

# SENATE, No. 3019

## STATE OF NEW JERSEY 214th LEGISLATURE

INTRODUCED AUGUST 25, 2011

**Sponsored by:**

**Senator RAYMOND J. LESNIAK**

**District 20 (Union)**

**Senator JIM WHELAN**

**District 2 (Atlantic)**

**SYNOPSIS**

Authorizes Internet wagering at Atlantic City casinos under certain circumstances.

**CURRENT VERSION OF TEXT**

As introduced.



(Sponsorship Updated As Of: 1/6/2012)

1 AN ACT authorizing Internet wagering at Atlantic City casinos  
2 under certain circumstances and amending and supplementing  
3 the "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 division suitable for use after an appropriate test or  
17 experimental period under such terms and conditions as the division  
18 may deem appropriate; and any other game which is determined by  
19 the division to be compatible with the public interest and to be  
20 suitable for casino use after such appropriate test or experimental  
21 period as the division may deem appropriate. "Authorized game" or  
22 "authorized gambling game" includes gaming tournaments in which  
23 players compete against one another in one or more of the games  
24 authorized herein or by the division or in approved variations or  
25 composites thereof if the tournaments are authorized by the  
26 division.

27 (cf: P.L.2011, c.19, s.4)  
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 division 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.2011, c.19, s.6)  
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  
45 casino licensee may offer authorized games to residents of this State

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

Matter underlined thus is new matter.

1 who have established a wagering account with the casino licensee  
2 and who are physically present in this State when placing a wager.

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 division as restricted in a licensee's operation  
21 certificate.

22 (cf: P.L.2011, c.19, s.21)

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 division approves  
32 the game of keno as an authorized game pursuant to section 5 of  
33 P.L.1977, c.110 (C.5:12-5), as amended, keno tickets may be sold  
34 or redeemed in accordance with division regulations.

35 b. Gaming equipment shall not be possessed, maintained or  
36 exhibited by any person on the premises of a casino hotel except in  
37 a casino room, in the simulcasting facility, or in restricted casino  
38 areas used for the inspection, repair or storage of such equipment  
39 and specifically designated for that purpose by the casino licensee  
40 with the approval of the division. Gaming equipment which  
41 supports the conduct of gaming in a casino or simulcasting facility  
42 or through Internet wagering but does not permit or require patron  
43 access, such as computers, or gaming software or other gaming  
44 equipment used to conduct Internet wagering may be possessed and  
45 maintained by a casino licensee or a qualified holding or  
46 intermediary company of a casino licensee in restricted areas  
47 specifically approved by the division. No gaming equipment shall  
48 be possessed, maintained, exhibited, brought into or removed from

1 a casino room or simulcasting facility by any person unless such  
2 equipment is necessary to the conduct of an authorized game, has  
3 permanently affixed, imprinted, impressed or engraved thereon an  
4 identification number or symbol authorized by the division, is under  
5 the exclusive control of a casino licensee or casino licensee's  
6 employees, or of any individually qualified employee of a holding  
7 company or casino licensee and is brought into or removed from the  
8 casino room or simulcasting facility following 24-hour prior notice  
9 given to an authorized agent of the division.

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

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

29 c. Each casino hotel shall contain a count room and such other  
30 secure facilities as may be required by the division for the counting  
31 and storage of cash, coins, tokens, checks, plaques, gaming  
32 vouchers, coupons, and other devices or items of value used in  
33 wagering and approved by the division that are received in the  
34 conduct of gaming and for the inspection, counting and storage of  
35 dice, cards, chips and other representatives of value. The division  
36 shall promulgate regulations for the security of drop boxes and  
37 other devices in which the foregoing items are deposited at the  
38 gaming tables or in slot machines, and all areas wherein such boxes  
39 and devices are kept while in use, which regulations may include  
40 certain locking devices. Said drop boxes and other devices shall not  
41 be brought into or removed from a casino room or simulcasting  
42 facility, or locked or unlocked, except at such times, in such places,  
43 and according to such procedures as the division may require.

44 d. All chips used in gaming shall be of such size and uniform  
45 color by denomination as the division shall require by regulation.

46 e. All gaming shall be conducted according to rules  
47 promulgated by the division. All wagers and pay-offs of winning  
48 wagers shall be made according to rules promulgated by the

1 division, which shall establish such limitations as may be necessary  
2 to assure the vitality of casino operations and fair odds to patrons.  
3 Each slot machine shall have a minimum payout of 83%.

4 f. Each casino licensee shall make available in printed form to  
5 any patron upon request the complete text of the rules of the  
6 division regarding games and the conduct of gaming, pay-offs of  
7 winning wagers, an approximation of the odds of winning for each  
8 wager, and such other advice to the player as the division shall  
9 require. Each casino licensee shall prominently post within a casino  
10 room and simulcasting facility, as appropriate, according to  
11 regulations of the division such information about gaming rules,  
12 pay-offs of winning wagers, the odds of winning for each wager,  
13 and such other advice to the player as the division shall require.

