (C.5:12-83).

44 c. No sports pool or online sports pool shall be offered or made
45 available for wagering to the public by any entity other than a sports
46 wagering licensee, pursuant to P.L.2018, c.33 (C.5:12A-10 et al.),
47 an applicant for such license, operating such pool on behalf of a
48 licensee, or an Internet sports pool operator, on behalf of a sports

1 wagering licensee. Any person who offers a sports pool or an
2 online sports pool without approval of the division or racing
3 commission to do so is guilty of a crime of the fourth degree and
4 notwithstanding the provisions of N.J.S.2C:43-3, shall be subject to
5 a fine of not more than \$25,000 and in the case of a person other
6 than a natural person, to a fine of not more than \$100,000 and any
7 other appropriate disposition authorized by subsection b. of
8 N.J.S.2C:43-2.

9 d. The operator shall establish or display the odds at which
10 wagers may be placed on sports events.

11 e. An operator shall accept wagers on sports events only from
12 persons physically present in the sports wagering lounge; through
13 self-service wagering machines located in its facility as authorized
14 by the agency issuing the sports wagering license; or through an
15 online sports pool. A person placing a wager on a sports event shall
16 be at least 21 years of age.

17 f. (1) Any person who is:
18 an athlete, coach, referee, or director of a sports governing body
19 or any of its member teams

20 a sports governing body or any of its member teams

21 a player or a referee personnel member, in or on any sports event
22 overseen by that person's sports governing body based on publicly
23 available information

24 a person who holds a position of authority or influence sufficient
25 to exert influence over the participants in a sporting contest,
26 including but not limited to coaches, managers, handlers, athletic
27 trainers, or horse trainers

28 a person with access to certain types of exclusive information on
29 any sports event overseen by that person's sports governing body
30 based on publicly available information

31 a person identified by any lists provided by the sports governing
32 body to the division and the racing commission,

33 shall not be permitted to have any ownership interest in, control
34 of, or otherwise be employed by an operator, a sports wagering
35 licensee, or a facility in which a sports wagering lounge is located
36 or place a wager on a sports event that is overseen by that person's
37 sports governing body based on publicly available information.

38 Any employee of a sports governing body or its member teams
39 who is not prohibited from wagering on a sports event shall,
40 nevertheless, provide notice to the division prior to placing a wager
41 on a sports event. The direct or indirect legal or beneficial owner of
42 10 percent or more of a sports governing body [or any of its
43 member teams] shall not place or accept any wager on a sports
44 event in which any member team of that sports governing body
45 participates. The direct or indirect legal or beneficial owner of 10
46 percent or more of a member team of a sports governing body shall
47 not place or accept any wager on a sports event in which that

1 member team participates. Any person who violates this paragraph
2 shall be guilty of a disorderly persons offense and shall be fined not
3 less than \$500 and not more than \$1,000.

4 (2) The prohibition set forth in paragraph (1) of this subsection
5 shall not apply to any person who is a direct or indirect owner of a
6 specific sports governing body member team and (i) has less than
7 10 percent direct or indirect ownership interest in a casino or
8 racetrack or (ii) the shares of such person are registered pursuant to
9 section 12 of the Securities Exchange Act of 1934, as amended (15
10 U.S.C. s.781), and the value of the ownership of such team
11 represents less than one percent of the person's total enterprise
12 value.

13 (3) An operator shall adopt procedures to prevent persons from
14 wagering on sports events who are prohibited from placing sports
15 wagers. An operator shall not accept wagers from any person
16 whose identity is known to the operator and:

17 whose name appears on the exclusion list maintained by the
18 division pursuant to section 71 of P.L.1977, c.110 (C.5:12-71);

19 whose name appears on any self-exclusion list maintained by the
20 division pursuant to sections 1 and 2 of P.L.2001, c.39 (C.5:12-71.2
21 and C.5:12-71.3, respectively);

22 who is the operator, director, officer, owner, or employee of the
23 operator or any relative thereof living in the same household as the
24 operator;

25 who has access to nonpublic confidential information held by the
26 operator; or

27 who is an agent or proxy for any other person.

28 (4) An operator shall adopt procedures to obtain personally
29 identifiable information from any individual who places any single
30 wager in an amount of \$10,000 or greater on a sports event while
31 physically present in a racetrack facility or a casino.

32 Sections 1 and 2 of P.L.2002, c.89 (C.5:5-65.1 and C.5:5-65.2,
33 respectively) shall apply to the conduct of sports wagering under
34 this act.

35 g. The holder of a sports wagering license may contract with an
36 entity to conduct that operation, in accordance with the regulations
37 of the division. That entity shall obtain a license as a casino service
38 industry enterprise prior to the execution of any such contract, and
39 such license shall be issued pursuant to the provisions of P.L.1977,
40 c.110 (C.5:12-1 et seq.) and in accordance with the regulations
41 promulgated by the division in consultation with the commission.

42 h. If any provision of this act, P.L.2018, c.33 (C.5:12A-10 et
43 al.), or its application to any person or circumstance, is held invalid,
44 the invalidity shall not affect other provisions or applications of this
45 act which can be given effect without the invalid provision or
46 application, and to this end the provisions of this act are severable.

47 i. An operator shall promptly report to the division:

1 any criminal or disciplinary proceedings commenced against the
2 operator or its employees in connection with the operations of the
3 sports pool or online sports pool;

4 any abnormal betting activity or patterns that may indicate a
5 concern about the integrity of a sports event or events;

6 any other conduct with the potential to corrupt a betting outcome
7 of a sports event for purposes of financial gain, including but not
8 limited to match fixing; and

9 suspicious or illegal wagering activities, including the use of
10 funds derived from illegal activity, wagers to conceal or launder
11 funds derived from illegal activity, use of agents to place wagers, or
12 use of false identification.

13 The division is authorized to share any information under this
14 section with any law enforcement entity, team, sports governing
15 body, or regulatory agency the division deems appropriate.

16 j. An operator shall maintain records of sports wagering
17 operations in accordance with regulations promulgated by the
18 division.

19 k. A sports wagering licensee may, in addition to having a
20 sports wagering lounge, conduct wagering on authorized sports
21 events through one or more kiosks or self-service wagering stations
22 located within its facility. Such self-service wagering stations
23 located at a casino may offer any game authorized under rules
24 established by the division. Such self-service wagering stations
25 located at a racetrack may offer wagering only on authorized sports
26 events and horse races.

27 l. All wagers on sports events authorized under this provision
28 shall be initiated, received and otherwise made within this State
29 unless otherwise determined by the division in accordance with
30 applicable federal and state laws. Consistent with the intent of the
31 United States Congress as articulated in the Unlawful Internet
32 Gambling Enforcement Act of 2006 (31 U.S.C. s.5361 et seq.), the
33 intermediate routing of electronic data relating to a lawful intrastate
34 wager authorized under this provision shall not determine the
35 location or locations in which such wager is initiated, received or
36 otherwise made.

37 (cf: P.L.2018, c.33, s.2)

38
39 2. This act shall take effect immediately.
40
41

42 STATEMENT

43
44 This bill permits a direct or indirect legal or beneficial owner of
45 10 percent or more of a member team of a sports governing body to
46 place or accept wagers on a sports event in which other member
47 teams participate when the owner's team is not participating.
48 Currently, a legal or beneficial owner of 10 percent or more of a

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1 team may not place or accept wagers on any sports event in which
2 any of the other member teams of the team's sports governing body
3 participate. This bill would permit placing and accepting wagers on
4 those events when the owner's team is not a participant in the event.