

[First Reprint]

ASSEMBLY, No. 2578

STATE OF NEW JERSEY
215th LEGISLATURE

INTRODUCED FEBRUARY 16, 2012

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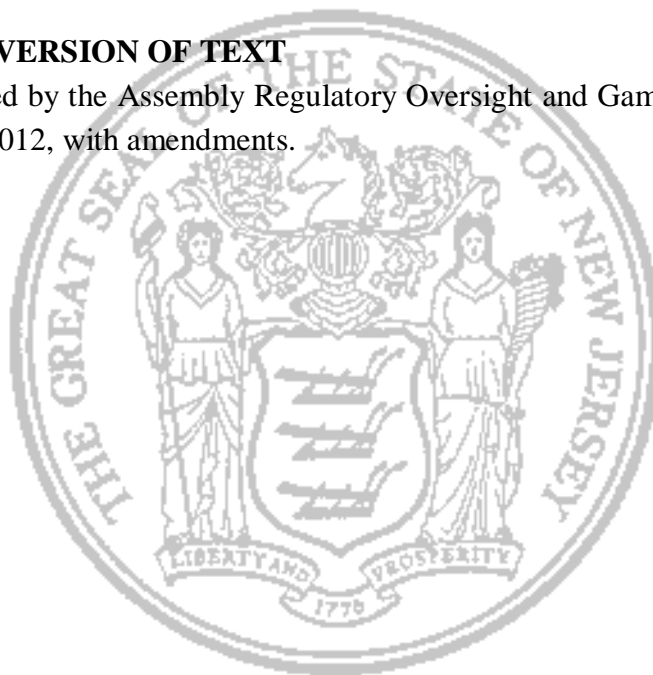
Assemblymen Greenwald, Amodeo and C.A.Brown

SYNOPSIS

Authorizes Internet gaming at Atlantic City casinos under certain circumstances.

CURRENT VERSION OF TEXT

As reported by the Assembly Regulatory Oversight and Gaming Committee on May 10, 2012, with amendments.



(Sponsorship Updated As Of: 6/29/2012)

1 AN ACT authorizing Internet ¹**[wagering] gaming¹** at Atlantic City
2 casinos under certain circumstances and amending and
3 supplementing the "Casino Control Act", P.L.1977, c.110
4 (C.5:12-1 et seq.) ¹, and repealing sections 9 and 11 of P.L.2011,
5 c.18¹.
6

7 **BE IT ENACTED** by the Senate and General Assembly of the State
8 of New Jersey:
9

10 ¹1. (New section) The Legislature finds and declares that:

11 a. The 1976 amendment to the New Jersey Constitution that
12 amended Article IV, Section VII, paragraph 2 thereof, and the
13 Casino Control Act, P.L.1977, c.110 (C.5:12-1 et seq.), that
14 authorized casino gaming in Atlantic City casinos clearly
15 demonstrate, both through their text and their legislative history,
16 that a fundamental goal of these enactments was to achieve the
17 rehabilitation of Atlantic City as a tourist and resort destination; and

18 b. As recognized in the July 2010 Report of the Governor's
19 Advisory Commission on New Jersey Gaming, Sports, and
20 Entertainment, and as confirmed in subsequent legislative hearings
21 held in Trenton and throughout the State culminating in the
22 enactment of significant bipartisan reform legislation in February of
23 2011 (P.L.2011, c.18 and P.L.2011, c.19), legalized casino gaming
24 in New Jersey presently stands at a crossroads, facing critical
25 regional and global challenges that jeopardize its important role in
26 the State's economy; and

27 c. The State and New Jersey's general public possess a vital
28 interest in the success of tourism and casino gaming in Atlantic
29 City, having established a limited exception to the general policy of
30 the State concerning gaming for private gain under Article IV,
31 Section VII, paragraph 2 of the New Jersey Constitution within
32 Atlantic City, which by reason of its location, natural resources, and
33 historical prominence and reputation as a noteworthy tourist
34 destination, has been determined by the people of this State, the
35 Legislature, and the Governor to be a unique and valuable asset that
36 must be preserved, restored, and revitalized; and

37 d. The tourist, resort, and convention industry in Atlantic City
38 constitutes a critical component of our State's economic
39 infrastructure that, if properly regulated, developed, and fostered, is
40 capable of providing a substantial contribution to the general health,
41 welfare, and prosperity of the State and its residents; and

42 e. As recognized in the State Constitution and the Casino
43 Control Act, as well as in P.L.2011, c.18 and P.L.2011, c.19, an
44 important component of the State's historical and ongoing

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:

¹Assembly ARG committee amendments adopted May 10, 2012.

1 commitment to Atlantic City involves creating and maintaining a
2 robust casino gaming industry that is capable of competing
3 regionally, nationally, and internationally at the highest levels of
4 quality while, at the same time, fully retaining strict State
5 regulatory oversight to ensure the integrity of all casino gaming
6 operations conducted in this State; and

7 f. Since the development of the Internet, millions of people have
8 chosen to gamble online through illegal off-shore operators, and
9 such gambling is conducted without oversight, regulation,
10 enforcement, or consumer protections, all of which raise significant
11 concerns for the protection of individuals and consumers in this
12 State; and

13 g. In October 2006, the United States Congress passed the
14 Unlawful Internet Gambling Enforcement Act, 31 U.S.C. 5361 et
15 seq., which generally prohibits the use of banking instruments,
16 including credit cards, checks, and fund transfers, for interstate
17 Internet gambling, essentially prohibiting online gambling by
18 United States citizens, but which includes exceptions that permit
19 individual states to create a regulatory framework to enable
20 intrastate Internet gambling, provided that the bets or wagers are
21 made exclusively within a single state under certain circumstances;
22 and

23 h. An effective State regulatory and licensing system for
24 participating in online gaming would increase public trust and
25 confidence in legalized gambling, inhibit wagering by underage or
26 otherwise vulnerable individuals, ensure that any games offered
27 through the Internet are fair and safe, end the practice of sending
28 much-needed jobs and tax revenue overseas to illegal operators
29 while creating jobs and economic development in Atlantic City, and
30 ensure that only those of good character and fitness who meet strict
31 criteria may participate in Internet gaming operations in New
32 Jersey; and

33 i. Moreover, providing regulators and law enforcement with the
34 tools to restrict and stop the illegal Internet gambling market that
35 takes place via the Internet in foreign jurisdictions and authorizing
36 strict controls over how Atlantic City casinos may accept wagers
37 placed over the Internet for games conducted in Atlantic City
38 casinos will assist and enhance the rehabilitation and redevelopment
39 of existing tourist and convention facilities in Atlantic City
40 consistent with the original intent of the Casino Control Act and
41 will further assist in marketing Atlantic City to customers that now
42 have the convenience of gambling in jurisdictions closer to their
43 homes through the legalization of gambling in states throughout the
44 United States over the past three decades; and

45 j. Internet gaming, as defined and strictly limited in P.L. _____,
46 c. _____ (C. _____) (pending before the Legislature as this bill), is unlike
47 pari-mutuel wagering and other forms of remote gambling and will
48 take place entirely on the servers and computer equipment located

1 in the casino based in Atlantic City. By contrast, in off-track pari-
2 mutuel simulcast wagering, the customer places a wager at an off-
3 track facility, the wager is accepted by the off-track facility, as
4 evidenced by issuance of a ticket, and any amounts paid on a
5 winning wager are paid out and received at the off-track facility.
6 Any rights on the part of a customer in the event of a dishonored,
7 misdirected or other frustrated pari-mutuel wager arise against the
8 off-track facility where the wager is placed and received, not
9 against the remote track at which the race is run; and

10 k. Internet gaming as authorized and limited under this act, on
11 the other hand, requires that all hardware, software, and other
12 equipment that is involved with Internet gaming will be located in
13 casino facilities in Atlantic City. All that is needed by a customer is
14 a computing or similar device of general application and a
15 communications connection through a common carriage or similar
16 medium. For example, in an online poker or other card game, the
17 “table” is the server hosted by the operator in the casino premises in
18 Atlantic City. The “cards” are played on that table in Atlantic City,
19 and the wager is placed on and accepted at that table. No activity
20 other than the transmission of information to and from the players
21 along common carriage lines takes place outside of the casino
22 premises; and

