

[Second Reprint]

SENATE, No. 490

STATE OF NEW JERSEY
214th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2010 SESSION

Sponsored by:

Senator RAYMOND J. LESNIAK

District 20 (Union)

SYNOPSIS

Permits Internet wagering at Atlantic City casinos under certain circumstances.

CURRENT VERSION OF TEXT

As reported by the Senate Budget and Appropriations Committee on November 15, 2010, with amendments.



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

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SSG committee amendments adopted June 3, 2010.

²Senate SBA committee amendments adopted November 15, 2010.

1 interoperable packet switched data networks through which the
2 casino licensee may offer authorized games to residents of this State
3 2, or to persons located outside of the United States,2 who have
4 established a wagering account with the casino licensee.
5

6 4. (New section) "Internet wagering gross revenue" means the
7 total of all sums actually received by a casino licensee from Internet
8 wagering operations, less only the total of all sums actually paid out
9 as winnings to patrons; provided, however, that the cash equivalent
10 value of any merchandise or thing of value included in a jackpot or
11 payout shall not be included in the total of all sums paid out as
12 winnings to players for purposes of determining Internet wagering
13 gross revenue.
14

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

17 3. "Restricted Casino Areas"--The cashier's cage, the soft count
18 room, the hard count room, the slot cage booths and runway areas,
19 the interior of table game pits, the surveillance room and catwalk
20 areas, the slot machine repair room, any room or area related to
21 Internet wagering operations and any other area specifically
22 designated by the commission as restricted in a licensee's operation
23 certificate.
24

(cf: P.L.1987, c.353, s.3)
25

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- 47 (a) promote optimum security for casino operations;
- 48 (b) avoid deception or frequent distraction to players at gaming

1 tables;

2 (c) promote the comfort of patrons;

3 (d) create and maintain a gracious playing environment in the
4 casino; and

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

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

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

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

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

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

46 k. It shall be unlawful for any person to exchange or redeem
47 chips for anything whatsoever, except for currency, negotiable

1 personal checks, negotiable counter checks, other chips, coupons or
2 complimentary vouchers distributed by the casino licensee, or, if
3 authorized by regulation of the commission, a valid charge to a
4 credit or debit card account. A casino licensee shall, upon the
5 request of any person, redeem that licensee's gaming chips
6 surrendered by that person in any amount over \$100 with a check
7 drawn upon the licensee's account at any banking institution in this
8 State and made payable to that person.

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

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

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

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

42 (2) A dealer may accept tips or gratuities from a patron at the
43 table at which such dealer is conducting play, subject to the
44 provisions of this subsection. All such tips or gratuities shall be
45 immediately deposited in a lockbox reserved for that purpose,
46 unless the tip or gratuity is authorized by a patron utilizing an
47 automated wagering system approved by the commission. All tips
48 or gratuities shall be accounted for, and placed in a pool for

1 distribution pro rata among the dealers, with the distribution based
2 upon the number of hours each dealer has worked, except that the
3 commission may permit a separate pool to be established for dealers
4 in the game of poker, or may permit tips or gratuities to be retained
5 by individual dealers in the game of poker.

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

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

17
18 7. Section 109 of P.L.1977, c.110 (C.5:12-109) is amended to
19 read as follows:

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

30 a. An emergency order shall be issued only when the
31 commission finds that:

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

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

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

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

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

1 until further order of the commission or final disposition of the
2 case.