14 g. Each gaming table shall be equipped with a sign indicating  
15 the permissible minimum and maximum wagers pertaining thereto.  
16 Each game offered through Internet wagering shall display online  
17 the permissible minimum and maximum wagers pertaining thereto.  
18 It shall be unlawful for a casino licensee to require any wager to be  
19 greater than the stated minimum or less than the stated maximum;  
20 provided, however, that any wager actually made by a patron and  
21 not rejected by a casino licensee prior to the commencement of play  
22 shall be treated as a valid wager.

23 h. (1) Except as herein provided, no slot machine shall be used  
24 to conduct gaming unless it is identical in all electrical, mechanical  
25 and other aspects to a model thereof which has been specifically  
26 tested and licensed for use by the division. The division shall also  
27 test any other gaming device, gaming equipment, gaming-related  
28 device or gross-revenue related device, such as a slot management  
29 system, electronic transfer credit system or gaming voucher system  
30 as it deems appropriate. In its discretion and for the purpose of  
31 expediting the approval process, the division may utilize the  
32 services of a private testing laboratory that has obtained a plenary  
33 license as a casino service industry enterprise pursuant to  
34 subsection a. of section 92 of P.L.1977, c.110 (C.5:12-92) to  
35 perform the testing, and may also utilize applicable data from any  
36 such private testing laboratory or from a governmental agency of a  
37 state other than New Jersey authorized to regulate slot machines  
38 and other gaming devices, gaming equipment, gaming-related  
39 devices and gross-revenue related devices used in casino gaming, if  
40 the private testing laboratory or governmental agency uses a testing  
41 methodology substantially similar to the methodology utilized by  
42 the division. The division, in its discretion, may rely upon the data  
43 provided by the private testing laboratory or governmental agency  
44 and adopt the conclusions of such private testing laboratory or  
45 governmental agency regarding any submitted device.

46 (2) Except as otherwise provided in paragraph (5) of subsection  
47 h. of this section, the division shall, within 60 days of its receipt of  
48 a complete application for the testing of a slot machine or other

1 gaming equipment model, approve or reject the slot machine or  
2 other gaming equipment model. In so doing, the division shall  
3 specify whether and to what extent any data from a private testing  
4 laboratory or governmental agency of a state other than New Jersey  
5 was used in reaching its conclusions and recommendation. If the  
6 division is unable to complete the testing of a slot machine or other  
7 gaming equipment model within this 60-day period, the division  
8 may conditionally approve the slot machine or other gaming  
9 equipment model for test use by a casino licensee provided that the  
10 division represents that the use of the slot machine or other gaming  
11 equipment model will not have a direct and materially adverse  
12 impact on the integrity of gaming or the control of gross revenue.  
13 The division shall give priority to the testing of slot machines or  
14 other gaming equipment which a casino licensee has certified it will  
15 use in its casino in this State.

16 (3) The division shall, by regulation, establish such technical  
17 standards for licensure of slot machines, including mechanical and  
18 electrical reliability, security against tampering, the  
19 comprehensibility of wagering, and noise and light levels, as it may  
20 deem necessary to protect the player from fraud or deception and to  
21 insure the integrity of gaming. The denominations of such machines  
22 shall be set by the licensee; the licensee shall simultaneously notify  
23 the division of the settings.

24 (4) The division shall, by regulation, determine the permissible  
25 number and density of slot machines in a licensed casino so as to:

- 26 (a) promote optimum security for casino operations;  
27 (b) avoid deception or frequent distraction to players at gaming  
28 tables;  
29 (c) promote the comfort of patrons;  
30 (d) create and maintain a gracious playing environment in the  
31 casino; and  
32 (e) encourage and preserve competition in casino operations by  
33 assuring that a variety of gaming opportunities is offered to the  
34 public.

35 Any such regulation promulgated by the division which  
36 determines the permissible number and density of slot machines in a  
37 licensed casino shall provide that all casino floor space and all  
38 space within a casino licensee's casino simulcasting facility shall be  
39 included in any calculation of the permissible number and density  
40 of slot machines in a licensed casino.

41 (5) Any new gaming equipment or simulcast wagering  
42 equipment that is submitted for testing to the division or to an  
43 independent testing laboratory licensed pursuant to subsection a. of  
44 section 92 of P.L.1977, c.110 (C.5:12-92) prior to or simultaneously  
45 with submission of such new equipment for testing in a jurisdiction  
46 other than New Jersey, may, consistent with regulations  
47 promulgated by the division, be deployed by a casino licensee on  
48 the casino floor 14 days after submission of such equipment for

1 testing. If the casino or casino service industry enterprise licensee  
2 has not received approval for the equipment 14 days after  
3 submission for testing, any interested casino licensee may,  
4 consistent with division regulations, deploy the equipment on a  
5 field test basis, unless otherwise directed by the director.

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

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

35 No software, computer or other gaming equipment shall be used  
36 to conduct Internet wagering unless it is able to verify that a player  
37 placing a wager is physically present in this State at the time that  
38 the wager is placed. The division shall confirm on a continuous  
39 basis that the equipment used by every licensee to conduct Internet  
40 wagering is, in fact, verifying every player's physical presence in  
41 this State each time a wager is placed.