23 l. Pursuant to the 1976 amendment to the New Jersey State
24 Constitution and the express authorization to the Legislature to
25 determine the type of gambling games that may be conducted in
26 casinos under regulation and control by the State, the Legislature
27 hereby declares that in furtherance of the goals of the Casino
28 Control Act and in recognition that the technologies necessary to
29 support Internet gaming can be prescribed and implemented in a
30 manner that ensures all such gambling activity occurs within
31 casinos located in Atlantic City, it is appropriate that the Casino
32 Control Act be amended and supplemented to authorize licensed
33 casino operators to conduct such games within the casino premises
34 with all wagering to be conducted solely within the casinos.¹
35

36 ¹[1.] 2.¹ Section 5 of P.L.1977, c.110 (C.5:12-5) is amended to
37 read as follows:

38 5. "Authorized Game" or "Authorized Gambling Game"--
39 **[Roulette]** Poker, roulette, baccarat, blackjack, craps, big six
40 wheel, slot machines, minibaccarat, red dog, pai gow, and sic bo;
41 any variations or composites of such games, provided that such
42 variations or composites, and any above listed game or variation or
43 composite of such game to be offered through Internet ¹**[wagering]**
44 **gaming**¹ , are found by the division suitable for use after an
45 appropriate test or experimental period under such terms and
46 conditions as the division may deem appropriate; and any other
47 game which is determined by the division to be compatible with the
48 public interest and to be suitable for casino use after such

1 appropriate test or experimental period as the division may deem
2 appropriate. "Authorized game" or "authorized gambling game"
3 includes gaming tournaments in which players compete against one
4 another in one or more of the games authorized herein or by the
5 division or in approved variations or composites thereof if the
6 tournaments are authorized by the division.
7 (cf: P.L.2011, c.19, s.4)

8
9 ¹[2.] 3.¹ Section 6 of P.L.1977, c.110 (C.5:12-6) is amended
10 to read as follows:

11 6. "Casino" or "casino room" or "licensed casino" -- One or
12 more locations or rooms in a casino hotel facility that have been
13 approved by the division for the conduct of casino gaming in
14 accordance with the provisions of this act, including any part of the
15 facility where Internet ¹[wagering] gaming¹ is conducted. "Casino"
16 or "casino room" or "licensed casino" shall not include any casino
17 simulcasting facility authorized pursuant to the "Casino
18 Simulcasting Act," P.L.1992, c.19 (C.5:12-191 et seq.).
19 (cf: P.L.2011, c.19, s.6)

20
21 ⁴4. Section 12 of P.L.1977, c.110 (C.5:12-12) is amended to
22 read as follows:

23 12. "Casino Service Industry Enterprise" -- Any vendor offering
24 goods or services which directly relate to casino or gaming activity,
25 including gaming equipment and simulcast wagering equipment
26 manufacturers, suppliers, repairers and independent testing
27 laboratories, junket enterprises and junket representatives, and
28 Internet gaming companies, that provides casino applicants or
29 licensees with goods or services. Notwithstanding the foregoing,
30 any form of enterprise engaged in the manufacture, sale,
31 distribution, testing or repair of slot machines within New Jersey,
32 other than antique slot machines as defined in N.J.S.2C:37-7, shall
33 be considered a casino service industry enterprise for the purposes
34 of this act regardless of the nature of its business relationship, if
35 any, with casino applicants and licensees in this State.

36 For the purposes of this section, "casino applicant" includes any
37 person required to hold a casino license pursuant to section 82 of
38 P.L.1977, c.110 (C.5:12-82) who has applied to the division for a
39 casino license or any approval required under P.L.1977, c.110
40 (C.5:12-1 et seq.).¹

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

42
43 ¹[3.] 5.¹ (New section) "Internet ¹[wagering] gaming¹"
44 means the placing of wagers with a casino licensee at a casino
45 located in Atlantic City using a computer network of both federal
46 and non-federal interoperable packet switched data networks
47 through which the casino licensee may offer authorized games to

1 '【residents of this State】 individuals' who have established a
2 wagering account with the casino licensee and who are physically
3 present in this State when placing a wager.

4
5 '【4.】 6.' (New section) "Internet '【wagering】 gaming' gross
6 revenue" means the total of all sums actually received by a casino
7 licensee from Internet '【wagering】 gaming' operations, less only
8 the total of all sums actually paid out as winnings to patrons;
9 provided, however, that the cash equivalent value of any
10 merchandise or thing of value included in a jackpot or payout shall
11 not be included in the total of all sums paid out as winnings to
12 players for purposes of determining Internet '【wagering】 gaming'
13 gross revenue.

14
15 '【5.】 7.' Section 3 of P.L.1987, c.353 (C.5:12-43.1) is
16 amended to 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】 gaming' operations and any other area
22 specifically designated by the division as restricted in a licensee's
23 operation certificate.

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

25
26 '8. Section 1 of P.L.2008, c.12 (C.5:12-38a) is amended to read
27 as follows:

28 1. "Promotional gaming credit" - A slot machine credit or other
29 item approved by the division that is issued by a licensee to a patron
30 for the purpose of enabling the placement of a wager at a slot
31 machine in the licensee's casino or through the licensee's Internet
32 gaming system. No such credit shall be reported as a promotional
33 gaming credit unless the casino licensee can establish that the credit
34 was issued by the casino licensee and received from a patron as a
35 wager at a slot machine in the licensee's casino or Internet gaming
36 system.'

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

38
39 '9. Section 92 of P.L.1977, c.110 (C.5:12-92) is amended to
40 read as follows:

41 92. Licensing of casino service industry enterprises. a. (1) Any
42 business to be conducted with a casino applicant or licensee by a
43 vendor offering goods or services which directly relate to casino or
44 gaming activity, including gaming equipment and simulcast
45 wagering equipment manufacturers, suppliers, repairers,
46 independent testing laboratories, companies that provide services
47 relating to Internet gaming, including without limitation, website

1 hosting, electronic commerce capabilities related to Internet
2 gaming, and game content providers, junket enterprises and junket
3 representatives, and any person employed by a junket enterprise or
4 junket representative in a managerial or supervisory position, shall
5 require licensure as a casino service industry enterprise in
6 accordance with the provisions of this act prior to conducting any
7 business whatsoever with a casino applicant or licensee, its
8 employees or agents; provided, however, that upon a showing of
9 good cause by a casino applicant or licensee for each business
10 transaction, the director may permit an applicant for a casino
11 service industry enterprise license, except for companies providing
12 services regarding Internet gaming, to conduct business transactions
13 with such casino applicant or licensee prior to the licensure of that
14 casino service industry enterprise applicant under this subsection.
15 Companies providing services to casino licensees regarding Internet
16 gaming shall, notwithstanding any other provision of P.L.1977,
17 c.110 (C.5:12-1 et seq.), be responsible for the full cost of their
18 licensure, including any investigative costs.

19 (2) In addition to the requirements of paragraph (1) of this
20 subsection, any casino service industry enterprise intending to
21 manufacture, sell, distribute, test or repair slot machines within
22 New Jersey, other than antique slot machines as defined in
23 N.J.S.2C:37-7, shall be licensed in accordance with the provisions
24 of this act prior to engaging in any such activities; provided,
25 however, that upon a showing of good cause by a casino applicant
26 or licensee for each business transaction, the director may permit an
27 applicant for a casino service industry enterprise license to conduct
28 business transactions with the casino applicant or licensee prior to
29 the licensure of that casino service industry enterprise applicant
30 under this subsection; and provided further, however, that upon a
31 showing of good cause by an applicant required to be licensed as a
32 casino service industry enterprise pursuant to this paragraph, the
33 director may permit the casino service industry enterprise applicant
34 to initiate the manufacture of slot machines or engage in the sale,
35 distribution, testing or repair of slot machines with any person other
36 than a casino applicant or licensee, its employees or agents, prior to
37 the licensure of that casino service industry enterprise applicant
38 under this subsection.