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

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

11

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

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

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

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

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

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

39

40 9. (New section) There is hereby imposed an annual tax on
41 Internet wagering gross revenues in the amount of ²~~[20%]~~ 15%² of
42 such gross revenues which shall be paid into the casino revenue
43 fund. The 8% tax on casino gross revenues shall not apply to
44 Internet wagering gross revenues. The investment alternative tax
45 established by section 3 of P.L.1984, c.218 (C.5:12-144.1) shall
46 apply to Internet wagering gross revenues, except that the
47 investment alternative tax on these revenues shall be 5% and the

1 investment alternative shall be 2.5%, with the proceeds thereof used
2 as provided in that section, and except that the ²[Legislature, by
3 law, shall annually appropriate] the Casino Reinvestment
4 Development Authority may allocate² a percentage of the amount of
5 ²that² tax generated by Internet wagering to the New Jersey Racing
6 Commission to be used for the benefit of the horse racing industry,
7 including but not limited to the augmentation of purses.

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

21
22 11. (New section) Internet wagering in this State shall be
23 subject to the provisions of, and preempted and superseded by, any
24 applicable federal law.

25 Internet wagering in this State shall be deemed to take place
26 where a casino's server is located in Atlantic City regardless of the
27 player's physical location within this State ²or outside of the United
28 States².

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

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

47 c. A casino licensee shall, in accordance with regulations

1 promulgated by the commission, file any changes in the number of
2 authorized games featured through Internet wagering with the
3 commission and the division.

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

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

23 f. Notwithstanding subsections a. and e. of this section, an
24 Internet wagering permit shall remain in force only if the casino
25 licensee that holds the permit also holds a valid operation
26 certificate.

27
28 13. (New section) a. The entire Internet wagering operation,
29 including facilities, equipment and personnel, shall be located
30 within a restricted area on the premises of the casino hotel or in a
31 secure facility inaccessible to the public and specifically designed
32 for that purpose off the premises of a casino hotel but within the
33 territorial limits of Atlantic '【County】 City', New Jersey.

34 b. Facilities used to conduct and support Internet wagering
35 shall:

36 (1) be arranged in a manner promoting optimum security for
37 Internet wagering;

38 (2) include a closed circuit visual monitoring system according
39 to specifications approved by the commission, with access on the
40 licensed premises to the system or its signal provided to the
41 commission or the division;

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

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

47
48 14. (New section) a. Notwithstanding section 99 of P.L.1977,

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

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

19 (2) procedures, forms, and, where appropriate, formulas
20 covering the calculation of hold percentages; revenue drop; expense
21 and overhead schedules; complimentary services; and cash
22 equivalent transactions;

23 (3) job descriptions and the system of personnel and chain-of-
24 command, establishing a diversity of responsibility among
25 employees engaged in Internet wagering operations and identifying
26 primary and secondary supervisory positions for areas of
27 responsibility; salary structure; and personnel practices;

28 (4) procedures for the establishment of wagering accounts,
29 including a procedure for authenticating the age of the applicant for
30 a wagering account;

31 (5) procedures for the termination of a wagering account by the
32 account holder and the return of any remaining funds in the
33 wagering account to the account holder;

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

35 (7) procedures for the logging in and authentication of a
36 wagering account holder in order to enable the holder to commence
37 Internet wagering, and the logging off of the holder of the wagering
38 account when the account holder has finished gaming, including a
39 procedure to automatically log off the holder after a specified
40 period of inactivity;

41 (8) procedures for the crediting and debiting of wagering
42 accounts;

43 (9) procedures for the cashing of checks to establish credit in a
44 wagering account; the receipt and security of cash to establish credit
45 in a wagering account, whether such cash is received by wire
46 transfer, advance on a credit card or debit card or by other
47 electronic means approved by the commission; and receipt of other
48 electronic negotiable instruments approved by the commission to

