

# ASSEMBLY, No. 568

## STATE OF NEW JERSEY 210th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2002 SESSION

**Sponsored by:**

**Assemblyman ANTHONY IMPREVEDUTO**

**District 32 (Bergen and Hudson)**

**Assemblyman NEIL M. COHEN**

**District 20 (Union)**

**SYNOPSIS**

Authorizes Casino Control Commission to permit Atlantic City casinos to offer Internet casino gambling.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel.



A568 IMPREVEDUTO, COHEN

2

1 AN ACT authorizing the Casino Control Commission to permit  
2 Atlantic City casinos to offer casino gambling over the Internet, and  
3 amending and supplementing the "Casino Control Act", P.L.1977,  
4 c.110 (C.5:12-1 et seq.).  
5

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

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

11 6. "Casino" or "casino room" or "licensed casino" -- One or more  
12 locations or rooms in a casino hotel facility that have been approved  
13 by the commission for the conduct of casino gaming in accordance  
14 with the provisions of this act. "Casino" or "casino room" or  
15 "licensed casino" shall not include any casino simulcasting facility  
16 authorized pursuant to the "Casino Simulcasting Act," P.L.1992, c.19  
17 (C.5:12-191 et seq.).

18 "Casino" or "licensed casino" shall mean a "virtual casino" except  
19 in sections 35 and 96 through 99, inclusive, of P.L.1977, c.110  
20 (C.5:12-35 and C.5:12-96 through 5:12-99, inclusive) and when it is  
21 clear on a plain reading of the statute that "casino" or "licensed  
22 casino" does not also mean "virtual casino".

23 (cf: P.L.1996, c.84, s.1)  
24

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

27 3. "Restricted Casino Areas"--The cashier's cage, the soft count  
28 room, the hard count room, the slot cage booths and runway areas, the  
29 interior of table game pits, the surveillance room and catwalk areas,  
30 the slot machine repair room, any room or area related to virtual  
31 casino operations and any other area specifically designated by the  
32 commission as restricted in a licensee's operation certificate.

33 (cf: P.L.1987, c.353, s.3)  
34

35 3. Section 5 of P.L.1977, c.110 (C.5:12-5) is amended to read as  
36 follows:

37 5. "Authorized Game" or "Authorized Gambling Game"-- Roulette,  
38 baccarat, blackjack, craps, big six wheel, slot machines, minibaccarat,  
39 red dog, pai gow, and sic bo; any variations or composites of such  
40 games, provided that such variations or composites, and any above  
41 listed game or variation or composite of such game to be offered  
42 through a virtual casino, are found by the commission suitable for use  
43 after an appropriate test or experimental period under such terms and

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

**Matter underlined thus is new matter.**

1 conditions as the commission may deem appropriate; and any other  
2 game which is determined by the commission to be compatible with  
3 the public interest and to be suitable for casino or virtual casino use  
4 after such appropriate test or experimental period as the commission  
5 may deem appropriate. "Authorized game" or "authorized gambling  
6 game" includes gaming tournaments in which players compete against  
7 one another in one or more of the games authorized herein or by the  
8 commission or in approved variations or composites thereof if the  
9 tournaments are authorized by the commission.

10 (cf: P.L.1993, c.292, s.1)

11

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

14 100. a. This act shall not be construed to permit any gaming  
15 except the conduct of authorized games in a casino room or in a  
16 virtual casino in accordance with this act and the regulations  
17 promulgated hereunder and in a simulcasting facility to the extent  
18 provided by the "Casino Simulcasting Act," P.L.1992, c.19  
19 (C.5:12-191 et al.). Notwithstanding the foregoing, if the commission  
20 approves the game of keno as an authorized game pursuant to section  
21 5 of P.L.1977, c.110 (C.5:12-5), as amended, keno tickets may be sold  
22 or redeemed in accordance with commission regulations at any  
23 location in a casino hotel approved by the commission for such  
24 activity.

