

# ASSEMBLY, No. 2570

## STATE OF NEW JERSEY 214th LEGISLATURE

INTRODUCED MARCH 16, 2010

**Sponsored by:**

**Assemblyman JOHN J. BURZICHELLI**

**District 3 (Salem, Cumberland and Gloucester)**

**SYNOPSIS**

Permits Internet wagering at Atlantic City casinos under certain circumstances.

**CURRENT VERSION OF TEXT**

As introduced.



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2

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.

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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

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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) 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 tested  
25 by the division and approved by the commission. The division  
26 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 pursuant to subsection  
29 a. of section 92 of P.L.1977, c.110 (C.5:12-92). The division shall  
30 give priority to the testing of software, computers or other gaming  
31 equipment which a casino licensee has certified it will use to  
32 conduct Internet wagering in this State. The commission shall, by  
33 regulation, establish such technical standards for approval of  
34 software, computers and other gaming equipment used to conduct  
35 Internet wagering, including mechanical, electrical or program  
36 reliability, security against tampering, the comprehensibility of  
37 wagering, and noise and light levels, as it may deem necessary to  
38 protect the player from fraud or deception and to insure the integrity  
39 of gaming. When appropriate, the licensee shall set the  
40 denominations of Internet games and shall simultaneously notify the  
41 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 1. It shall be unlawful for any casino licensee or its agents or  
7 employees to employ, contract with, or use any shill 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.

48 d. Within 5 days after issuance of an emergency order, the

1 commission shall cause a complaint to be filed and served upon the  
2 person or entity involved in accordance with the provisions of this  
3 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  
6 before the commission in accordance with the provisions of this act.  
7 (cf: P.L.1981, c.503, s.18)

8  
9 8. Section 1 of P.L.1999, c.352 (C.5:12-129.1) is amended to  
10 read 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  
13 a report of any suspicious transaction with the Director of the  
14 Division of Gaming Enforcement. For the purposes of P.L.1999,  
15 c.352 (C.5:12-129.1 et al.), "suspicious transaction" means the  
16 acceptance of cash **[or]** the redeeming of chips or markers or  
17 other cash equivalents, or a payment to establish credits in an  
18 Internet wagering account involving or aggregating \$5,000 if the  
19 licensee or person knows or suspects that the transaction:

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

23 b. is part of a plan to violate or evade any law or regulation or  
24 to 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  
30 the sort of transaction in which a person would normally be  
31 expected to engage and the licensee or person knows of no  
32 reasonable explanation for the transaction after examining the  
33 available facts, including the background and possible purpose of  
34 the transaction.

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

36  
37 9. (New section) There is hereby imposed an annual tax on  
38 Internet wagering gross revenues in the amount of 20% of such  
39 gross revenues which shall be paid into the casino revenue fund.  
40 The 8% tax on casino gross revenues shall not apply to Internet  
41 wagering gross revenues. The investment alternative tax  
42 established by section 3 of P.L.1984, c.218 (C.5:12-144.1) shall  
43 apply to Internet wagering gross revenues, except that the  
44 investment alternative tax on these revenues shall be 5% and the  
45 investment alternative shall be 2.5%, with the proceeds thereof used  
46 as provided in that section, and except that the Legislature, by law,  
47 shall annually appropriate a percentage of the amount of tax  
48 generated by Internet wagering to the New Jersey Racing

1 Commission to be used for the benefit of the horse racing industry,  
2 including but not limited to the augmentation of purses.

3  
4 10. (New section) The Casino Control Commission may  
5 establish a Division of Internet Wagering to which it may delegate  
6 authority for the administration of Internet wagering conducted by  
7 casino licensees. The division shall be responsible for  
8 recommending regulations concerning Internet wagering for  
9 consideration and possible adoption by the commission. Nothing  
10 contained in this section shall be construed as affecting the  
11 authority of the Division of Gaming Enforcement with respect to all  
12 casino gaming activities, including Internet wagering. The  
13 commission and the division shall adopt regulations for the  
14 implementation and conduct of Internet wagering that are consistent  
15 with regulations governing casino gambling generally.