- 1 establish credit in a wagering account;
- 2 (10) procedures for the withdrawal of funds from a wagering
- 3 account by the account holder;
- 4 (11) the redemption of chips, tokens or other cash equivalents
- 5 used in gaming and the pay-off of jackpots;
- 6 (12) the recording of transactions pertaining to Internet
- 7 wagering;
- 8 (13) procedures for the security of information and funds in a
- 9 wagering account;
- 10 (14) procedures for the transfer of funds from wagering accounts
- 11 to the counting process;
- 12 (15) procedures and security for the counting and recordation of
- 13 revenue;
- 14 (16) procedures for the security of Internet wagering facilities
- 15 within a restricted area on the premises of the casino hotel or in a
- 16 secure facility inaccessible to the public and specifically designed
- 17 for that purpose off the premises of a casino hotel but within the
- 18 territorial limits of Atlantic ¹【County】 City¹, New Jersey;
- 19 (17) procedures and security standards for the handling and
- 20 storage of software, computers and other electronic equipment used
- 21 to conduct Internet wagering;
- 22 (18) procedures and security standards to protect software,
- 23 computers and other gaming equipment used to conduct Internet
- 24 wagering from tampering by casino employees or any other person,
- 25 from a location inside or outside of the casino hotel facility;
- 26 (19) procedures for responding to tampering with software,
- 27 computers and other gaming equipment used to conduct Internet
- 28 wagering or any gaming-related equipment or hardware used in
- 29 support of gaming, including partial or complete suspension of
- 30 Internet wagering operations or the suspension of any or all
- 31 wagering accounts when warranted; and
- 32 (20) procedures to assist problem and compulsive gamblers.
- 33 b. Each casino licensee shall also submit a description of its
- 34 system of internal procedures and administrative and accounting
- 35 controls for non-gaming operations regarding the website on which
- 36 Internet wagering is accessed and a description of any changes
- 37 thereto no later than five days after those operations commence or
- 38 after any change in those procedures or controls takes effect.
- 39 c. The commission shall review each submission required by
- 40 subsection a. and b. hereof, and shall determine whether it conforms
- 41 to the requirements of this act, P.L. , c. (C.) (pending
- 42 before the Legislature as this bill), and to the regulations
- 43 promulgated thereunder and whether the system submitted provides
- 44 adequate and effective controls for Internet wagering operations of
- 45 the particular casino hotel submitting it. If the commission finds
- 46 any insufficiencies, it shall specify the insufficiencies in writing to
- 47 the casino licensee, who shall make appropriate alterations. When
- 48 the commission determines a submission to be adequate in all

1 respects, it shall notify the casino licensee. Except as otherwise
2 provided in subsection a. of this section, no casino licensee shall
3 commence or alter Internet wagering operations unless and until
4 such system of procedures and controls is approved by the
5 commission.

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

10

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

15 b. An account may be established by a person submitting an
16 application form approved by the commission along with proof of
17 age. The commission shall specify by regulation what types of
18 proof are sufficient to authenticate age and residency in this State
19 ²or outside of the United States². The application form shall
20 include the address of the principal residence of the prospective
21 account holder, an electronic mail address of the prospective
22 account holder and a statement that a false statement made in regard
23 to an application may subject the applicant to prosecution.

24 c. As part of the application process, the casino licensee shall
25 provide the prospective account holder with a password to access
26 the wagering account, or shall establish some other mechanism
27 approved by the commission to authenticate the player as the holder
28 of a wagering account and allow the holder access to the Internet
29 wagering account.

30 d. The prospective account holder shall submit the completed
31 application to the casino licensee. The licensee may accept or reject
32 an application after receipt and review of the application and proof
33 of age for compliance with this act, P.L. , c. (C.) (pending
34 before the Legislature as this bill).

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

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

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

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

46 (1) the Governor ¹or Lieutenant Governor¹;

47 (2) any State officer or employee or special State officer or

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

1 an account wager or an account purchase order, the casino licensee
2 shall debit the account holder's Internet chips, tokens or other cash
3 equivalents in the amount of the wager or purchase.

4 (2) A casino licensee may authorize a withdrawal from a
5 wagering account when the account holder submits to the casino
6 licensee:

- 7 (a) proper identification;
- 8 (b) the correct authentication information for access to the
9 account; and
- 10 (c) a properly completed and executed withdrawal on a form
11 approved by the commission.