25 b. Gaming equipment shall not be possessed, maintained or  
26 exhibited by any person on the premises of a casino hotel except in a  
27 casino room, in the simulcasting facility, or in restricted casino areas  
28 used for the inspection, repair or storage of such equipment and  
29 specifically designated for that purpose by the casino licensee with the  
30 approval of the commission. Gaming equipment which supports the  
31 conduct of gaming in a casino or simulcasting facility or through a  
32 virtual casino but does not permit or require patron access, such as  
33 computers, or gaming software or other gaming equipment used to  
34 conduct virtual casino gaming, may be possessed and maintained by a  
35 casino licensee in restricted casino areas specifically designated for  
36 that purpose by the casino licensee with the approval of the  
37 commission. No gaming equipment shall be possessed, maintained,  
38 exhibited, brought into or removed from a casino room or simulcasting  
39 facility by any person unless such equipment is necessary to the  
40 conduct of an authorized game, has permanently affixed, imprinted,  
41 impressed or engraved thereon an identification number or symbol  
42 authorized by the commission, is under the exclusive control of a  
43 casino licensee or his employees, and is brought into or removed from  
44 the casino room or simulcasting facility following 24-hour prior notice  
45 given to an authorized agent of the commission.

46 Notwithstanding the foregoing, a person may, with the prior

1 approval of the commission and under such terms and conditions as  
2 may be required by the commission, possess, maintain or exhibit  
3 gaming equipment in any other area of the casino hotel; provided such  
4 equipment is used for nongaming purposes.

5 c. Each casino hotel shall contain a count room and such other  
6 secure facilities as may be required by the commission for the counting  
7 and storage of cash, coins, tokens and checks received in the conduct  
8 of gaming and for the inspection, counting and storage of dice, cards,  
9 chips and other representatives of value. All drop boxes and other  
10 devices wherein cash, coins, or tokens are deposited at the gaming  
11 tables or in slot machines, and all areas wherein such boxes and  
12 devices are kept while in use, shall be equipped with two locking  
13 devices, one key to which shall be under the exclusive control of the  
14 commission and the other under the exclusive control of the casino  
15 licensee, and said drop boxes and other devices shall not be brought  
16 into or removed from a casino room or simulcasting facility, or locked  
17 or unlocked, except at such times, in such places, and according to  
18 such procedures as the commission may require.

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

21 e. All gaming shall be conducted according to rules promulgated  
22 by the commission. All wagers and pay-offs of winning wagers shall  
23 be made according to rules promulgated by the commission, which  
24 shall establish such limitations as may be necessary to assure the  
25 vitality of casino operations and fair odds to patrons. Each slot  
26 machine shall have a minimum payout of 83%.

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

38 g. Each gaming table shall be equipped with a sign indicating the  
39 permissible minimum and maximum wagers pertaining thereto. Each  
40 game offered at a virtual casino shall display a sign indicating the  
41 permissible minimum and maximum wagers pertaining thereto. It shall  
42 be unlawful for a casino licensee to require any wager to be greater  
43 than the stated minimum or less than the stated maximum; provided,  
44 however, that any wager actually made by a patron and not rejected by  
45 a casino licensee prior to the commencement of play shall be treated  
46 as a valid wager.

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

18 (2) The commission shall, by regulation, determine the permissible  
19 number and density of slot machines in a licensed casino so as to:

20 (a) promote optimum security for casino operations;

21 (b) avoid deception or frequent distraction to players at gaming  
22 tables;

23 (c) promote the comfort of patrons;

24 (d) create and maintain a gracious playing environment in the  
25 casino; and

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

28 Any such regulation promulgated by the commission which  
29 determines the permissible number and density of slot machines in a  
30 licensed casino shall provide that all casino floor space and all space  
31 within a casino licensee's casino simulcasting facility shall be included  
32 in any calculation of the permissible number and density of slot  
33 machines in a licensed casino.