39 b. Each casino service industry enterprise, as well as its
40 owners; management and supervisory personnel; and employees if
41 such employees have responsibility for services to a casino
42 applicant or licensee, must qualify under the standards, except
43 residency, established for qualification of a casino key employee
44 under this act.

45 c. (1) Any vendor that offers goods or services to a casino
46 applicant or licensee that is not included in subsection a. of this
47 section including, but not limited to casino site contractors and
48 subcontractors, shopkeepers located within the approved hotels, and

1 gaming schools that possess slot machines for the purpose of
2 instruction, and any non-supervisory employee of a junket
3 enterprise licensed under subsection a. of this section, shall be
4 required to register with the division in accordance with the
5 regulations promulgated under this act, P.L.1977, c.110 (C.5:12-1 et
6 seq.).

7 (2) Notwithstanding the provisions of paragraph (1) of this
8 subsection, the director may, consistent with the public interest and
9 the policies of this act, direct that vendors engaging in certain types
10 of business with a casino applicant or licensee not included in
11 subsection a. of this section be required to apply for a casino service
12 industry enterprise license pursuant to this subsection, including,
13 without limitation, non-casino applicants or licensees required to
14 hold a Casino Hotel Alcoholic Beverage license pursuant to section
15 103 of P.L.1977, c.110 (C.5:12-103); in-State and out-of-State
16 sending tracks as defined in section 2 of the "Casino Simulcasting
17 Act," P.L.1992, c.19 (C.5:12-192); shopkeepers located within the
18 approved hotels; and gaming schools that possess slot machines for
19 the purpose of instruction.

20 (3) (Deleted by amendment, P.L.2011, c.19)

21 d. Any applicant, licensee or qualifier of a casino service
22 industry enterprise license under subsection a. or b. of this section,
23 and any vendor registrant under subsection c. of this section shall be
24 disqualified in accordance with the criteria contained in section 86
25 of this act, except that no such vendor registration under subsection
26 c. of this section shall be denied or revoked if such vendor
27 registrant can affirmatively demonstrate rehabilitation as provided
28 in subsection d. of section 91 of P.L.1977, c.110 (C.5:12-91).

29 e. No casino service industry enterprise license shall be issued
30 pursuant to subsection a. of this section to any person unless that
31 person shall provide proof of valid business registration with the
32 Division of Revenue in the Department of the Treasury.

33 f. (Deleted by amendment, P.L.2011, c.19)

34 g. For the purposes of this section, each applicant shall submit
35 to the division the name, address, fingerprints and a written consent
36 for a criminal history record background check to be performed, for
37 each person required to qualify as part of the application. The
38 division is hereby authorized to exchange fingerprint data with and
39 receive criminal history record information from the State Bureau
40 of Identification in the Division of State Police and the Federal
41 Bureau of Investigation consistent with applicable State and federal
42 laws, rules and regulations. The applicant shall bear the cost for the
43 criminal history record background check, including all costs of
44 administering and processing the check. The Division of State
45 Police shall promptly notify the division in the event a current or
46 prospective qualifier, who was the subject of a criminal history
47 record background check pursuant to this section, is arrested for a

1 crime or offense in this State after the date the background check
2 was performed.¹

3 (cf: P.L.2011, c.19, s.58)

4

5 ¹[6.] 10.¹ Section 100 of P.L.1977, c.110 (C.5:12-100) is
6 amended to read as follows:

7 100. a. This act shall not be construed to permit any gaming
8 except the conduct of authorized games in a casino room or through
9 Internet ¹[wagering] gaming¹ in accordance with this act and the
10 regulations promulgated hereunder and in a simulcasting facility to
11 the extent provided by the "Casino Simulcasting Act," P.L.1992,
12 c.19 (C.5:12-191 et al.). Notwithstanding the foregoing, if the
13 division approves the game of keno as an authorized game pursuant
14 to section 5 of P.L.1977, c.110 (C.5:12-5), as amended, keno tickets
15 may be sold or redeemed in accordance with division regulations.

16 b. Gaming equipment shall not be possessed, maintained or
17 exhibited by any person on the premises of a casino hotel except in
18 a casino room, in the simulcasting facility, or in restricted casino
19 areas used for the inspection, repair or storage of such equipment
20 and specifically designated for that purpose by the casino licensee
21 with the approval of the division. Gaming equipment which
22 supports the conduct of gaming in a casino or simulcasting facility
23 or through Internet ¹[wagering] gaming¹ but does not permit or
24 require patron access, such as computers, or gaming software or
25 other gaming equipment used to conduct Internet ¹[wagering]
26 gaming¹ may be possessed and maintained by a casino licensee or a
27 qualified holding or intermediary company of a casino licensee in
28 restricted areas specifically approved by the division. No gaming
29 equipment shall be possessed, maintained, exhibited, brought into
30 or removed from a casino room or simulcasting facility by any
31 person unless such equipment is necessary to the conduct of an
32 authorized game, has permanently affixed, imprinted, impressed or
33 engraved thereon an identification number or symbol authorized by
34 the division, is under the exclusive control of a casino licensee or
35 casino licensee's employees, or of any individually qualified
36 employee of a holding company or casino licensee and is brought
37 into or removed from the casino room or simulcasting facility
38 following 24-hour prior notice given to an authorized agent of the
39 division.

40 Notwithstanding any other provision of this section, computer
41 equipment used by the slot system operator of a multi-casino
42 progressive slot system to link and communicate with the slot
43 machines of two or more casino licensees for the purpose of
44 calculating and displaying the amount of a progressive jackpot,
45 monitoring the operation of the system, and any other purpose that
46 the division deems necessary and appropriate to the operation or
47 maintenance of the multi-casino progressive slot machine system
48 may, with the prior approval of the division, be possessed,

1 maintained and operated by the slot system operator either in a
2 restricted area on the premises of a casino hotel or in a secure
3 facility inaccessible to the public and specifically designed for that
4 purpose off the premises of a casino hotel but within the territorial
5 limits of Atlantic County, New Jersey.

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

11 c. Each casino hotel shall contain a count room and such other
12 secure facilities as may be required by the division for the counting
13 and storage of cash, coins, tokens, checks, plaques, gaming
14 vouchers, coupons, and other devices or items of value used in
15 wagering and approved by the division that are received in the
16 conduct of gaming and for the inspection, counting and storage of
17 dice, cards, chips and other representatives of value. The division
18 shall promulgate regulations for the security of drop boxes and
19 other devices in which the foregoing items are deposited at the
20 gaming tables or in slot machines, and all areas wherein such boxes
21 and devices are kept while in use, which regulations may include
22 certain locking devices. Said drop boxes and other devices shall not
23 be brought into or removed from a casino room or simulcasting
24 facility, or locked or unlocked, except at such times, in such places,
25 and according to such procedures as the division may require.

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

28 e. All gaming shall be conducted according to rules
29 promulgated by the division. All wagers and pay-offs of winning
30 wagers shall be made according to rules promulgated by the
31 division, which shall establish such limitations as may be necessary
32 to assure the vitality of casino operations and fair odds to patrons.
33 Each slot machine shall have a minimum payout of 83%.

34 f. Each casino licensee shall make available in printed form to
35 any patron upon request the complete text of the rules of the
36 division regarding games and the conduct of gaming, pay-offs of
37 winning wagers, an approximation of the odds of winning for each
38 wager, and such other advice to the player as the division shall
39 require. Each casino licensee shall prominently post within a casino
40 room and simulcasting facility, as appropriate, according to
41 regulations of the division such information about gaming rules,
42 pay-offs of winning wagers, the odds of winning for each wager,
43 and such other advice to the player as the division shall require.