16  
17 11. (New section) Internet wagering in this State shall be  
18 subject to the provisions of, and preempted and superseded by, any  
19 applicable federal law.

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

23  
24 12. (New section) a. No Internet wagering shall be opened to  
25 the public, and no gaming, except for test purposes, may be  
26 conducted therein, until a casino licensee with a valid operation  
27 certificate receives from the commission a permit to conduct  
28 Internet wagering. Such permit, valid for one year, shall be issued  
29 by the commission upon a finding that the Internet wagering  
30 complies in all respects with the requirements of this act,  
31 P.L. , c. (now pending before the Legislature as this bill) and  
32 regulations promulgated hereunder, that the casino licensee has  
33 implemented necessary management controls and security  
34 precautions for the efficient operation of Internet wagering, that  
35 casino personnel having duties relating to Internet wagering are  
36 licensed for the performance of their respective responsibilities, and  
37 that the licensee is prepared in all respects to receive and entertain  
38 the public.

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

41 c. A casino licensee shall, in accordance with regulations  
42 promulgated by the commission, file any changes in the number of  
43 authorized games featured through Internet wagering with the  
44 commission and the division.

45 d. It shall be an express condition of the continued operation of  
46 Internet wagering that a casino licensee shall maintain all books,  
47 records, and documents pertaining to the licensee's Internet  
48 wagering operations in a manner and location within this State

1 approved by the commission. All such books, records and  
2 documents shall be immediately available for inspection during all  
3 hours of operation in accordance with the rules of the commission  
4 and shall be maintained for such period of time as the commission  
5 shall require.

6 e. Subject to the power of the commission to deny, revoke, or  
7 suspend permits, any Internet wagering permit in force shall be  
8 renewed by the commission for one year upon proper application  
9 for renewal, completion of a review of Internet wagering  
10 operations for compliance with this act, a review of all required  
11 controls and payment of permit fees and taxes as required by law  
12 and the regulations of the commission. Upon renewal of an Internet  
13 wagering permit the commission shall issue an appropriate renewal  
14 certificate or validating device or sticker which shall be attached to  
15 the Internet wagering permit.

16 f. Notwithstanding subsections a. and e. of this section, an  
17 Internet wagering permit shall remain in force only if the casino  
18 licensee that holds the permit also holds a valid operation  
19 certificate.

20

21 13. (New section) a. The entire Internet wagering operation,  
22 including facilities, equipment and personnel, shall be located  
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 b. Facilities used to conduct and support Internet wagering  
28 shall:

29 (1) be arranged in a manner promoting optimum security for  
30 Internet wagering;

31 (2) include a closed circuit visual monitoring system according  
32 to specifications approved by the commission, with access on the  
33 licensed premises to the system or its signal provided to the  
34 commission or the division;

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

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

40

41 14. (New section) a. Notwithstanding section 99 of P.L.1977,  
42 c.110 (C.5:12-99), each casino licensee who holds or has applied  
43 for a permit to conduct Internet wagering shall submit to the  
44 commission a description of its system of internal procedures and  
45 administrative and accounting controls for Internet wagering,  
46 including provisions that provide for real time monitoring of all  
47 games, and a description of any changes thereof. Such submission  
48 shall be made at least 30 days before such operations are to

1 commence or at least 30 days before any change in those  
2 procedures or controls is to take effect, unless otherwise directed by  
3 the commission. Notwithstanding the foregoing, the internal  
4 controls described in paragraph (3) of this subsection may be  
5 implemented by a casino licensee upon the filing of such internal  
6 controls with the commission. Each internal procedure or control  
7 submission shall contain both narrative and diagrammatic  
8 representations of the internal control system to be utilized with  
9 regard to Internet wagering, including, but not limited to:

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

12 (2) procedures, forms, and, where appropriate, formulas  
13 covering the calculation of hold percentages; revenue drop; expense  
14 and overhead schedules; complimentary services; and cash  
15 equivalent transactions;

16 (3) job descriptions and the system of personnel and chain-of-  
17 command, establishing a diversity of responsibility among  
18 employees engaged in Internet wagering operations and identifying  
19 primary and secondary supervisory positions for areas of  
20 responsibility; salary structure; and personnel practices;