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,  
47 slot vouchers or complimentary vouchers distributed by the casino  
48 licensee, or, if authorized by regulation of the division, a valid

1 charge to a credit or debit card account. A casino licensee shall,  
2 upon the 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 division.

14 n. (1) It shall be unlawful for any casino key employee,  
15 licensee or any person who is required to hold a casino key  
16 employee license as a condition of employment or qualification to  
17 wager in any casino or simulcasting facility in this State, or any  
18 casino.

19 (2) It shall be unlawful for any other employee of a casino  
20 licensee who, in the judgment of the division, is directly involved  
21 with the conduct of gaming operations, including but not limited to  
22 dealers, floor persons, box persons, security and surveillance  
23 employees, to wager in any casino or simulcasting facility in the  
24 casino hotel in which the employee is employed or in any other  
25 casino or simulcasting facility in this State which is owned or  
26 operated by an affiliated licensee.

27 (3) The prohibition against wagering set forth in paragraphs (1)  
28 and (2) of this subsection shall continue for a period of 30 days  
29 commencing upon the date that the employee either leaves  
30 employment with a casino licensee or is terminated from  
31 employment with a casino licensee.

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

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



1 (3) Notwithstanding the provisions of paragraph (1) of this  
2 subsection, a casino licensee may require that a percentage of the  
3 prize pool offered to participants pursuant to an authorized poker  
4 tournament be withheld for distribution to the tournament dealers as  
5 tips or gratuities as the division by regulation may approve.

6 p. Any slot system operator that offers an annuity jackpot shall  
7 secure the payment of such jackpot by establishing an annuity  
8 jackpot guarantee in accordance with the requirements of P.L.1977,  
9 c.110 (C.5:12-1 et seq.), and the rules of the division.

10 (cf: P.L.2011, c.19, s.65)

11  
12 7. Section 109 of P.L.1977, c.110 (C.5:12-109) is amended to  
13 read as follows:

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

24 a. An emergency order shall be issued only when the director  
25 finds that:

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

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

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

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

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

44 d. Within 5 days after issuance of an emergency order, the  
45 division shall cause a complaint to be filed and served upon the  
46 person or entity involved in accordance with the provisions of this  
47 act.

48 e. Thereafter, the person or entity against whom the emergency

1 order has been issued and served shall show cause before the  
2 director why the emergency order should not remain in effect in  
3 accordance with the provisions of this act and the regulations  
4 promulgated hereunder.

5 (cf: P.L.2011, c.19, s.77)

6

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

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

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

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

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

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

34

35 9. (New section) There is hereby imposed an annual tax on  
36 Internet wagering gross revenues in the amount of 10% of such  
37 gross revenues which shall be paid into the Casino Revenue Fund.  
38 The 8% tax on casino gross revenues shall not apply to Internet  
39 wagering gross revenues. The investment alternative tax  
40 established by section 3 of P.L.1984, c.218 (C.5:12-144.1) shall  
41 apply to Internet wagering gross revenues, except that the  
42 investment alternative tax on these revenues shall be 5% and the  
43 investment alternative shall be 2.5%, with the proceeds thereof used  
44 as provided in that section.

45

46 10. (New section) The Division of Gaming Enforcement may  
47 establish an Office of Internet Wagering to which it may delegate  
48 authority for the administration of Internet wagering conducted by

1 casino licensees. The division shall be responsible for  
2 recommending regulations concerning Internet wagering for  
3 consideration and possible adoption by the commission. Nothing  
4 contained in this section shall be construed as affecting the  
5 authority of the Division of Gaming Enforcement with respect to all  
6 casino gaming activities, including Internet wagering. The division  
7 shall adopt regulations for the implementation and conduct of  
8 Internet wagering that are consistent with regulations governing  
9 casino gambling generally.

10

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

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

17

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

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

34 c. A casino licensee shall, in accordance with regulations  
35 promulgated by the division, file any changes in the number of  
36 authorized games featured through Internet wagering with the  
37 division.

38 d. It shall be an express condition of the continued operation of  
39 Internet wagering that a casino licensee shall maintain all books,  
40 records, and documents pertaining to the licensee's Internet  
41 wagering operations in a manner and location within this State  
42 approved by the division. All such books, records and documents  
43 shall be immediately available for inspection during all hours of  
44 operation in accordance with the rules of the division and shall be  
45 maintained for such period of time as the division shall require.

46 e. Subject to the power of the division to deny, revoke, or  
47 suspend permits, any Internet wagering permit in force shall be  
48 renewed by the commission for one year upon proper application

1 for renewal, completion of a review of Internet wagering  
2 operations for compliance with this act, a review of all required  
3 controls and payment of permit fees and taxes as required by law  
4 and the regulations of the division. Upon renewal of an Internet  
5 wagering permit the division shall issue an appropriate renewal  
6 certificate or validating device or sticker which shall be attached to  
7 the Internet wagering permit.