44 g. Each gaming table shall be equipped with a sign indicating
45 the permissible minimum and maximum wagers pertaining thereto.
46 Each game offered through Internet '[wagering] gaming' shall
47 display online the permissible minimum and maximum wagers
48 pertaining thereto. It shall be unlawful for a casino licensee to

1 require any wager to be greater than the stated minimum or less
2 than the stated maximum; provided, however, that any wager
3 actually made by a patron and not rejected by a casino licensee
4 prior to the commencement of play shall be treated as a valid wager.

5 h. (1) Except as herein provided, no slot machine shall be used
6 to conduct gaming unless it is identical in all electrical, mechanical
7 and other aspects to a model thereof which has been specifically
8 tested and licensed for use by the division. The division shall also
9 test any other gaming device, gaming equipment, gaming-related
10 device ¹, hardware and software by which authorized gambling
11 games are offered through the Internet,¹ or gross-revenue related
12 device, such as a slot management system, electronic transfer credit
13 system or gaming voucher system as it deems appropriate. In its
14 discretion and for the purpose of expediting the approval process,
15 the division may utilize the services of a private testing laboratory
16 that has obtained a plenary license as a casino service industry
17 enterprise pursuant to subsection a. of section 92 of P.L.1977, c.110
18 (C.5:12-92) to perform the testing, and may also utilize applicable
19 data from any such private testing laboratory or from a
20 governmental agency of a state other than New Jersey authorized to
21 regulate slot machines and other gaming devices, gaming
22 equipment, gaming-related devices and gross-revenue related
23 devices used in casino gaming, if the private testing laboratory or
24 governmental agency uses a testing methodology substantially
25 similar to the methodology utilized by the division. The division, in
26 its discretion, may rely upon the data provided by the private testing
27 laboratory or governmental agency and adopt the conclusions of
28 such private testing laboratory or governmental agency regarding
29 any submitted device.

30 (2) Except as otherwise provided in paragraph (5) of subsection
31 h. of this section, the division shall, within 60 days of its receipt of
32 a complete application for the testing of a slot machine or other
33 gaming equipment model, approve or reject the slot machine or
34 other gaming equipment model. In so doing, the division shall
35 specify whether and to what extent any data from a private testing
36 laboratory or governmental agency of a state other than New Jersey
37 was used in reaching its conclusions and recommendation. If the
38 division is unable to complete the testing of a slot machine or other
39 gaming equipment model within this 60-day period, the division
40 may conditionally approve the slot machine or other gaming
41 equipment model for test use by a casino licensee provided that the
42 division represents that the use of the slot machine or other gaming
43 equipment model will not have a direct and materially adverse
44 impact on the integrity of gaming or the control of gross revenue.
45 The division shall give priority to the testing of slot machines or
46 other gaming equipment which a casino licensee has certified it will
47 use in its casino in this State.

48 (3) The division shall, by regulation, establish such technical

1 standards for licensure of slot machines, including mechanical and
2 electrical reliability, security against tampering, the
3 comprehensibility of wagering, and noise and light levels, as it may
4 deem necessary to protect the player from fraud or deception and to
5 insure the integrity of gaming. The denominations of such machines
6 shall be set by the licensee; the licensee shall simultaneously notify
7 the division of the settings.

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

10 (a) promote optimum security for casino operations;

11 (b) avoid deception or frequent distraction to players at gaming
12 tables;

13 (c) promote the comfort of patrons;

14 (d) create and maintain a gracious playing environment in the
15 casino; and

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

19 Any such regulation promulgated by the division which
20 determines the permissible number and density of slot machines in a
21 licensed casino shall provide that all casino floor space and all
22 space within a casino licensee's casino simulcasting facility shall be
23 included in any calculation of the permissible number and density
24 of slot machines in a licensed casino.

25 (5) Any new gaming equipment or simulcast wagering
26 equipment that is submitted for testing to the division or to an
27 independent testing laboratory licensed pursuant to subsection a. of
28 section 92 of P.L.1977, c.110 (C.5:12-92) prior to or simultaneously
29 with submission of such new equipment for testing in a jurisdiction
30 other than New Jersey, may, consistent with regulations
31 promulgated by the division, be deployed by a casino licensee on
32 the casino floor 14 days after submission of such equipment for
33 testing. If the casino or casino service industry enterprise licensee
34 has not received approval for the equipment 14 days after
35 submission for testing, any interested casino licensee may,
36 consistent with division regulations, deploy the equipment on a
37 field test basis, unless otherwise directed by the director.

38 (6) All equipment used by a licensee to conduct Internet
39 '[wagering] gaming' , including but not limited to computers,
40 servers, monitoring rooms, and hubs, shall be located, with the prior
41 approval of the division, '[either]' in a restricted area on the
42 premises of the casino hotel '[or in a secure facility inaccessible to
43 the public and specifically designed for that purpose off the
44 premises of a casino hotel but]' within the territorial limits of
45 Atlantic City, New Jersey. '[All Internet wagers shall be deemed
46 to be placed when received in Atlantic City by the licensee. Any
47 intermediate routing of electronic data in connection with a wager
48 shall not affect the fact that the wager is placed in Atlantic City.]'

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

20 No software, computer or other gaming equipment shall be used
21 to conduct Internet '[wagering] gaming' unless it is able to verify
22 that a player placing a wager is physically present in this State at
23 the time that the wager is placed. The division shall confirm on a
24 continuous basis that the equipment used by every licensee to
25 conduct Internet '[wagering] gaming' is, in fact, verifying every
26 player's physical presence in this State each time a wager is placed.

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

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

29 k. It shall be unlawful for any person to exchange or redeem
30 chips for anything whatsoever, except for currency, negotiable
31 personal checks, negotiable counter checks, other chips, coupons,
32 slot vouchers or complimentary vouchers distributed by the casino
33 licensee, or, if authorized by regulation of the division, a valid
34 charge to a credit or debit card account. A casino licensee shall,
35 upon the request of any person, redeem that licensee's gaming chips
36 surrendered by that person in any amount over \$100 with a check
37 drawn upon the licensee's account at any banking institution in this
38 State and made payable to that person.

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

43 m. It shall be unlawful for a dealer in any authorized game in
44 which cards are dealt to deal cards by hand or other than from a
45 device specifically designed for that purpose, unless otherwise
46 permitted by the rules of the division.

47 n. (1) It shall be unlawful for any casino key employee,
48 licensee or any person who is required to hold a casino key

1 employee license as a condition of employment or qualification to
2 wager in any casino or simulcasting facility in this State, or any
3 casino.

4 (2) It shall be unlawful for any other employee of a casino
5 licensee who, in the judgment of the division, is directly involved
6 with the conduct of gaming operations, including but not limited to
7 dealers, floor persons, box persons, security and surveillance
8 employees, to wager in any casino or simulcasting facility in the
9 casino hotel in which the employee is employed or in any other
10 casino or simulcasting facility in this State which is owned or
11 operated by an affiliated licensee.

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

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

22 (2) A dealer may accept tips or gratuities from a patron at the
23 table at which such dealer is conducting play, subject to the
24 provisions of this subsection. All such tips or gratuities shall be
25 immediately deposited in a lockbox reserved for that purpose,
26 unless the tip or gratuity is authorized by a patron utilizing an
27 automated wagering system approved by the division. All tips or
28 gratuities shall be accounted for, and placed in a pool for
29 distribution pro rata among the dealers, with the distribution based
30 upon the number of hours each dealer has worked, except that the
31 division may, by regulation, permit a separate pool to be established
32 for dealers in the game of poker, or may permit tips or gratuities to
33 be retained by individual dealers in the game of poker.