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

19
20 17. (New section) A casino licensee may accept Internet
21 account wagers only as follows:

- 22 a. The account wager shall be placed directly with the casino
23 licensee by the holder of the wagering account.
- 24 b. The account holder placing the account wager shall provide
25 the casino licensee with the correct authentication information for
26 access to the wagering account.
- 27 c. A casino licensee may not accept an account wager in an
28 amount in excess of funds on deposit in the wagering account of the
29 holder placing the wager. Funds on deposit include amounts
30 credited under this act, P.L. c. (C.) (pending before the
31 Legislature as this bill), and in the account at the time the wager is
32 placed.
- 33 d. Only the holder of a wagering account shall place an account
34 wager.

35
36 18. (New section) All amounts remaining in wagering accounts
37 inactive or dormant for such period and under such conditions as
38 established by regulation by the commission shall be paid 50% to
39 the casino licensee and 50% to the casino control fund. Before
40 closing a wagering account pursuant to this section, the casino
41 licensee shall attempt to contact the account holder by mail, phone
42 and computer.

43
44 19. (New section) a. The casino licensee shall establish a log in
45 procedure for a holder of a wagering account to access Internet
46 wagering. Part of the log in procedure shall be the provision by the
47 account holder of the appropriate authentication information for
48 access to the wagering account. The casino licensee shall not allow

- 1 an account holder to participate in gaming before logging in and
2 providing the proper authentication information to access the
3 holder's wagering account.
- 4 b. Upon log in, the holder of a wagering account shall have the
5 option to exchange any amount of funds in the wagering account to
6 Internet chips, tokens or other cash equivalents, to be used for
7 Internet casino gaming.
- 8 c. Upon logging off, the current amount of the holders' Internet
9 chips, tokens or other cash equivalents shall be credited to the
10 holder's wagering account.

11
12 20. (New section) The casino licensee shall provide to a holder
13 of a wagering account who is logged in to his or her wagering
14 account access to a display of all of the following information:

- 15 a. the current amount of money in the holder's account,
16 including the current amount of the holder's Internet chips, tokens
17 or other cash equivalents;
- 18 b. the amount of money the account holder has won or lost on
19 Internet wagering since the account was established;
- 20 c. the amount of money the account holder has won or lost on
21 during the current gaming session, when a gaming session begins at
22 log on and ends at log off;
- 23 d. a detailed accounting of all other Internet gaming sessions,
24 when a session begins at log on and ends at log off, including time
25 and date of log on and log off and the amount of money won or lost
26 on gaming and the amount of money spent from the account on
27 merchandise or services; and
- 28 e. the complete text of the rules of the commission regarding
29 games and the conduct of Internet wagering, pay-offs of winning
30 wagers, an approximation of the odds of winning for each wager,
31 and such other advice and information to the account holder as the
32 commission shall require.

33
34 21. (New section) In order to assist those persons who may
35 have a gambling problem, a casino licensee shall:

- 36 a. cause the words "If you or someone you know has a
37 gambling problem and wants help, call 1-800 GAMBLER," or some
38 comparable language approved by the commission, which language
39 shall include the words "gambling problem" and "call 1-800
40 GAMBLER," to be prominently and continuously displayed to any
41 person visiting or logged onto Internet wagering;
- 42 b. provide a mechanism by which a holder of a wagering
43 account may establish the following controls on wagering activity
44 through the wagering account:
- 45 (1) a limit on the amount of money lost within a specified period
46 of time and the length of time the holder will be unable to
47 participate in gaming if the holder reaches the established loss limit;
- 48 (2) a limit on the maximum amount of any single wager on any

1 game; and

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

4 The casino licensee shall not send gaming-related mail or
5 electronic mail to an account holder while gaming through his or
6 her wagering account is suspended. The casino licensee shall
7 provide a mechanism by which an account holder may change these
8 controls, except that while gaming through the wagering account is
9 suspended, the account holder may not change gaming controls
10 until the suspension expires, but the holder shall continue to have
11 access to the account and shall be permitted to withdraw funds from
12 the account upon proper application therefor; and

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

21

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

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

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

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

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

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

44 (3) the check is transmitted to the casino licensee and received
45 by the licensee in a manner approved by the commission and is
46 exchanged for credits on the Internet wagering account established
47 by the drawer of the check; and

48 (4) the regulations concerning check cashing procedures are

1 observed by the casino licensee and its employees and agents.