8 f. Notwithstanding subsections a. and e. of this section, an  
9 Internet wagering permit shall remain in force only if the casino  
10 licensee that holds the permit also holds a valid operation  
11 certificate.

12

13 13. (New section) a. The entire Internet wagering operation,  
14 including facilities, equipment and personnel, shall be located  
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 City, New Jersey.

19 b. Facilities used to conduct and support Internet wagering  
20 shall:

21 (1) be arranged in a manner promoting optimum security for  
22 Internet wagering;

23 (2) include a closed circuit visual monitoring system according  
24 to specifications approved by the division, with access on the  
25 licensed premises to the system or its signal provided to the  
26 commission or the division;

27 (3) not be designed in any way that might interfere with the  
28 ability of the division to supervise Internet wagering operations;  
29 and

30 (4) comply in all respects with regulations of the division  
31 pertaining thereto.

32

33 14. (New section) a. Notwithstanding section 99 of P.L.1977,  
34 c.110 (C.5:12-99), each casino licensee who holds or has applied  
35 for a permit to conduct Internet wagering shall submit to the  
36 division a description of its system of internal procedures and  
37 administrative and accounting controls for Internet wagering,  
38 including provisions that provide for real time monitoring of all  
39 games, and a description of any changes thereof. Such submission  
40 shall be made at least 30 days before such operations are to  
41 commence or at least 30 days before any change in those  
42 procedures or controls is to take effect, unless otherwise directed by  
43 the division. Notwithstanding the foregoing, the internal controls  
44 described in paragraph (3) of this subsection may be implemented  
45 by a casino licensee upon the filing of such internal controls with  
46 the division. Each internal procedure or control submission shall  
47 contain both narrative and diagrammatic representations of the  
48 internal control system to be utilized with regard to Internet

1 wagering, including, but not limited to:

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

4 (2) procedures, forms, and, where appropriate, formulas  
5 covering the calculation of hold percentages; revenue drop; expense  
6 and overhead schedules; complimentary services; and cash  
7 equivalent transactions;

8 (3) job descriptions and the system of personnel and chain-of-  
9 command, establishing a diversity of responsibility among  
10 employees engaged in Internet wagering operations and identifying  
11 primary and secondary supervisory positions for areas of  
12 responsibility; salary structure; and personnel practices;

13 (4) procedures for the establishment of wagering accounts,  
14 including a procedure for authenticating the age of the applicant for  
15 a wagering account;

16 (5) procedures for the termination of a wagering account by the  
17 account holder and the return of any remaining funds in the  
18 wagering account to the account holder;

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

20 (7) procedures for the logging in and authentication of a  
21 wagering account holder in order to enable the holder to commence  
22 Internet wagering, and the logging off of the holder of the wagering  
23 account when the account holder has finished gaming, including a  
24 procedure to automatically log off the holder after a specified  
25 period of inactivity;

26 (8) procedures for the crediting and debiting of wagering  
27 accounts;

28 (9) procedures for the cashing of checks to establish credit in a  
29 wagering account; the receipt and security of cash to establish credit  
30 in a wagering account, whether such cash is received by wire  
31 transfer, advance on a credit card or debit card or by other  
32 electronic means approved by the division; and receipt of other  
33 electronic negotiable instruments approved by the division to  
34 establish credit in a wagering account;

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

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

39 (12) the recording of transactions pertaining to Internet  
40 wagering;

41 (13) procedures for the security of information and funds in a  
42 wagering account;

43 (14) procedures for the transfer of funds from wagering accounts  
44 to the counting process;

45 (15) procedures and security for the counting and recordation of  
46 revenue;

47 (16) procedures for the security of Internet wagering facilities  
48 within a restricted area on the premises of the casino hotel or in a

1 secure facility inaccessible to the public and specifically designed  
2 for that purpose off the premises of a casino hotel but within the  
3 territorial limits of Atlantic City, New Jersey;

4 (17) procedures and security standards for the handling and  
5 storage of software, computers and other electronic equipment used  
6 to conduct Internet wagering;

7 (18) procedures and security standards to protect software,  
8 computers and other gaming equipment used to conduct Internet  
9 wagering from tampering by casino employees or any other person,  
10 from a location inside or outside of the casino hotel facility;

11 (19) procedures for responding to tampering with software,  
12 computers and other gaming equipment used to conduct Internet  
13 wagering or any gaming-related equipment or hardware used in  
14 support of gaming, including partial or complete suspension of  
15 Internet wagering operations or the suspension of any or all  
16 wagering accounts when warranted;

17 (20) procedures to verify a player's physical presence in this  
18 State each time a wager is placed; and

19 (21) procedures to assist problem and compulsive gamblers.

20 b. Each casino licensee shall also submit a description of its  
21 system of internal procedures and administrative and accounting  
22 controls for non-gaming operations regarding the website on which  
23 Internet wagering is accessed and a description of any changes  
24 thereto no later than five days after those operations commence or  
25 after any change in those procedures or controls takes effect.