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

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

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

44

45 ¹¹ Section 104 of P.L.1977, c.110 (C.5:12-104) is amended to
46 read as follows:

47 104. a. Unless otherwise provided in this subsection, no
48 agreement shall be lawful which provides for the payment, however

1 defined, of any direct or indirect interest, percentage or share of:
2 any money or property gambled at a casino or simulcasting facility;
3 any money or property derived from casino gaming activity or
4 wagering at a simulcasting facility; or any revenues, profits or
5 earnings of a casino or simulcasting facility. Notwithstanding the
6 foregoing:

7 (1) Agreements which provide only for the payment of a fixed
8 sum which is in no way affected by the amount of any such money,
9 property, revenues, profits or earnings shall not be subject to the
10 provisions of this subsection; and receipts, rentals or charges for
11 real property, personal property or services shall not lose their
12 character as payments of a fixed sum because of contract, lease, or
13 license provisions for adjustments in charges, rentals or fees on
14 account of changes in taxes or assessments, cost-of-living index
15 escalations, expansion or improvement of facilities, or changes in
16 services supplied.

17 (2) (Deleted by amendment, P.L.2011, c.19)

18 (3) Agreements between a casino licensee and its employees
19 which provide for casino employee or casino key employee profit
20 sharing shall be lawful if the agreement is in writing and filed with
21 the division prior to its effective date. Such agreements may be
22 reviewed by the division under any relevant provision of P.L.1977,
23 c.110 (C.5:12-1 et seq.).

24 (4) Agreements to lease an approved casino hotel or the land
25 thereunder and agreements for the complete management of all
26 casino gaming operations in a casino hotel shall not be subject to
27 the provisions of this subsection but shall rather be subject to the
28 provisions of subsections b. and c. of section 82 of this act.

29 (5) Agreements which provide for percentage charges between
30 the casino licensee and a holding company or intermediary
31 company of the casino licensee shall be in writing and filed with the
32 division but shall not be subject to the provisions of this subsection.

33 (6) Agreements relating to simulcast racing and wagering
34 between a casino licensee and an in-State or out-of-State sending
35 track licensed or exempt from licensure in accordance with section
36 92 of P.L.1977, c.110 (C.5:12-92) shall be in writing, be filed with
37 the division, and be lawful and effective only if expressly approved
38 as to their terms by the division and the New Jersey Racing
39 Commission, except that any such agreements which provide for a
40 percentage of the parimutuel pool wagered at a simulcasting facility
41 to be paid to the sending track shall not be subject to the provisions
42 of this subsection.

43 (7) Agreements relating to simulcast racing and wagering
44 between a casino licensee and a casino service industry enterprise
45 licensed pursuant to the provisions of subsection a. of section 92 of
46 P.L.1977, c.110 (C.5:12-92) as a hub facility, as defined in joint
47 regulations of the Division of Gaming Enforcement and the New
48 Jersey Racing Commission, shall be in writing, be filed with the

1 commission, and be lawful and effective only if expressly approved
2 as to their terms by the commission and the New Jersey Racing
3 Commission, except that any such agreements which provide for a
4 percentage of the casino licensee's share of the parimutuel pool
5 wagered at a simulcasting facility to be paid to the hub facility shall
6 not be subject to the provisions of this subsection.

7 (8) Agreements relating to simulcast racing and wagering
8 between a casino licensee and a casino service industry enterprise
9 licensed pursuant to the provisions of subsection a. of section 92 of
10 P.L.1977, c.110 (C.5:12-92) to conduct casino simulcasting in a
11 simulcasting facility shall be in writing, be filed with the
12 commission, and be lawful and effective only if expressly approved
13 as to their terms by the commission, except that any such
14 agreements which provide for a percentage of the casino licensee's
15 share of the parimutuel pool wagered at a simulcasting facility to be
16 paid to the casino service industry enterprise shall not be subject to
17 the provisions of this subsection.

18 (9) Written agreements relating to the operation of multi-casino
19 progressive slot machine systems between one or more casino
20 licensees and a casino service industry enterprise licensed pursuant
21 to the provisions of subsection a. of section 92 of P.L.1977, c.110
22 (C.5:12-92), or an eligible applicant for such license, which provide
23 for an interest, percentage or share of the casino licensee's revenues,
24 profits or earnings from the operation of such multi-casino
25 progressive slot machines to be paid to the casino service industry
26 enterprise licensee or applicant shall not be subject to the provisions
27 of this subsection if the agreements are filed with and approved by
28 the division.

29 (10) A written agreement between a casino licensee and a casino
30 service industry enterprise licensed pursuant to subsection a. of
31 section 92 of P.L.1977, c.110 (C.5:12-92), or an eligible applicant
32 for such license, relating to the construction, renovation or
33 operation of qualifying sleeping units, as defined in section 27 of
34 P.L.1977, c.110 (C.5:12-27), or of non-gaming amenities, as
35 defined by the division, within the limits of the city of Atlantic
36 City, regardless of whether such qualifying sleeping units or non-
37 gaming amenities are connected to a casino hotel facility, which
38 provides for an interest, percentage or share of the casino licensee's
39 revenues, profits or earnings, not to exceed 5% of the casino
40 licensee's revenues, to be paid to the casino service industry
41 enterprise licensee or applicant in return for the construction,
42 renovation or operation of such qualifying sleeping units or non-
43 gaming amenities shall not be subject to the provisions of this
44 subsection provided that: (i) the agreement requires a capital
45 investment, at least 10% of which shall be made by the casino
46 service industry enterprise licensee or applicant over the term of the
47 agreement, of not less than \$30 million, which minimum amount
48 shall be adjusted periodically by the division for inflation; (ii) the

1 division finds that the total amount of casino revenues, profits or
2 earnings that can be paid to the casino service industry enterprise
3 licensee or applicant pursuant to this agreement is commercially
4 reasonable under the circumstances; and (iii) the agreement is filed
5 with and approved by the division.

6 (11) A written agreement between a casino licensee holding an
7 Internet gaming permit and a casino service industry enterprise
8 licensed pursuant to subsection a. of section 92 of P.L.1977, c.110
9 (C.5:12-92) in connection with the conduct of Internet gaming
10 under P.L. , c. (C.) (pending before the Legislature as this bill),
11 which provides for a percentage of the casino licensee's Internet
12 gaming gross revenue to be paid to the casino service industry
13 enterprise licensee shall not be subject to the provisions of this
14 subsection, provided that the agreement shall be in writing, filed
15 with the division, and shall be lawful and effective only if the terms
16 thereof are expressly approved by the division.

17 b. Each casino applicant or licensee shall maintain, in
18 accordance with the rules of the division, a record of each written or
19 unwritten agreement regarding the realty, construction,
20 maintenance, or business of a proposed or existing casino hotel or
21 related facility. The foregoing obligation shall apply regardless of
22 whether the casino applicant or licensee is a party to the agreement.
23 Any such agreement may be reviewed by the division on the basis
24 of the reasonableness of its terms, including the terms of
25 compensation, and of the qualifications of the owners, officers,
26 employees, and directors of any enterprise involved in the
27 agreement, which qualifications shall be reviewed according to the
28 standards enumerated in section 86 of P.L.1977, c.110 (C.5:12-86).
29 If the division disapproves such an agreement or the owners,
30 officers, employees, or directors of any enterprise involved therein,
31 the division may require its termination.

32 Every agreement required to be maintained, and every related
33 agreement the performance of which is dependent upon the
34 performance of any such agreement, shall be deemed to include a
35 provision to the effect that, if the commission shall require
36 termination of an agreement pursuant to its authority under
37 P.L.1977, c.110 (C.5:12-1 et seq.), such termination shall occur
38 without liability on the part of the casino applicant or licensee or
39 any qualified party to the agreement or any related agreement.
40 Failure expressly to include such a provision in the agreement shall
41 not constitute a defense in any action brought to terminate the
42 agreement. If the agreement is not maintained or presented to the
43 commission in accordance with division regulations, or the
44 disapproved agreement is not terminated, the division may pursue
45 any remedy or combination of remedies provided in this act.

46 For the purposes of this subsection, "casino applicant" includes
47 any person required to hold a casino license pursuant to section 82
48 of P.L.1977, c.110 (C.5:12-82) who has applied to the division for a

1 casino license or any approval required under P.L.1977, c.110
2 (C.5:12-1 et seq.).