21 (4) procedures for the establishment of wagering accounts,  
22 including a procedure for authenticating the age of the applicant for  
23 a wagering account;

24 (5) procedures for the termination of a wagering account by the  
25 account holder and the return of any remaining funds in the  
26 wagering account to the account holder;

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

28 (7) procedures for the logging in and authentication of a  
29 wagering account holder in order to enable the holder to commence  
30 Internet wagering, and the logging off of the holder of the wagering  
31 account when the account holder has finished gaming, including a  
32 procedure to automatically log off the holder after a specified  
33 period of inactivity;

34 (8) procedures for the crediting and debiting of wagering  
35 accounts;

36 (9) procedures for the cashing of checks to establish credit in a  
37 wagering account; the receipt and security of cash to establish credit  
38 in a wagering account, whether such cash is received by wire  
39 transfer, advance on a credit card or debit card or by other  
40 electronic means approved by the commission; and receipt of other  
41 electronic negotiable instruments approved by the commission to  
42 establish credit in a wagering account;

43 (10) procedures for the withdrawal of funds from a wagering  
44 account by the account holder;

45 (11) the redemption of chips, tokens or other cash equivalents  
46 used in gaming and the pay-off of jackpots;

47 (12) the recording of transactions pertaining to Internet  
48 wagering;

- 1 (13) procedures for the security of information and funds in a  
2 wagering account;
  - 3 (14) procedures for the transfer of funds from wagering accounts  
4 to the counting process;
  - 5 (15) procedures and security for the counting and recordation of  
6 revenue;
  - 7 (16) procedures for the security of Internet wagering facilities  
8 within a restricted area on the premises of the casino hotel or in a  
9 secure facility inaccessible to the public and specifically designed  
10 for that purpose off the premises of a casino hotel but within the  
11 territorial limits of Atlantic City New Jersey;
  - 12 (17) procedures and security standards for the handling and  
13 storage of software, computers and other electronic equipment used  
14 to conduct Internet wagering;
  - 15 (18) procedures and security standards to protect software,  
16 computers and other gaming equipment used to conduct Internet  
17 wagering from tampering by casino employees or any other person,  
18 from a location inside or outside of the casino hotel facility;
  - 19 (19) procedures for responding to tampering with software,  
20 computers and other gaming equipment used to conduct Internet  
21 wagering or any gaming-related equipment or hardware used in  
22 support of gaming, including partial or complete suspension of  
23 Internet wagering operations or the suspension of any or all  
24 wagering accounts when warranted; and
  - 25 (20) procedures to assist problem and compulsive gamblers.
- 26 b. Each casino licensee shall also submit a description of its  
27 system of internal procedures and administrative and accounting  
28 controls for non-gaming operations regarding the website on which  
29 Internet wagering is accessed and a description of any changes  
30 thereto no later than five days after those operations commence or  
31 after any change in those procedures or controls takes effect.
- 32 c. The commission shall review each submission required by  
33 subsection a. and b. hereof, and shall determine whether it conforms  
34 to the requirements of this act, P.L. , c. (C. ) (now pending  
35 before the Legislature as this bill), and to the regulations  
36 promulgated thereunder and whether the system submitted provides  
37 adequate and effective controls for Internet wagering operations of  
38 the particular casino hotel submitting it. If the commission finds  
39 any insufficiencies, it shall specify the insufficiencies in writing to  
40 the casino licensee, who shall make appropriate alterations. When  
41 the commission determines a submission to be adequate in all  
42 respects, it shall notify the casino licensee. Except as otherwise  
43 provided in subsection a. of this section, no casino licensee shall  
44 commence or alter Internet wagering operations unless and until  
45 such system of procedures and controls is approved by the  
46 commission.
- 47 d. It shall be lawful for a casino licensee to provide marketing  
48 information by means of the Internet to players engaged in Internet

1     wagering and to offer those players incentives to visit the licensee's  
2     casino in Atlantic City.