26 c. The division shall review each submission required by  
27 subsection a. and b. hereof, and shall determine whether it conforms  
28 to the requirements of this act, P.L. , c. (C. ) (pending before  
29 the Legislature as this bill), and to the regulations promulgated  
30 thereunder and whether the system submitted provides adequate and  
31 effective controls for Internet wagering operations of the particular  
32 casino hotel submitting it. If the division finds any insufficiencies,  
33 it shall specify the insufficiencies in writing to the casino licensee,  
34 who shall make appropriate alterations. When the division  
35 determines a submission to be adequate in all respects, it shall  
36 notify the casino licensee. Except as otherwise provided in  
37 subsection a. of this section, no casino licensee shall commence or  
38 alter Internet wagering operations unless and until such system of  
39 procedures and controls is approved by the division.

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

44

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

- 1       b. An account may be established by a person submitting an  
2 application form approved by the division along with proof of age.  
3 The division shall specify by regulation what types of proof are  
4 sufficient to authenticate age and residency in this State. The  
5 application form shall include the address of the principal residence  
6 of the prospective account holder, an electronic mail address of the  
7 prospective account holder and a statement that a false statement  
8 made in regard to an application may subject the applicant to  
9 prosecution.
- 10       c. As part of the application process, the casino licensee shall  
11 provide the prospective account holder with a password to access  
12 the wagering account, or shall establish some other mechanism  
13 approved by the division to authenticate the player as the holder of  
14 a wagering account and allow the holder access to the Internet  
15 wagering account.
- 16       d. The prospective account holder shall submit the completed  
17 application to the casino licensee. The licensee may accept or reject  
18 an application after receipt and review of the application and proof  
19 of age for compliance with this act, P.L. , c. (C. ) (pending  
20 before the Legislature as this bill).
- 21       e. Any prospective account holder who provides false or  
22 misleading information on the application is subject to rejection of  
23 the application or cancellation of the account by the casino licensee.
- 24       f. The licensee shall have the right to suspend or close any  
25 wagering account at its discretion.
- 26       g. Any person on the list established by section 71 of P.L.1977,  
27 c.110 (C.5:12-71) of persons who are to be excluded or ejected  
28 from any licensed casino shall not be entitled to maintain a  
29 wagering account.
- 30       h. Any of the following persons shall not be permitted to  
31 maintain a wagering account:
- 32       (1) the Governor or Lieutenant Governor;  
33       (2) any State officer or employee or special State officer or  
34 employee;  
35       (3) any member of the Judiciary;  
36       (4) any member of the Legislature;  
37       (5) any officer of Atlantic City; or  
38       (6) any casino employee, casino key employee or principal  
39 employee of a casino licensee.
- 40       i. The address provided by the applicant in the application  
41 shall be deemed the proper address for the purposes of mailing  
42 checks, account withdrawals, notices and other materials.
- 43       j. A wagering account shall not be assignable or otherwise  
44 transferable.
- 45       k. The casino licensee may at any time declare all or any part  
46 of Internet wagering to be closed for wagering.
- 47
- 48       16. (New section) a. Credits to an Internet wagering account

1 shall not be made except as provided by this subsection.

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

5 (a) cash given to the casino licensee;

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

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

13 (d) any other method approved by the division.

14 (2) When an account holder wins an account wager on a game,  
15 the casino licensee shall pay to the holder Internet chips or tokens  
16 or other cash equivalents in the appropriate amount pursuant to the  
17 rules of that game for that particular type of wager. When the  
18 account holder logs off or cashes out the Internet chips, tokens or  
19 other cash equivalents, the casino licensee shall credit the holder's  
20 wagering account in the amount of Internet chips, tokens or other  
21 cash equivalents cashed in.

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

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

26 (5) Funds deposited in the account shall not bear interest to the  
27 account holder.

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

30 (1) When an account holder logs onto a wagering account and  
31 exchanges account funds for Internet chips, tokens or other cash  
32 equivalents, the licensee shall debit the holder's account in the  
33 amount of funds exchanged. Upon receipt by a casino licensee of  
34 an account wager or an account purchase order, the casino licensee  
35 shall debit the account holder's Internet chips, tokens or other cash  
36 equivalents in the amount of the wager or purchase.

37 (2) A casino licensee may authorize a withdrawal from a  
38 wagering account when the account holder submits to the casino  
39 licensee:

40 (a) proper identification;

41 (b) the correct authentication information for access to the  
42 account; and

43 (c) a properly completed and executed withdrawal on a form  
44 approved by the division.

45 Upon receipt of a properly completed and executed withdrawal  
46 form, and if there are sufficient funds in the account to cover the  
47 withdrawal, the licensee shall send, within three business days of  
48 receipt, a check payable in the amount requested to the holder at the



1 address specified in the application for the wagering account or  
2 shall transmit payment to the account holder electronically as  
3 approved by the division by regulation.

4

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

7 a. The account wager shall be placed directly with the casino  
8 licensee by the holder of the wagering account and the casino  
9 licensee has verified the account holder's physical presence in this  
10 State.