3 c. Nothing in this act shall be deemed to permit the transfer of
4 any license, or any interest in any license, or any certificate of
5 compliance or any commitment or reservation.¹

6 (cf: P.L.2011, c.19, s.73)

7

8 ¹[7.] 12.¹ Section 109 of P.L.1977, c.110 (C.5:12-109) is
9 amended to read as follows:

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

20 a. An emergency order shall be issued only when the director
21 finds that:

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

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

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

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

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

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

44 e. Thereafter, the person or entity against whom the emergency
45 order has been issued and served shall show cause before the
46 director why the emergency order should not remain in effect in
47 accordance with the provisions of this act and the regulations

1 promulgated hereunder.
2 (cf: P.L.2011, c.19, s.77)

3
4 ¹[8.] 13.¹ Section 1 of P.L.1999, c.352 (C.5:12-129.1) is
5 amended to read as follows:

6 1. The holder of any license issued under P.L.1977, c.110
7 (C.5:12-1 et seq.), or any person acting on behalf thereof, shall file
8 a report of any suspicious transaction with the Director of the
9 Division of Gaming Enforcement. For the purposes of P.L.1999,
10 c.352 (C.5:12-129.1 et al.), "suspicious transaction" means the
11 acceptance of cash ~~[or]~~, the redeeming of chips or markers or other
12 cash equivalents, or a payment to establish credits in an Internet
13 ¹~~[wagering]~~ gaming¹ account involving or aggregating \$5,000 if
14 the licensee or person knows or suspects that the transaction:

15 a. involves funds derived from illegal activities or is intended
16 or conducted in order to conceal or disguise funds or assets derived
17 from illegal activities;

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

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

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

31
32 ¹[9.] 14.¹ (New section) There is hereby imposed an annual
33 tax on Internet ¹~~[wagering]~~ gaming¹ gross revenues in the amount
34 of ¹~~[10%]~~ 20%¹ of such gross revenues which shall be paid into the
35 Casino Revenue Fund. The 8% tax on casino gross revenues shall
36 not apply to Internet ¹~~[wagering]~~ gaming¹ gross revenues. The
37 investment alternative tax established by section 3 of P.L.1984,
38 c.218 (C.5:12-144.1) shall apply to Internet ¹~~[wagering]~~ gaming¹
39 gross revenues, except that the investment alternative tax on these
40 revenues shall be ¹~~[5%]~~ 10%¹ and the investment alternative shall
41 be ¹~~[2.5%]~~ 5%¹, with the proceeds thereof used as provided in that
42 section.

43
44 ¹[10.] 15.¹ (New section) The Division of Gaming Enforcement
45 may establish an Office of Internet ¹~~[Wagering]~~ Gaming¹ to which
46 it may delegate authority for the administration of Internet
47 ¹~~[wagering]~~ gaming¹ conducted by casino licensees. The division

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

10
11 **'[11.] 16.'** (New section) Internet **'[wagering] gaming'** in this
12 State shall be subject to the provisions of, and preempted and
13 superseded by, any applicable federal law.

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

17
18 **'[12.] 17.'** (New section) a. No Internet **'[wagering] gaming'**
19 shall be opened to the public, and no gaming, except for test
20 purposes, may be conducted therein, until a casino licensee with a
21 valid operation certificate receives from the division a permit to
22 conduct Internet **'[wagering] gaming'**. Such permit, valid for one
23 year, shall be issued by the division upon a finding that the Internet
24 **'[wagering] gaming'** complies in all respects with the requirements
25 of this act, P.L. , c. (pending before the Legislature as this bill)
26 and regulations promulgated hereunder, that the casino licensee has
27 implemented necessary management controls and security
28 precautions for the efficient operation of Internet **'[wagering]**
29 **gaming'**, that casino personnel having duties relating to Internet
30 **'[wagering] gaming'** are licensed for the performance of their
31 respective responsibilities, and that the licensee is prepared in all
32 respects to receive and entertain the public.

33 b. The permit shall include an itemized list by category and
34 number of the authorized games offered through Internet
35 **'[wagering] gaming'**.

36 c. A casino licensee shall, in accordance with regulations
37 promulgated by the division, file any changes in the number of
38 authorized games featured through Internet **'[wagering] gaming'**
39 with the division.

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

1 require.

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

13 f. Notwithstanding subsections a. and e. of this section, an
14 Internet **'[wagering] gaming'** permit shall remain in force only if
15 the casino licensee that holds the permit also holds a valid operation
16 certificate.

17

18 **'[13.] 18.'** (New section) a. The entire Internet **'[wagering]**
19 **gaming'** operation, including facilities, equipment and personnel,
20 shall be located within a restricted area on the premises of the
21 casino hotel **'[or in a secure facility inaccessible to the public and**
22 **specifically designed for that purpose off the premises of a casino**
23 **hotel but]'** within the territorial limits of Atlantic City, New Jersey.

24 b. Facilities used to conduct and support Internet **'[wagering]**
25 **gaming'** shall:

26 (1) be arranged in a manner promoting optimum security for
27 Internet **'[wagering] gaming'**;

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

32 (3) not be designed in any way that might interfere with the
33 ability of the division to supervise Internet **'[wagering] gaming'**
34 operations; and

35 (4) comply in all respects with regulations of the division
36 pertaining thereto.

37

38 **'[14.] 19.'** (New section) a. Notwithstanding section 99 of
39 P.L.1977, c.110 (C.5:12-99), each casino licensee who holds or has
40 applied for a permit to conduct Internet **'[wagering] gaming'** shall
41 submit to the division a description of its system of internal
42 procedures and administrative and accounting controls for Internet
43 **'[wagering] gaming'**, including provisions that provide for real
44 time monitoring of all games, and a description of any changes
45 thereof. Such submission shall be made at least 30 days before such
46 operations are to commence or at least 30 days before any change in
47 those procedures or controls is to take effect, unless otherwise

1 directed by the division. Notwithstanding the foregoing, the internal
2 controls described in paragraph (3) of this subsection may be
3 implemented by a casino licensee upon the filing of such internal
4 controls with the division. Each internal procedure or control
5 submission shall contain both narrative and diagrammatic
6 representations of the internal control system to be utilized with
7 regard to Internet '【wagering】 gaming', including, but not limited
8 to:

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

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

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

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

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

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

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

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

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

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

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

46 (12) the recording of transactions pertaining to Internet
47 '【wagering】 gaming';

48 (13) procedures for the security of information and funds in a

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

1 system of procedures and controls is approved by the division.

2 d. It shall be lawful for a casino licensee to provide marketing
3 information by means of the Internet to players engaged in Internet
4 ~~'[wagering] gaming'~~ and to offer those players incentives to visit
5 the licensee's casino in Atlantic City.

6
7 ~~'[15.] 20.'~~ (New section) a. An Internet ~~'[wagering] gaming'~~
8 account shall be in the name of a natural person and may not be in
9 the name of any beneficiary, custodian, joint trust, corporation,
10 partnership or other organization or entity.

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

20 c. As part of the application process, the casino licensee shall
21 provide the prospective account holder with a password to access
22 the ~~'[wagering] gaming'~~ account, or shall establish some other
23 mechanism approved by the division to authenticate the player as
24 the holder of a wagering account and allow the holder access to the
25 Internet ~~'[wagering] gaming'~~ account.

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

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

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

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

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

42 (1) the Governor or Lieutenant Governor;

43 (2) any State officer or employee or special State officer or
44 employee;

45 (3) any member of the Judiciary;

46 (4) any member of the Legislature;

47 (5) any officer of Atlantic City; or

48 (6) any casino employee, casino key employee or principal

1 employee of a casino licensee.

2 i. The address provided by the applicant in the application
3 shall be deemed the proper address for the purposes of mailing
4 checks, account withdrawals, notices and other materials.

5 j. A wagering account shall not be assignable or otherwise
6 transferable.

7 k. The casino licensee may at any time declare all or any part
8 of Internet ¹**['wagering] gaming'** to be closed for wagering.