34 (3) No software, computer or other gaming equipment shall be  
35 used to conduct virtual casino gaming unless it is has been specifically  
36 tested by the division and approved by the commission. The division  
37 may, in its discretion, and for the purpose of expediting the approval  
38 process, refer testing to any testing laboratory with a plenary license  
39 as a casino service industry pursuant to subsection a. of section 92 of  
40 P.L.1977, c.110 (C.5:12-92). The division shall give priority to the  
41 testing of software, computers or other gaming equipment which a  
42 casino licensee has certified it will use to conduct virtual casino  
43 gaming in this State. The commission shall, by regulation, establish  
44 such technical standards for approval of software, computers and other  
45 gaming equipment used to conduct virtual casino gaming, including  
46 mechanical, electrical or program reliability, security against

1 tampering, the comprehensibility of wagering, and noise and light  
2 levels, as it may deem necessary to protect the player from fraud or  
3 deception and to insure the integrity of gaming. Where appropriate,  
4 the licensee shall set the denominations of virtual casino games and  
5 shall simultaneously notify the commission of the settings.

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

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

8 k. It shall be unlawful for any person to exchange or redeem chips  
9 for anything whatsoever, except for currency, negotiable personal  
10 checks, negotiable counter checks, other chips, coupons or  
11 complimentary vouchers distributed by the casino licensee, or, if  
12 authorized by regulation of the commission, a valid charge to a credit  
13 or debit card account. A casino licensee shall, upon the request of any  
14 person, redeem that licensee's gaming chips surrendered by that person  
15 in any amount over \$100 with a check drawn upon the licensee's  
16 account at any banking institution in this State and made payable to  
17 that person.

18 l. It shall be unlawful for any casino licensee or its agents or  
19 employees to employ, contract with, or use any skill or barker to  
20 induce any person to enter a casino or simulcasting facility or play at  
21 any game or for any purpose whatsoever.

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

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

45 o. (1) It shall be unlawful for any casino key employee or boxman,  
46 floorman, or any other casino employee who shall serve in a

1 supervisory position to solicit or accept, and for any other casino  
2 employee to solicit, any tip or gratuity from any player or patron at the  
3 casino hotel or simulcasting facility where he is employed.

4 (2) A dealer may accept tips or gratuities from a patron at the table  
5 at which such dealer is conducting play, subject to the provisions of  
6 this subsection. All such tips or gratuities shall be immediately  
7 deposited in a lockbox reserved for that purpose, accounted for, and  
8 placed in a pool for distribution pro rata among the dealers, with the  
9 distribution based upon the number of hours each dealer has worked,  
10 except that the commission may permit a separate pool to be  
11 established for dealers in the game of poker, or may permit tips or  
12 gratuities to be retained by individual dealers in the game of poker.  
13 (cf: P.L.1998, c.141, s.1)

14  
15 5. Section 109 of P.L.1977, c.110 (5:12-109) is amended to read  
16 as follows:

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

27 a. An emergency order shall be issued only when the commission  
28 finds that:

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

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

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

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

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

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

4 e. Thereafter, the person or entity against whom the emergency  
5 order has been issued and served shall be entitled to a hearing before  
6 the commission in accordance with the provisions of this act.

7 (cf: P.L.1981, c.503, s.18)

8

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

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

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

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

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

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

35

36 7. (New section) "Virtual Casino" - An Internet website or a part  
37 of an Internet website established by a casino licensee pursuant to this  
38 act, P.L. , c. (C. )(now pending before the Legislature as this  
39 bill), through which the casino licensee may offer authorized games to  
40 residents of this State who have established a wagering account with  
41 the casino licensee.

42

43 8. (New section) a. No virtual casino shall be opened to the  
44 public, and no gaming, except for test purposes, may be conducted  
45 therein, until a casino licensee with a valid operation certificate  
46 receives from the commission a permit to conduct virtual casino

1 gaming. Such permit, valid for one year, shall be issued by the  
2 commission upon a finding that a virtual casino complies in all respects  
3 with the requirements of this act, P.L. , c. (C. )(now pending  
4 before the Legislature as this bill) and regulations promulgated  
5 hereunder, that the casino licensee has implemented necessary  
6 management controls and security precautions for the efficient  
7 operation of the virtual casino, that casino personnel having duties  
8 relating to the virtual casino are licensed for the performance of their  
9 respective responsibilities, and that the virtual casino is prepared in all  
10 respects to receive and entertain the public.