3

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

8     b. An account may be established by a person submitting an  
9     application form approved by the commission along with proof of  
10    age. The commission shall specify by regulation what types of  
11    proof are sufficient to authenticate age and residency in this State.  
12    The application form shall include the address of the principal  
13    residence of the prospective account holder, an electronic mail  
14    address of the prospective account holder and a statement that a  
15    false statement made in regard to an application may subject the  
16    applicant to prosecution.

17    c. As part of the application process, the casino licensee shall  
18    provide the prospective account holder with a password to access  
19    the wagering account, or shall establish some other mechanism  
20    approved by the commission to authenticate the player as the holder  
21    of a wagering account and allow the holder access to the Internet  
22    wagering account.

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

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

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

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

37    h. Any of the following persons shall not be permitted to  
38    maintain a wagering account:

39     (1) the Governor;

40     (2) any State officer or employee or special State officer or  
41     employee;

42     (3) any member of the Judiciary;

43     (4) any member of the Legislature;

44     (5) any officer of Atlantic City; or

45     (6) any casino employee, casino key employee or principal  
46     employee of a casino licensee.

47    i. The address provided by the applicant in the application  
48    shall be deemed the proper address for the purposes of mailing

1 checks, account withdrawals, notices and other materials.

2 j. A wagering account shall not be assignable or otherwise  
3 transferable.

4 k. The casino licensee may at any time declare all or any part  
5 of Internet wagering to be closed for wagering.

6

7 16. (New section) a. Credits to an Internet wagering account  
8 shall not be made except as provided by this subsection.

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

12 (a) cash given to the casino licensee;

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

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

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

21 (2) When an account holder wins an account wager on a game,  
22 the casino licensee shall pay to the holder Internet chips or tokens  
23 or other cash equivalents in the appropriate amount pursuant to the  
24 rules of that game for that particular type of wager. When the  
25 account holder logs off or cashes out the Internet chips, tokens or  
26 other cash equivalents, the casino licensee shall credit the holder's  
27 wagering account in the amount of Internet chips, tokens or other  
28 cash equivalents cashed in.

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

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

33 (5) Funds deposited in the account shall not bear interest to the  
34 account holder.

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

37 (1) When an account holder logs onto a wagering account and  
38 exchanges account funds for Internet chips, tokens or other cash  
39 equivalents, the licensee shall debit the holder's account in the  
40 amount of funds exchanged. Upon receipt by a casino licensee of  
41 an account wager or an account purchase order, the casino licensee  
42 shall debit the account holder's Internet chips, tokens or other cash  
43 equivalents in the amount of the wager or purchase.

44 (2) A casino licensee may authorize a withdrawal from a  
45 wagering account when the account holder submits to the casino  
46 licensee:

47 (a) proper identification;

1 (b) the correct authentication information for access to the  
2 account; and

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

5 Upon receipt of a properly completed and executed withdrawal  
6 form, and if there are sufficient funds in the account to cover the  
7 withdrawal, the licensee shall send, within three business days of  
8 receipt, a check payable in the amount requested to the holder at the  
9 address specified in the application for the wagering account or  
10 shall transmit payment to the account holder electronically as  
11 approved by the commission by regulation.

12

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

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

17 b. The account holder placing the account wager shall provide  
18 the casino licensee with the correct authentication information for  
19 access to the wagering account.

20 c. A casino licensee may not accept an account wager in an  
21 amount in excess of funds on deposit in the wagering account of the  
22 holder placing the wager. Funds on deposit include amounts  
23 credited under this act, P.L. c. (C. ) (now pending before the  
24 Legislature as this bill), and in the account at the time the wager is  
25 placed.

26 d. Only the holder of a wagering account shall place an account  
27 wager.

28

29 18. (New section) All amounts remaining in wagering accounts  
30 inactive or dormant for such period and under such conditions as  
31 established by regulation by the commission shall be paid 50% to  
32 the casino licensee and 50% to the casino control fund. Before  
33 closing a wagering account pursuant to this section, the casino  
34 licensee shall attempt to contact the account holder by mail, phone  
35 and computer.