9

10 ¹**['16.] 21.'** (New section) a. Credits to an Internet ¹**['wagering]**
11 **gaming'** account shall not be made except as provided by this
12 subsection.

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

16 (a) cash given to the casino licensee;

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

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

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

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

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

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

37 (5) Funds deposited in the account shall not bear interest to the
38 account holder.

39 b. Debits to an Internet ¹**['wagering] gaming'** account shall not
40 be made except as provided by this subsection.

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

48 (2) A casino licensee may authorize a withdrawal from a

1 wagering account when the account holder submits to the casino
2 licensee:

3 (a) proper identification;

4 (b) the correct authentication information for access to the
5 account; and

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

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

15

16 **'[17.] 22.'** (New section) A casino licensee may accept
17 Internet **'gaming'** account wagers only as follows:

18 a. The account wager shall be placed directly with the casino
19 licensee by the holder of the wagering account and the casino
20 licensee has verified the account holder's physical presence in this
21 State.

22 b. The account holder placing the account wager shall provide
23 the casino licensee with the correct authentication information for
24 access to the wagering account.

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

31

32 **'[18.] 23.'** (New section) All amounts remaining in **'Internet**
33 **gaming'** wagering accounts inactive or dormant for such period and
34 under such conditions as established by regulation by the division
35 shall be paid 50% to the casino licensee and 50% to the casino
36 control fund. Before closing a wagering account pursuant to this
37 section, the casino licensee shall attempt to contact the account
38 holder by mail, phone and computer.

39

40 **'[19.] 24.'** (New section) a. The casino licensee shall establish
41 a log in procedure for a holder of a wagering account to access
42 Internet **'[wagering] gaming'**. Part of the log in procedure shall be
43 the provision by the account holder of the appropriate
44 authentication information for access to the wagering account. The
45 casino licensee shall not allow an account holder to participate in
46 gaming before logging in and providing the proper authentication
47 information to access the holder's wagering account.

48 b. Upon log in, the holder of a wagering account shall have the

1 option to exchange any amount of funds in the wagering account to
2 Internet chips, tokens or other cash equivalents, to be used for
3 Internet casino gaming.

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

7
8 ¹[20.] 25.¹ (New section) The casino licensee shall provide to a
9 holder of a wagering account who is logged in to his or her
10 wagering account access to a display of all of the following
11 information:

12 a. the current amount of money in the holder's account,
13 including the current amount of the holder's Internet chips, tokens
14 or other cash equivalents;

15 b. the amount of money the account holder has won or lost on
16 Internet ¹[wagering] gaming¹ since the account was established;

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

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

25 e. the complete text of the rules of the division regarding
26 games and the conduct of Internet ¹[wagering] gaming¹, pay-offs
27 of winning wagers, an approximation of the odds of winning for
28 each wager, and such other advice and information to the account
29 holder as the division shall require.

30

31 ¹[21.] 26.¹ (New section) In order to assist those persons who
32 may have a gambling problem, a casino licensee shall:

33 a. cause the words "If you or someone you know has a
34 gambling problem and wants help, call 1-800 GAMBLER," or some
35 comparable language approved by the division, which language
36 shall include the words "gambling problem" and "call 1-800
37 GAMBLER," to be ¹[prominently and continuously]¹ displayed
38 ¹prominently at log on and log off times¹ to any person visiting or
39 logged onto Internet ¹[wagering] gaming¹;

40 b. provide a mechanism by which a holder of a wagering
41 account may establish the following controls on wagering activity
42 through the wagering account:

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

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

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

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

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

20

21 ¹[22.] 27.¹ (New section) a. Except as provided in this section,
22 no casino licensee or any person licensed under P.L.1977, c.110
23 (C.5:12-1 et seq.) and no person acting on behalf of, or under any
24 arrangement with, a casino licensee or other person licensed under
25 P.L.1977, c.110, shall:

26 (1) cash any check, make any loan, or otherwise provide credit
27 to any person for the purpose of crediting an Internet ¹[wagering]
28 gaming¹ account; or

29 (2) release or discharge any debt, either in whole or in part, or
30 make any loan which represents any losses incurred by any account
31 holder in gaming activity through Internet ¹[wagering] gaming¹,
32 without maintaining a written record thereof in accordance with the
33 rules of the division.

34 b. Notwithstanding section 101 of P.L.1977, c.110 (C.5:12-
35 101), no casino licensee or any person licensed under P.L.1977,
36 c.110 (C.5:12-1 et seq.) and no person acting on behalf of, or under
37 any arrangement with, a casino licensee or other person licensed
38 under P.L.1977, c.110, may accept a check, other than a recognized
39 traveler's check or other cash equivalent from any person for the
40 purpose of crediting an Internet ¹[wagering] gaming¹ account
41 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 division and is
46 exchanged for credits on the Internet ¹[wagering] gaming¹ account
47 established 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.] 28.'** (New section) Any person who offers games into
4 play or displays such games through Internet **'[wagering] gaming'**
5 without approval of the division to do so is guilty of a crime of the
6 fourth degree and notwithstanding the provisions of N.J.S.2C:43-3,
7 shall be subject to a fine of not more than \$25,000 and in the case of
8 a 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.] 29.'** (New section) a. Notwithstanding section 46 of
13 P.L.1991, c.182 (C.5:12-113.1), any person who knowingly tampers
14 with software, computers or other equipment used to conduct
15 Internet **'[wagering] gaming'** to alter the odds or the payout of a
16 game or disables the game from operating according to the rules of
17 the game as promulgated by the division is guilty of a crime of the
18 third degree and notwithstanding the provisions of N.J.S.2C:43-3,
19 shall be subject to a fine of not more than \$50,000 and in the case of
20 a 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 division 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] gaming'** revoked and shall be subject
30 to such further penalty as the division deems appropriate.

31

32 **'[25.] 30.'** (New section) a. Any person who knowingly offers
33 or allows to be offered any Internet game that has been tampered
34 with in a way that affects the odds or the payout of a game or
35 disables the game from operating according to the rules of the game
36 as promulgated by the division 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] gaming' suspended for a period not
2 less than 30 days.

3
4 '[26.] 31.' (New section) a. No person under the age of 21
5 shall be permitted to maintain an Internet '[wagering] gaming'
6 account. Any casino licensee or employee of a casino licensee who
7 allows a person under the age of 21 to maintain a wagering account
8 is guilty of a crime of the fourth degree and subject to the penalties
9 therefor; except that the establishment of all of the following facts
10 by a 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] gaming' account
15 that he or she was at least 21 years of age; and

16 (2) that the establishment of the Internet '[wagering] gaming'
17 account was made in good faith, relying upon such representation,
18 and in the reasonable belief that the underage person was actually
19 21 years of 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
27 '[wagering] gaming' revoked.

28
29 '[27.] 32.' (New section) a. The division shall, by regulation,
30 establish annual fees for the issuance or renewal of Internet
31 '[wagering] gaming' permits. The issuance fee shall be based
32 upon the cost of investigation and consideration of the license
33 application and shall be not less than \$200,000. The renewal fee
34 shall be based upon the cost of maintaining enforcement, control
35 and regulation of Internet wagering operations and shall be not less
36 than \$100,000.

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

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

46 d. In addition to the permit issuance and renewal fees, a casino
47 licensee with an Internet '[wagering] gaming' permit shall pay

1 annually to the division \$100,000 to be deposited into the State
2 General Fund for appropriation by the Legislature to the
3 Department of Human Services, \$85,000 of which shall be allocated
4 to the Council on Compulsive Gambling of New Jersey and \$15,000
5 of which shall be used for compulsive gambling treatment programs
6 in the State.