11 b. The permit shall include an itemized list by category and number  
12 of the authorized games featured in the particular virtual casino.

13 c. A casino licensee shall, in accordance with regulations  
14 promulgated by the commission, file any changes in the number of  
15 authorized games featured in its virtual casino with the commission  
16 and the division.

17 d. It shall be an express condition of the continued operation of a  
18 virtual casino that a casino licensee shall maintain all books, records,  
19 and documents pertaining to the licensee's virtual casino operations in  
20 a manner and location within this State approved by the commission.  
21 All such books, records and documents shall be immediately available  
22 for inspection during all hours of operation in accordance with the  
23 rules of the commission and shall be maintained for such period of  
24 time as the commission shall require.

25 e. Subject to the power of the commission to deny, revoke, or  
26 suspend permits, any virtual casino permit in force shall be renewed by  
27 the commission for one year upon proper application for renewal,  
28 completion of a review of virtual casino operations for compliance  
29 with this act, a review of all controls required under section 9 of this  
30 act and payment of permit fees and taxes as required by law and the  
31 regulations of the commission. Upon renewal of a virtual casino  
32 permit the commission shall issue an appropriate renewal certificate or  
33 validating device or sticker which shall be attached to the virtual  
34 casino permit.

35 f. Notwithstanding subsections a. and e. of this section, a virtual  
36 casino permit shall remain in force only if the casino licensee that holds  
37 the permit also holds a valid operation certificate.

38

39 9. (New section) a. The entire virtual casino operation, including  
40 facilities, equipment and personnel, shall be located within the  
41 licensees' casino hotel facility.

42 b. Facilities used to conduct and support virtual casino gaming  
43 shall:

44 (1) be arranged in a manner promoting optimum security for the  
45 virtual casino operation;

46 (2) include a closed circuit visual monitoring system according to

1 specifications approved by the commission, with access on the licensed  
2 premises to the system or its signal provided to the commission or the  
3 division;

4 (3) not be designed in any way that might interfere with the ability  
5 of the commission or the division to supervise virtual casino  
6 operations; and

7 (4) comply in all respects with regulations of the commission  
8 pertaining thereto.

9

10 10. (New section) a. Notwithstanding section 99 of P.L.1977,  
11 c.110 (C.5:12-99), each casino licensee who holds or has applied for  
12 a permit to operate a virtual casino shall submit to the commission a  
13 description of its system of internal procedures and administrative and  
14 accounting controls for virtual casino gaming and a description of any  
15 changes thereof. Such submission shall be made at least 30 days  
16 before such operations are to commence or at least 30 days before any  
17 change in those procedures or controls is to take effect, unless  
18 otherwise directed by the commission. Notwithstanding the foregoing,  
19 the internal controls described in paragraph (3) of this subsection may  
20 be implemented by a casino licensee upon the filing of such internal  
21 controls with the commission. Each internal procedure or control  
22 submission shall contain both narrative and diagrammatic  
23 representations of the internal control system to be utilized with regard  
24 to the virtual casino, including, but not limited to:

25 (1) accounting controls, including the standardization of forms and  
26 definition of terms to be utilized in the gaming operations;

27 (2) procedures, forms, and, where appropriate, formulas covering  
28 the calculation of hold percentages; revenue drop; expense and  
29 overhead schedules; complimentary services; and cash equivalent  
30 transactions;

31 (3) job descriptions and the system of personnel and  
32 chain-of-command, establishing a diversity of responsibility among  
33 employees engaged in virtual casino operations and identifying primary  
34 and secondary supervisory positions for areas of responsibility; salary  
35 structure; and personnel practices;

36 (4) procedures for the establishment of wagering accounts,  
37 including a procedure for authenticating the age of the applicant for a  
38 wagering account;