36

37 19. (New section) a. The casino licensee shall establish a log in  
38 procedure for a holder of a wagering account to access Internet  
39 wagering. Part of the log in procedure shall be the provision by the  
40 account holder of the appropriate authentication information for  
41 access to the wagering account. The casino licensee shall not allow  
42 an account holder to participate in gaming before logging in and  
43 providing the proper authentication information to access the  
44 holder's wagering account.

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

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

4

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

8 a. the current amount of money in the holder's account,  
9 including the current amount of the holder's Internet chips, tokens  
10 or other cash equivalents;

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

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

16 d. a detailed accounting of all other Internet gaming sessions,  
17 when a session begins at log on and ends at log off, including time  
18 and date of log on and log off and the amount of money won or lost  
19 on gaming and the amount of money spent from the account on  
20 merchandise or services; and

21 e. the complete text of the rules of the commission regarding  
22 games and the conduct of Internet wagering, pay-offs of winning  
23 wagers, an approximation of the odds of winning for each wager,  
24 and such other advice and information to the account holder as the  
25 commission shall require.

26

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

29 a. cause the words "If you or someone you know has a  
30 gambling problem and wants help, call 1-800 GAMBLER," or some  
31 comparable language approved by the commission, which language  
32 shall include the words "gambling problem" and "call 1-800  
33 GAMBLER," to be prominently and continuously displayed to any  
34 person visiting or logged onto Internet wagering;

35 b. provide a mechanism by which a holder of a wagering  
36 account may establish the following controls on wagering activity  
37 through the wagering account:

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

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

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

45 The casino licensee shall not send gaming-related mail or  
46 electronic mail to an account holder while gaming through his or  
47 her wagering account is suspended. The casino licensee shall  
48 provide a mechanism by which an account holder may change these

1 controls, except that while gaming through the wagering account is  
2 suspended, the account holder may not change gaming controls  
3 until the suspension expires, but the holder shall continue to have  
4 access to the account and shall be permitted to withdraw funds from  
5 the account upon proper application therefor; and

6 c. establish a system by which a holder of a wagering account  
7 who sustains continuous losses of a sufficient level according to  
8 standards set by the commission by regulation, will have sent to his  
9 or her postal address and electronic mail address a list detailing all  
10 gaming winnings and losses through the wagering account, contact  
11 information for assistance with identifying a potential gambling  
12 problem and other information about gambling problems and  
13 compulsive gambling deemed appropriate by the commission.  
14

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

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

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

28 b. Notwithstanding section 101 of P.L.1977, c.110 (C.5:12-  
29 101), no casino licensee or any person licensed under P.L.1977,  
30 c.110 (C.5:12-1 et seq.) and no person acting on behalf of, or under  
31 any arrangement with, a casino licensee or other person licensed  
32 under P.L.1977, c.110, may accept a check, other than a recognized  
33 traveler's check or other cash equivalent from any person for the  
34 purpose of crediting an Internet wagering account unless:

35 (1) the check is made payable to the casino licensee;

36 (2) the check is dated, but not postdated;

37 (3) the check is transmitted to the casino licensee and received  
38 by the licensee in a manner approved by the commission and is  
39 exchanged for credits on the Internet wagering account established  
40 by the drawer of the check; and

41 (4) the regulations concerning check cashing procedures are  
42 observed by the casino licensee and its employees and agents.  
43

44 23. (New section) Any person who offers games into play or  
45 displays such games through Internet wagering without approval of  
46 the commission to do so is guilty of a crime of the fourth degree  
47 and notwithstanding the provisions of N.J.S.2C:43-3, shall be  
48 subject to a fine of not more than \$25,000 and in the case of a

1 person other than a natural person, to a fine of not more than  
2 \$100,000 and any other appropriate disposition authorized by  
3 subsection b. of N.J.S.2C:43-2.