7
8 ¹[28.] 33.¹ (New section) No organization or commercial
9 enterprise, other than a casino located in Atlantic City that has been
10 issued a permit to conduct Internet ¹[wagering] gaming¹ and has
11 located all of its equipment used to conduct Internet ¹[wagering]
12 gaming¹, including computers, servers, monitoring rooms, and
13 hubs, in Atlantic City, shall make its premises available for placing
14 wagers at casinos using the Internet or advertise that its premises
15 may be used for such purpose. An organization or commercial
16 enterprise that is determined by the division to have violated the
17 provisions of this section shall be subject to a penalty of \$1,000 per
18 player per day for making its premises available for placing wagers
19 at casinos using the Internet and of \$10,000 per violation for
20 advertising that its premises may be used for such purpose.

21
22 ¹[29. (New section) It shall be a condition of conducting
23 Internet gambling that a casino licensee enters into an agreement
24 with other such licensees to contribute to a fund established by
25 those licensees that, through an assessment on the participating
26 licensees in a manner determined by them, will raise \$20 million
27 annually in each of the first three State fiscal years commencing
28 with the State fiscal year in which Internet wagering commences
29 which amount shall be contributed to the New Jersey Racing
30 Commission to be used to support the horse racing industry in this
31 State through the augmentation of purses.]¹

32
33 ¹34. (New section) Notwithstanding any other provision of
34 P.L. , c. (C.) (pending before the Legislature as this bill),
35 wagers may be accepted thereunder from persons who are not
36 physically present in this State if the Division of Gaming
37 Enforcement in the Department of Law and Public Safety
38 determines that such wagering is not inconsistent with federal law
39 or the law of the jurisdiction, including any foreign nation, in which
40 any such person is located, or such wagering is conducted pursuant
41 to an interstate compact to which this State is a party that is not
42 inconsistent with federal law.¹

43
44 ¹35. Sections 9 and 11 of P.L.2011, c.18 (C.5:12-223 and
45 C.5:12-225, respectively) are repealed.¹

1 ¹36. Section 1 of P.L.2005, c.357 (C.5:12-76.1) is amended to
2 read as follows:

3 1. a. The Director of the Division of Gaming Enforcement, in
4 consultation with the Casino Control Commission, shall establish an
5 Internet gambling public awareness campaign in order to promote
6 awareness among the general public of issues relating to Internet
7 gambling.

8 b. The public awareness campaign shall include the
9 development and implementation of public awareness and outreach
10 efforts to inform the public about Internet gambling, including, but
11 not limited to, the following subjects:

12 (1) the legal status of Internet gambling in New Jersey;

13 (2) the fact that Internet gambling is ~~unregulated~~ regulated by
14 New Jersey, and that the fairness and integrity of Internet gambling
15 cannot be guaranteed by the State when conducted illegally outside
16 of the State's regulatory framework;

17 (3) the risks of being defrauded of potentially large amounts of
18 money when gambling on the Internet illegally;

19 (4) the risks of identity theft when using personal identification
20 or financial information to gamble on the Internet illegally;

21 (5) special risks for underage and problem gamblers when
22 gambling on the Internet; and

23 (6) access to services for problem gamblers, including contact
24 information for the Council on Compulsive Gambling.

25 c. The director shall coordinate the efforts of the division with
26 any activities being undertaken by other State agencies to provide
27 information to the public about Internet gambling.

28 d. The director, within the limits of funds available for this
29 purpose, shall seek to utilize both electronic and print media, and
30 may prepare and disseminate such written information as the
31 director deems necessary to accomplish the purposes of this act.

32 e. The division shall make available electronically on its
33 website in both English and Spanish information about Internet
34 gambling as described in subsection b. of this section.

35 f. The director may accept, for the purposes of the public
36 awareness campaign, any special grant of funds, services, or
37 property from the federal government or any of its agencies, or
38 from any foundation, organization or other entity.

39 g. The director shall report to the Governor and the Legislature,
40 no later than 18 months after the effective date of this act, on the
41 activities and accomplishments of the public awareness campaign.¹

42 (cf: P.L.2005, c.357, s.1)

43

44 ¹37. (New section) a. Notwithstanding any other provision of
45 P.L. , c. (C.) (pending before the Legislature as this bill) to the
46 contrary, a corporation or any person seeking to provide goods or
47 services to a casino licensee in connection with Internet gaming
48 shall not be awarded a casino service industry enterprise license.

- 1 and shall not be permitted to conduct business with a casino, in
2 connection with Internet gaming if that corporation or person:
- 3 (1) has at any time, either directly, or through another
4 corporation or person it owned in whole or in significant part, or
5 controlled:
- 6 (a) knowingly and willfully offered, accepted, or made available
7 bets, wagers, or stakes using the Internet from persons located in
8 the United States after December 31, 2006, unless such activity is
9 licensed by a federal or State authority to engage in such activity; or
- 10 (b) knowingly facilitated or otherwise provided services with
11 respect to bets, wagers, or stakes using the Internet from persons
12 located in the United States for a person described in paragraph (1)
13 of this subsection and acted with knowledge of the fact that such
14 bets, wagers or stakes involved persons located in the United States;
- 15 (2) purchased or acquired, directly or indirectly, in whole or in
16 significant part, a corporation or person described in subsection b.
17 of this section, or covered assets of such a person, and will use that
18 corporation or person or those assets in connection with the services
19 provided to a casino licensee with respect to Internet gaming. A
20 casino licensee shall not be permitted to use, directly or indirectly,
21 covered assets in connection with Internet gaming involving
22 corporations or persons located in this State.
- 23 b. As used in this section:
- 24 (1) "significant part" means, with respect to ownership of a
25 corporation or person, the ownership of 5% or more of that
26 corporation or person's assets, or any percentage of ownership
27 which provides control over that corporation or person;
- 28 (2) "covered assets" means any asset specifically designed for
29 use and used in connection with bets, wagers, or stakes using the
30 Internet from persons located in the United States after December
31 31, 2006, unless licensed by a federal or State authority to engage in
32 such activity, including the following:
- 33 (a) any trademark, trade name, service mark, or similar
34 intellectual property that was used to identify any aspect of the
35 Internet website or of the operator offering the bets, wagers, or
36 stakes to its patrons;
- 37 (b) any database of customer information or customer list of
38 individuals residing in the United States who placed bets, wagers,
39 or stakes in or through an Internet website or operator not licensed
40 by a federal or State authority to engage in such activity;
- 41 (c) any derivative of a database or customer list described under
42 (b) above; and
- 43 (d) software and hardware related to the management,
44 administration, development, testing, or control of the Internet
45 website or operator.
- 46 c. A corporation or any person seeking to provide goods or
47 services to a casino licensee in connection with Internet gaming
48 which would be prohibited from doing so under this section may

1 request a waiver of the prohibition only in accordance with the
2 provisions of this subsection, as follows.

3 (1) The commission shall determine by a preponderance of the
4 evidence whether the corporation or person that is the subject of
5 review violated, whether directly or indirectly, any State or federal
6 laws then in effect in connection with the operation of or provision
7 of services to an Internet gaming website that made available bets
8 or wagers to persons located in the United States after December
9 31, 2006, or whether the assets to be used or that are being used by
10 such person were used in connection with Internet gaming that
11 violated such federal or State laws after that date. The casino
12 service industry enterprise shall bear the burden of proof in
13 establishing clearly and convincingly that its conduct in connection
14 with bets or wagers involving persons located in the United States
15 was not unlawful.

16 (2) The determination of the commission shall be made without
17 regard for whether the corporation or person has been prosecuted
18 under the criminal laws of any State, the United States or other
19 jurisdiction or has been prosecuted and terminated in a manner
20 other than with a conviction.

21 (3) In making such determination, the commission shall afford
22 the subject of the review an opportunity for a hearing at which
23 evidence may be presented. An authorized official of the
24 commission shall preside over the hearing and shall act as a finder
25 of fact entitled to evaluate the credibility of the witnesses and
26 persuasiveness of the evidence, and those findings of fact shall be
27 subject to judicial review only for abuse of discretion.¹

28

29 ¹[30.] 38. This act shall take effect immediately ¹, but the
30 conduct of Internet gaming shall remain inoperative until 270 days
31 following enactment¹.