11 b. The account holder placing the account wager shall provide  
12 the casino licensee with the correct authentication information for  
13 access to the wagering account.

14 c. A casino licensee may not accept an account wager in an  
15 amount in excess of funds on deposit in the wagering account of the  
16 holder placing the wager. Funds on deposit include amounts  
17 credited under this act, P.L. c. (C. ) (pending before the  
18 Legislature as this bill), and in the account at the time the wager is  
19 placed.

20

21 18. (New section) All amounts remaining in wagering accounts  
22 inactive or dormant for such period and under such conditions as  
23 established by regulation by the division shall be paid 50% to the  
24 casino licensee and 50% to the casino control fund. Before closing  
25 a wagering account pursuant to this section, the casino licensee  
26 shall attempt to contact the account holder by mail, phone and  
27 computer.

28

29 19. (New section) a. The casino licensee shall establish a log in  
30 procedure for a holder of a wagering account to access Internet  
31 wagering. Part of the log in procedure shall be the provision by the  
32 account holder of the appropriate authentication information for  
33 access to the wagering account. The casino licensee shall not allow  
34 an account holder to participate in gaming before logging in and  
35 providing the proper authentication information to access the  
36 holder's wagering account.

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

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

44

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

48 a. the current amount of money in the holder's account,

- 1 including the current amount of the holder's Internet chips, tokens  
2 or other cash equivalents;
- 3 b. the amount of money the account holder has won or lost on  
4 Internet wagering since the account was established;
- 5 c. the amount of money the account holder has won or lost on  
6 during the current gaming session, when a gaming session begins at  
7 log on and ends at log off;
- 8 d. a detailed accounting of all other Internet gaming sessions,  
9 when a session begins at log on and ends at log off, including time  
10 and date of log on and log off and the amount of money won or lost  
11 on gaming and the amount of money spent from the account on  
12 merchandise or services; and
- 13 e. the complete text of the rules of the division regarding  
14 games and the conduct of Internet wagering, pay-offs of winning  
15 wagers, an approximation of the odds of winning for each wager,  
16 and such other advice and information to the account holder as the  
17 division shall require.

18

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

21 a. cause the words "If you or someone you know has a  
22 gambling problem and wants help, call 1-800 GAMBLER," or some  
23 comparable language approved by the division, which language  
24 shall include the words "gambling problem" and "call 1-800  
25 GAMBLER," to be prominently and continuously displayed to any  
26 person visiting or logged onto Internet wagering;

27 b. provide a mechanism by which a holder of a wagering  
28 account may establish the following controls on wagering activity  
29 through the wagering account:

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

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

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

37 The casino licensee shall not send gaming-related mail or  
38 electronic mail to an account holder while gaming through his or  
39 her wagering account is suspended. The casino licensee shall  
40 provide a mechanism by which an account holder may change these  
41 controls, except that while gaming through the wagering account is  
42 suspended, the account holder may not change gaming controls  
43 until the suspension expires, but the holder shall continue to have  
44 access to the account and shall be permitted to withdraw funds from  
45 the account upon proper application therefor; and

46 c. establish a system by which a holder of a wagering account  
47 who sustains continuous losses of a sufficient level according to  
48 standards set by the division by regulation, will have sent to his or

1 her postal address and electronic mail address a list detailing all  
2 gaming winnings and losses through the wagering account, contact  
3 information for assistance with identifying a potential gambling  
4 problem and other information about gambling problems and  
5 compulsive gambling deemed appropriate by the division.  
6

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

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

15 (2) release or discharge any debt, either in whole or in part, or  
16 make any loan which represents any losses incurred by any account  
17 holder in gaming activity through Internet wagering, without  
18 maintaining a written record thereof in accordance with the rules of  
19 the division.

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

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

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

29 (3) the check is transmitted to the casino licensee and received  
30 by the licensee in a manner approved by the division and is  
31 exchanged for credits on the Internet wagering account established  
32 by the drawer of the check; and

33 (4) the regulations concerning check cashing procedures are  
34 observed by the casino licensee and its employees and agents.  
35

36 23. (New section) Any person who offers games into play or  
37 displays such games through Internet wagering without approval of  
38 the division to do so is guilty of a crime of the fourth degree and  
39 notwithstanding the provisions of N.J.S.2C:43-3, shall be subject to  
40 a fine of not more than \$25,000 and in the case of a person other  
41 than a natural person, to a fine of not more than \$100,000 and any  
42 other appropriate disposition authorized by subsection b. of  
43 N.J.S.2C:43-2.  
44

45 24. (New section) a. Notwithstanding section 46 of P.L.1991,  
46 c.182 (C.5:12-113.1), any person who knowingly tampers with  
47 software, computers or other equipment used to conduct Internet  
48 wagering to alter the odds or the payout of a game or disables the

1 game from operating according to the rules of the game as  
2 promulgated by the division is guilty of a crime of the third degree  
3 and notwithstanding the provisions of N.J.S.2C:43-3, shall be  
4 subject to a fine of not more than \$50,000 and in the case of a  
5 person other than a natural person, to a fine of not more than  
6 \$200,000 and any other appropriate disposition authorized by  
7 subsection b. of N.J.S.2C:43-2.