4  
5 24. (New section) a. Notwithstanding section 46 of P.L.1991,  
6 c.182 (C.5:12-113.1), any person who knowingly tampers with  
7 software, computers or other equipment used to conduct Internet  
8 wagering to alter the odds or the payout of a game or disables the  
9 game from operating according to the rules of the game as  
10 promulgated by the commission is guilty of a crime of the third  
11 degree and notwithstanding the provisions of N.J.S.2C:43-3, shall  
12 be subject to a fine of not more than \$50,000 and in the case of a  
13 person other than a natural person, to a fine of not more than  
14 \$200,000 and any other appropriate disposition authorized by  
15 subsection b. of N.J.S.2C:43-2.

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

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

24  
25 25. (New section) a. Any person who knowingly offers or  
26 allows to be offered any Internet game that has been tampered with  
27 in a way that affects the odds or the payout of a game or disables  
28 the game from operating according to the rules of the game as  
29 promulgated by the commission is guilty of a crime of the third  
30 degree and notwithstanding the provisions of N.J.S.2C:43-3, shall  
31 be subject to a fine of not more than \$50,000 and in the case of a  
32 person other than a natural person, to a fine of not more than  
33 \$200,000 and any other appropriate disposition authorized by  
34 subsection b. of N.J.S.2C:43-2.

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

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

43  
44 26. (New section) a. No person under the age of 21 shall be  
45 permitted to maintain an Internet wagering account. Any casino  
46 licensee or employee of a casino licensee who allows a person  
47 under the age of 21 to maintain a wagering account is guilty of a  
48 crime of the fourth degree and subject to the penalties therefor;

1 except that the establishment of all of the following facts by a  
2 licensee or employee allowing any such underage person to  
3 maintain an account shall constitute a defense to any prosecution  
4 therefor:

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

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

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

16 c. In addition to the penalties provided in subsection a. of this  
17 section, a casino licensee that violates the provisions of this section  
18 more than once shall have its permit to conduct Internet wagering  
19 revoked.

20

21 27. (New section) a. The commission shall, by regulation,  
22 establish annual fees for the issuance or renewal of Internet  
23 wagering permits. The issuance fee shall be based upon the cost of  
24 investigation and consideration of the license application and shall  
25 be not less than \$200,000. The renewal fee shall be based upon the  
26 cost of maintaining enforcement, control and regulation of Internet  
27 wagering operations and shall be not less than \$100,000.

28 b. The Attorney General shall certify to the commission actual  
29 and prospective costs of the investigative and enforcement  
30 functions of the division, which costs shall be the basis, together  
31 with the operating expenses of the commission, for the  
32 establishment of annual permit issuance and renewal fees.

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

37 d. In addition to the permit issuance and renewal fees, a casino  
38 licensee with an Internet wagering permit shall pay annually to the  
39 commission \$100,000 to be deposited into the State General Fund  
40 for appropriation by the Legislature to the Department of Health  
41 and Senior Services, \$85,000 of which shall be allocated to the  
42 Council on Compulsive Gambling of New Jersey and \$15,000 of  
43 which shall be used for compulsive gambling treatment programs in  
44 the State.

45

46 28. Notwithstanding the provisions of any other law to the  
47 contrary, the Casino Control Commission and the New Jersey  
48 Racing Commission may, jointly, authorize casino licensees to enter

1 into agreements with racetrack permitholders for the operation of  
2 terminals at racetracks on which individuals who have registered to  
3 participate in Internet wagering may wager on games conducted at  
4 casinos in Atlantic City. Terminals located at racetracks pursuant  
5 to this section may be identical in appearance to slot machines  
6 located at casinos.

7

8 29. This act shall take effect immediately.

9

10

11

STATEMENT

12

13 This bill authorizes Internet wagering at Atlantic City casinos  
14 which would enable New Jersey residents to place wagers on casino  
15 games via the Internet.

