

ASSEMBLY, No. 5138

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED DECEMBER 10, 2020

Sponsored by:

Assemblyman RAJ MUKHERJI

District 33 (Hudson)

Assemblyman GORDON M. JOHNSON

District 37 (Bergen)

SYNOPSIS

Permits wagering by business entities with horse racing and sports pool operators.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/9/2021)

1 **AN ACT** permitting the placement of certain wagers by business
2 entities and supplementing Title 5 of the Revised Statutes and
3 chapter 37 of Title 2C of the New Jersey Statutes.

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

7
8 1. Notwithstanding the provisions of the “Off-Track and
9 Account Wagering Act,” P.L.2001, c.199 (C.5:5-127 et seq.), the
10 “Casino Simulcasting Act,” P.L.1992, c.19 (C.5:12-191 et seq.), the
11 “Exchange Wagering Act,” P.L.2011, c.15 (C.5:5-168 et seq.), and
12 P.L.2018, c.33 (C.5:12A-10 et seq.), or any other law, rule, or
13 regulation to the contrary, a horse racing or sports pool operator may
14 accept wagers from a designated individual of a business entity if the
15 business entity has established a wagering account with the operator
16 and provided certain information to the operator pursuant to section
17 2 of P.L. , c. (C.) (pending before the Legislature as this bill).
18 All wagers placed by a business entity shall comply with applicable
19 State and federal laws.

20 For the purposes of P.L. , c. (C.) (pending before the
21 Legislature as this bill):

22 “business entity” means a corporation, partnership, limited
23 partnership, or a limited liability company organized under the laws
24 of this State; and

25 “designated individual” means a person listed as an officer,
26 director, partner or manager of a business entity in the business
27 entity’s filings with the Division of Revenue and Enterprise Services
28 in the Department of the Treasury, or any other natural person
29 authorized by the business entity in writing to place wagers on behalf
30 of the business entity.

31

32 2. a. A business entity that chooses to establish a wagering
33 account with a horse racing or sports pool operator shall provide to
34 the operator:

35 (1) the name, residential address, copy of a valid photo
36 identification which evidences that the person is at least 21 years of
37 age, and social security number or individual taxpayer identification
38 number, of each of the business entity’s equity owners, holders of
39 indebtedness, directors, officers, managers and partners, anyone
40 entitled to payments based on the profits or revenues, and any
41 designated individuals;

42 (2) copies of the business entity’s formation documents and all
43 filings made with the Division of Revenue and Enterprise Services in
44 the Department of the Treasury;

45 (3) any other documentation or information the Casino Control
46 Commission, the Division of Gaming Enforcement, and the Racing
47 Commission may require; and

1 (4) any other documentation or information the horse racing or
2 sports pool operator may require.

3 In the event the information provided pursuant to this section
4 changes, the business entity shall submit updated documents
5 reflecting the changes to the horse racing or sports pool operator
6 within five business days from the date the change occurred.

7 b. A business entity placing wagers shall also:

8 (1) maintain in this State originals or copies of records received
9 from the operator for all wagers placed;

10 (2) maintain an account with a bank or other financial institution
11 in this State having a principal office, branch or agency located in the
12 State from which the entity shall transfer and receive all funds used
13 in wagering with a horse racing or sports pool operator; and

14 (3) make all records produced pursuant to this subsection
15 available for review by the Casino Control Commission, the Division
16 of Gaming Enforcement, and the Racing Commission.

17

18 3. It shall be unlawful for any person either solely or in
19 conjunction with others:

20 a. to knowingly pay or distribute profits or compensation to a
21 designated individual or equity owner who is not disclosed to a horse
22 racing or sports pool operator pursuant to subsection a of section 2 of
23 P.L. , c. (C.) (pending before the Legislature as this bill);

24 b. to knowingly pay or distribute a percentage of revenue
25 derived from the wagering activity of a business entity to a person
26 who is not disclosed to a horse racing or sports pool operator pursuant
27 to subsection a. of section 2 of P.L. , c. (C.) (pending before the
28 Legislature as this bill);

29 c. to wager with money received from a person who is not
30 disclosed to a horse racing or sports pool operator pursuant to
31 subsection a of section 2 of P.L. , c. (C.) (pending before the
32 Legislature as this bill);

33 d. to place a wager on behalf of a person who is not disclosed to
34 a horse racing or sports pool operator pursuant to subsection a of
35 section 2 of P.L. , c. (C.) (pending before the Legislature as
36 this bill); or

37 e. to knowingly submit any false information as required by this
38 section.

39

40 4. The Casino Control Commission shall, in consultation with
41 the Division of Gaming Enforcement and the Racing Commission,
42 adopt rules and regulations pursuant to the “Administrative
43 Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.) as deemed
44 necessary to carry out the provisions of P.L. , c. (C.) (pending
45 before the Legislature as this bill).

46

47 5. A person who willfully violates, attempts to violate, or
48 conspires to violate any provisions of P.L. , c. (C.) (pending

1 before the Legislature as this bill) shall be guilty of a crime of the
2 second degree punishable by a minimum term of five years
3 imprisonment and a maximum term of ten years, by a fine of no more
4 than \$50,000, or by both a term of imprisonment and a fine.

5
6 6. This act shall take effect 180 days following the date of
7 enactment but the Casino Control Commission, the Division of
8 Gaming Enforcement, and the Racing Commission may take
9 anticipatory action in advance of the effective date to ensure timely
10 implementation of this act.

11 12 13 STATEMENT 14

15 This bill would permit wagering by business entities with horse
16 racing or sports pool operators. Business entity wagering functions
17 similar to a mutual fund whereby funds pooled together from
18 different investors are then used by fund managers to wager on
19 various sporting events in an attempt to produce a profit for investors.
20 The business entity's gains or losses would be shared by each
21 investor in proportion to his or her equity share. Business entities
22 would not be permitted to wager on casino games.

23 Business entities that choose to establish a wagering account with
24 a horse racing or sports pool operator would be required to provide
25 certain documentation to the operator showing that all those
26 associated with the business entity are over 21 years of age and that
27 the business entity has been properly formed, along with any other
28 documents required by the Casino Control Commission, the Division
29 of Gaming Enforcement, the Racing Commission, or a horse racing
30 or sports pool operator. A business entity would also be required to
31 maintain originals or copies of records received from the operator for
32 all wagers placed, maintain an account with a bank or other financial
33 institution in the State, and make the above records available for
34 review by the Casino Control Commission, the Division of Gaming
35 Enforcement, and the Racing Commission.

36 It would be unlawful for any person solely, or in conjunction with
37 others, to knowingly distribute funds to a designated individual or
38 equity owner who is not disclosed to the horse racing or sports pool
39 operator, distribute revenue from a business entity's wagering
40 activities to an individual that has not been disclosed to the horse
41 racing or sports pool operator, wager money on behalf of an
42 individual who has not been disclosed to the horse racing or sports
43 pool operator, or submit false information required by the bill. Under
44 the bill, violations would be a second degree crime punishable by
45 fines, imprisonment, or both.