8 b. In addition to the penalties provided in subsection a., an  
9 employee of the casino licensee who violates this section shall have  
10 his or her license revoked and shall be subject to such further  
11 penalty as the division deems appropriate.

12 c. In addition to the penalties provided in subsection a., a  
13 casino licensee that violates this section shall have its permit to  
14 conduct Internet wagering revoked and shall be subject to such  
15 further penalty as the division deems appropriate.

16  
17 25. (New section) a. Any person who knowingly offers or  
18 allows to be offered any Internet game that has been tampered with  
19 in a way that affects the odds or the payout of a game or disables  
20 the game from operating according to the rules of the game as  
21 promulgated by the division is guilty of a crime of the third degree  
22 and notwithstanding the provisions of N.J.S.2C:43-3, shall be  
23 subject to a fine of not more than \$50,000 and in the case of a  
24 person other than a natural person, to a fine of not more than  
25 \$200,000 and any other appropriate disposition authorized by  
26 subsection b. of N.J.S.2C:43-2.

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

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

35  
36 26. (New section) a. No person under the age of 21 shall be  
37 permitted to maintain an Internet wagering account. Any casino  
38 licensee or employee of a casino licensee who allows a person  
39 under the age of 21 to maintain a wagering account is guilty of a  
40 crime of the fourth degree and subject to the penalties therefor;  
41 except that the establishment of all of the following facts by a  
42 licensee or employee allowing any such underage person to  
43 maintain an account shall constitute a defense to any prosecution  
44 therefor:

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

48 (2) that the establishment of the Internet wagering account was

1 made in good faith, relying upon such representation, and in the  
2 reasonable belief that the underage person was actually 21 years of  
3 age or older.

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

8 c. In addition to the penalties provided in subsection a. of this  
9 section, a casino licensee that violates the provisions of this section  
10 more than once shall have its permit to conduct Internet wagering  
11 revoked.

12

13 27. (New section) a. The division shall, by regulation, establish  
14 annual fees for the issuance or renewal of Internet wagering  
15 permits. The issuance fee shall be based upon the cost of  
16 investigation and consideration of the license application and shall  
17 be not less than \$200,000. The renewal fee shall be based upon the  
18 cost of maintaining enforcement, control and regulation of Internet  
19 wagering operations and shall be not less than \$100,000.

20 b. The Attorney General shall certify to the division actual and  
21 prospective costs of the investigative and enforcement functions of  
22 the division, which costs shall be the basis, together with the  
23 operating expenses of the division, for the establishment of annual  
24 permit issuance and renewal fees.

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

29 d. In addition to the permit issuance and renewal fees, a casino  
30 licensee with an Internet wagering permit shall pay annually to the  
31 division \$100,000 to be deposited into the State General Fund for  
32 appropriation by the Legislature to the Department of Human  
33 Services, \$85,000 of which shall be allocated to the Council on  
34 Compulsive Gambling of New Jersey and \$15,000 of which shall be  
35 used for compulsive gambling treatment programs in the State.

36

37 28. (New section) No organization or commercial enterprise,  
38 other than a casino located in Atlantic City that has been issued a  
39 permit to conduct Internet wagering and has located all of its  
40 equipment used to conduct Internet wagering, including computers,  
41 servers, monitoring rooms, and hubs, in Atlantic City, shall make its  
42 premises available for placing wagers at casinos using the Internet  
43 or advertise that its premises may be used for such purpose. An  
44 organization or commercial enterprise that is determined by the  
45 division to have violated the provisions of this section shall be  
46 subject to a penalty of \$1,000 per player per day for making its  
47 premises available for placing wagers at casinos using the Internet  
48 and of \$10,000 per violation for advertising that its premises may

1 be used for such purpose.

2

3 29. (New section) It shall be a condition of conducting Internet  
4 gambling that a casino licensee enters into an agreement with other  
5 such licensees to contribute to a fund established by those licensees  
6 that, through an assessment on the participating licensees in a  
7 manner determined by them, will raise \$20 million annually in each  
8 of the first three State fiscal years commencing with the State fiscal  
9 year in which Internet wagering commences which amount shall be  
10 contributed to the New Jersey Racing Commission to be used to  
11 support the horse racing industry in this State through the  
12 augmentation of purses.

13

14 30. This act shall take effect immediately.

15

16

17

#### STATEMENT

18

19 This bill authorizes Internet wagering at Atlantic City casinos to  
20 enable New Jersey residents to place wagers on casino games via  
21 the Internet.