2

3 23. (New section) Any person who offers games into play or
4 displays such games through Internet wagering without approval of
5 the commission to do so is guilty of a crime of the fourth degree
6 and notwithstanding the provisions of N.J.S.2C:43-3, shall be
7 subject to a fine of not more than \$25,000 and in the case of a
8 person other than a natural person, to a fine of not more than
9 \$100,000 and any other appropriate disposition authorized by
10 subsection b. of N.J.S.2C:43-2.

11

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

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

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

31

32 25. (New section) a. Any person who knowingly offers or
33 allows to be offered any Internet game that has been tampered with
34 in a way that affects the odds or the payout of a game or disables
35 the game from operating according to the rules of the game as
36 promulgated by the commission is guilty of a crime of the third
37 degree and notwithstanding the provisions of N.J.S.2C:43-3, shall
38 be subject to a fine of not more than \$50,000 and in the case of a
39 person other than a natural person, to a fine of not more than
40 \$200,000 and any other appropriate disposition authorized by
41 subsection b. of N.J.S.2C:43-2.

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

46 c. In addition to the penalties provided in subsection a., a
47 casino licensee that violates this section shall have its permit to

1 conduct Internet wagering suspended for a period not less than 30
2 days.

3

4 26. (New section) a. No person under the age of 21 shall be
5 permitted to maintain an Internet wagering account. Any casino
6 licensee or employee of a casino licensee who allows a person
7 under the age of 21 to maintain a wagering account is guilty of a
8 crime of the fourth degree and subject to the penalties therefor;
9 except that the establishment of all of the following facts by a
10 licensee or employee allowing any such underage person to
11 maintain an account shall constitute a defense to any prosecution
12 therefor:

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

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

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

24 c. In addition to the penalties provided in subsection a. of this
25 section, a casino licensee that violates the provisions of this section
26 more than once shall have its permit to conduct Internet wagering
27 revoked.

28

29 27. (New section) a. The commission shall, by regulation,
30 establish annual fees for the issuance or renewal of Internet
31 wagering permits. The issuance fee shall be based upon the cost of
32 investigation and consideration of the license application and shall
33 be not less than \$200,000. The renewal fee shall be based upon the
34 cost of maintaining enforcement, control and regulation of Internet
35 wagering operations and shall be not less than \$100,000.

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

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

45 d. In addition to the permit issuance and renewal fees, a casino
46 licensee with an Internet wagering permit shall pay annually to the
47 commission \$100,000 to be deposited into the State General Fund
48 for appropriation by the Legislature to the Department of ²Health

1 and Senior] Human² Services, \$85,000 of which shall be allocated
2 to the Council on Compulsive Gambling of New Jersey and \$15,000
3 of which shall be used for compulsive gambling treatment programs
4 in the State.

5
6 ¹[28. Notwithstanding the provisions of any other law to the
7 contrary, the Casino Control Commission and the New Jersey
8 Racing Commission may, jointly, authorize casino licensees to enter
9 into agreements with racetrack permitholders for the operation of
10 terminals at racetracks on which individuals who have registered to
11 participate in Internet wagering may wager on games conducted at
12 casinos in Atlantic City. Terminals located at racetracks pursuant
13 to this section may be identical in appearance to slot machines
14 located at casinos.]¹

15
16 ¹[29.] 28.¹ This act shall take effect immediately.