16 Specifically, the bill provides:

17 • all games, including poker, which may be played at a casino,  
18 as well as variations or composites thereof, may be offered  
19 through Internet wagering;

20 • all equipment used by a licensee to conduct Internet  
21 wagering, including but not limited to computers, servers,  
22 monitoring rooms, and hubs, must be located either in a  
23 restricted area on the premises of the casino hotel or in a  
24 secure facility inaccessible to the public and specifically  
25 designed for that purpose off the premises of a casino hotel  
26 but within the territorial limits of Atlantic City and all  
27 Internet wagers will be deemed to be placed when received  
28 in Atlantic City by the licensee regardless of the player's  
29 physical location within this State; any intermediate routing  
30 of electronic data in connection with a wager will not affect  
31 the fact that the wager is placed in Atlantic City;

32 • Internet wagering in this State will be subject to the  
33 provisions of, and preempted and superseded by, any  
34 applicable federal law;

35 • there is imposed an annual tax on Internet wagering gross  
36 revenues in the amount of 20% of such gross revenues  
37 which will be paid into the casino revenue fund; the 8% tax  
38 on casino gross revenues will not apply to Internet wagering  
39 gross revenues; and the investment alternative tax will  
40 apply to Internet wagering gross revenues, except that the  
41 investment alternative tax on these revenues will be 5% and  
42 the investment alternative will be 2.5%, with the proceeds  
43 thereof used as provided in that section, and except that the  
44 Legislature, by law, will annually appropriate a percentage  
45 of the amount of tax generated by Internet wagering to the  
46 New Jersey Racing Commission to be used for the benefit  
47 of the horse racing, including but not limited to the  
48 augmentation of purses;

- 1       • the Casino Control Commission may establish a Division of  
2       Internet Wagering to which it may delegate authority for the  
3       administration of Internet wagering conducted by casino  
4       licensees; the division would be responsible for  
5       recommending regulations concerning Internet wagering for  
6       consideration and possible adoption by the commission; this  
7       would not affect the authority of the Division of Gaming  
8       Enforcement with respect to all casino gaming activities,  
9       including Internet wagering;
- 10      • the application process for a licensed casino to obtain a  
11      permit to establish Internet wagering, with the permit valid  
12      for one year and subject to renewal. As part of the  
13      application process, a casino licensee must submit to the  
14      commission for its approval a description of its system of  
15      internal procedures (including security procedures) and  
16      administrative and accounting controls for Internet  
17      wagering, including provisions that provide for real time  
18      monitoring of all games. A casino licensee must also  
19      submit its gaming software and other Internet wagering  
20      equipment to the Division of Gaming Enforcement for  
21      testing to ensure compliance with technical standards for  
22      such equipment set by the commission;
- 23      • procedures for the crediting and debiting of a wagering  
24      account;
- 25      • it will be lawful for a casino licensee to provide marketing  
26      information by means of the Internet to players engaged in  
27      Internet wagering and to offer those players incentives to  
28      visit the licensee's casino in Atlantic City;
- 29      • required features of Internet wagering to assist the wagering  
30      account holder;
- 31      • required features to assist problem gamblers and potential  
32      problem gamblers;
- 33      • penalties for violations of the provisions of the bill;
- 34      • an annual fee for Internet wagering permit holders for the  
35      initial permit and permit renewal to cover the costs of  
36      regulation by the commission and the division, with the  
37      initial fee to be at least \$200,000 and the renewal fee to be  
38      at least \$100,000; and
- 39      • an annual fee for Internet wagering permit holders of  
40      \$100,000 to be allocated to programs to prevent compulsive  
41      gambling and to assist compulsive gamblers.

42      Except as otherwise provided in the bill, a licensed casino's  
43      Internet wagering operation would be subject to the existing  
44      provisions of the Casino Control Act and the regulations of the  
45      commission, including, but not limited to:

- 46      • the licensure of all employees with gaming-related duties or  
47      responsibilities;
- 48      • penalties for a violation of the act; and

- 1       • supplemental sanctions deemed appropriate by the  
2           commission for violations.

3       The commission and the division will adopt regulations for the  
4       implementation and conduct of Internet wagering that are consistent  
5       with regulations governing casino gambling generally.

6       In addition, the Casino Control Commission and the New Jersey  
7       Racing Commission may, jointly, authorize casino licensees to enter  
8       into agreements with racetrack permitholders for the operation of  
9       terminals at racetracks on which individuals who have registered to  
10      participate in Internet wagering may wager on games conducted at  
11      casinos in Atlantic City. Terminals located at racetracks may be  
12      identical in appearance to slot machines located at casinos.