22

Specifically, the bill provides:

23

- all games, including poker, which may be played at a casino,  
24 as well as variations or composites thereof, may be offered  
25 through Internet wagering;

26

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

38

- in order to participate in Internet wagering, a player must be  
39 physically present in New Jersey whenever a wager is  
40 placed by that player;

41

- each licensee that conducts Internet wagering must be able  
42 to verify that a player is physically present in New Jersey  
43 when placing a wager;

44

- the division must confirm on a continuing basis that a  
45 licensee's equipment is able to verify that the player is  
46 physically present in this State when placing a wager;

47

- Internet wagering in this State will be subject to the  
48 provisions of, and preempted and superseded by, any

- 1 applicable federal law;
- 2 • there is imposed an annual tax on Internet wagering gross  
3 revenues in the amount of 10% of such gross revenues  
4 which will be paid into the casino revenue fund; the 8% tax  
5 on casino gross revenues will not apply to Internet wagering  
6 gross revenues; and the investment alternative tax will  
7 apply to Internet wagering gross revenues, except that the  
8 investment alternative tax on these revenues will be 5% and  
9 the investment alternative will be 2.5%, with the proceeds  
10 thereof used as provided by law;
- 11 • the Division of Gaming Enforcement may establish an  
12 Office of Internet Wagering to which it may delegate  
13 authority for the administration of Internet wagering  
14 conducted by casino licensees; the division would be  
15 responsible for recommending regulations concerning  
16 Internet wagering for consideration and possible adoption  
17 by the commission; this would not affect the authority of  
18 the Division of Gaming Enforcement with respect to all  
19 casino gaming activities, including Internet wagering;
- 20 • the application process for a licensed casino to obtain a  
21 permit to establish Internet wagering, with the permit valid  
22 for one year and subject to renewal. As part of the  
23 application process, a casino licensee must submit a  
24 description of its system of internal procedures (including  
25 security procedures) and administrative and accounting  
26 controls for Internet wagering, including provisions that  
27 provide for real time monitoring of all games. A casino  
28 licensee must also submit its gaming software and other  
29 Internet wagering equipment to the Division of Gaming  
30 Enforcement for testing to ensure compliance with technical  
31 standards for such equipment set by the commission;
- 32 • procedures for the crediting and debiting of a wagering  
33 account;
- 34 • it will be lawful for a casino licensee to provide marketing  
35 information by means of the Internet to players engaged in  
36 Internet wagering and to offer those players incentives to  
37 visit the licensee's casino in Atlantic City;
- 38 • required features of Internet wagering to assist the wagering  
39 account holder;
- 40 • required features to assist problem gamblers and potential  
41 problem gamblers;
- 42 • penalties for violations of the provisions of the bill;
- 43 • an annual fee for Internet wagering permit holders for the  
44 initial permit and permit renewal to cover the costs of  
45 regulation by the commission and the division, with the  
46 initial fee to be at least \$200,000 and the renewal fee to be  
47 at least \$100,000; and
- 48 • an annual fee for Internet wagering permit holders of

1           \$100,000 to be allocated to programs to prevent compulsive  
2           gambling and to assist compulsive gamblers.

3           Except as otherwise provided in the bill, a licensed casino's  
4 Internet wagering operation would be subject to the existing  
5 provisions of the Casino Control Act and the regulations  
6 promulgated thereunder, including, but not limited to:

- 7           • the licensure of all employees with gaming-related duties or  
8           responsibilities;
- 9           • penalties for a violation of the act; and
- 10          • supplemental sanctions deemed appropriate by the  
11          commission for violations.

12          The division will adopt regulations for the implementation and  
13 conduct of Internet wagering that are consistent with regulations  
14 governing casino gambling generally.

15          The bill provides that no organization or commercial enterprise,  
16 other than a casino located in Atlantic City that has been issued a  
17 permit to conduct Internet wagering and has located all of its  
18 equipment used to conduct Internet wagering, including computers,  
19 servers, monitoring rooms, and hubs, in Atlantic City, would be  
20 able to make its premises available for placing wagers at casinos  
21 using the Internet or advertise that its premises may be used for  
22 such purpose. Violations would be punishable by a penalty of  
23 \$1,000 per player per day for making a premises available for  
24 placing wagers at casinos using the Internet and of \$10,000 per  
25 violation for advertising that a premises may be used for such  
26 purpose.

27          It also provides that it will be a condition of conducting Internet  
28 gambling that a casino licensee enters into an agreement with other  
29 such licensees to contribute to a fund established by those licensees  
30 that, through an assessment on the participating licensees in a  
31 manner determined by them, will raise \$20 million annually in each  
32 of the first three State fiscal years commencing with the State fiscal  
33 year in which Internet wagering commences which amount will be  
34 contributed to the New Jersey Racing Commission to be used to  
35 support the horse racing industry in this State through the  
36 augmentation of purses.

37          The sponsors note that, in State v. Trump 160 N.J. 505 (1999), a  
38 majority of the New Jersey Supreme Court adopted a purposive  
39 reading of Article IV, Section 7, paragraph 2, subparagraph D, of  
40 the State Constitution. The court clearly indicated that the purposes  
41 of the provision were "a rejuvenated tourist industry, increased  
42 employment, capital investment and much needed urban  
43 redevelopment," and "to raise revenue to benefit senior and disabled  
44 citizens." Trump, 160 N.J. at 516.