39 (5) procedures for the termination of a wagering account by the  
40 account holder and the return of any remaining funds in the wagering  
41 account to the account holder;

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

43 (7) procedures for the logging in and authentication of a wagering  
44 account holder in order to enable the holder to commence virtual  
45 casino gaming, and the logging off of the holder of the wagering  
46 account when the account holder has finished gaming, including a

- 1 procedure to automatically log off the holder after a specified period  
2 of inactivity;
- 3 (8) procedures for the crediting and debiting of wagering accounts;
- 4 (9) procedures for the cashing of checks to establish credit in a  
5 wagering account; the receipt and security of cash to establish credit  
6 in a wagering account, whether such cash is received by wire transfer,  
7 advance on a credit card or debit card or by other electronic means  
8 approved by the commission; and receipt of other electronic negotiable  
9 instruments approved by the commission to establish credit in a  
10 wagering account;
- 11 (10) procedures for the withdrawal of funds from a wagering  
12 account by the account holder;
- 13 (11) the redemption of virtual casino chips, tokens or other cash  
14 equivalents used in gaming and the pay-off of jackpots;
- 15 (12) the recording of transactions pertaining to gaming at a virtual  
16 casino;
- 17 (13) procedures for the security of information and funds in a  
18 wagering account;
- 19 (14) procedures for the transfer of funds from wagering accounts  
20 to the counting process;
- 21 (15) procedures and security for the counting and recordation of  
22 revenue;
- 23 (16) procedures for the security of virtual casino facilities within  
24 the casino hotel facility;
- 25 (17) procedures and security standards for the handling and storage  
26 of software, computers and other electronic equipment used to  
27 conduct virtual casino gaming;
- 28 (18) procedures and security standards to protect software,  
29 computers and other gaming equipment used to conduct virtual casino  
30 gaming from tampering by casino employees or any other person, from  
31 a location inside or outside of the casino hotel facility;
- 32 (19) procedures for responding to tampering with software,  
33 computers and other gaming equipment used to conduct virtual casino  
34 gaming or any gaming-related equipment or hardware used in support  
35 of gaming, including partial or complete suspension of virtual casino  
36 operations or the suspension of any or all wagering accounts when  
37 warranted; and
- 38 (20) procedures to assist problem and compulsive gamblers.
- 39 b. Each casino licensee shall also submit a description of its system  
40 of internal procedures and administrative and accounting controls for  
41 non-gaming operations regarding the website on which the virtual  
42 casino is accessed and a description of any changes thereto no later  
43 than five days after those operations commence or after any change in  
44 those procedures or controls takes effect.
- 45 c. The commission shall review each submission required by  
46 subsection a. and b. hereof, and shall determine whether it conforms

1 to the requirements of this act, P.L. , c. (C. )(now pending  
2 before the Legislature as this bill), and to the regulations promulgated  
3 thereunder and whether the system submitted provides adequate and  
4 effective controls for the virtual casino operations of the particular  
5 casino hotel submitting it. If the commission finds any insufficiencies,  
6 it shall specify the insufficiencies in writing to the casino licensee, who  
7 shall make appropriate alterations. When the commission determines  
8 a submission to be adequate in all respects, it shall notify the casino  
9 licensee. Except as otherwise provided in subsection a. of this section,  
10 no casino licensee shall commence or alter gaming operations unless  
11 and until such system of procedures and controls is approved by the  
12 commission.

13

14 11. (New section) a. To establish a wagering account at a virtual  
15 casino, a person shall be an individual at least 21 years of age and a  
16 resident of this State.

17 b. The account shall be in the name of a natural person and may  
18 not be in the name of any beneficiary, custodian, joint trust,  
19 corporation, partnership or other organization or entity.

20 c. An account may be established by a person submitting an  
21 application form approved by the commission along with proof of age.  
22 The commission shall specify by regulation what types of proof are  
23 sufficient to authenticate age. The application form shall include the  
24 address of the principal residence of the prospective account holder,  
25 an electronic mail address of the prospective account holder and a  
26 statement that a false statement made in regard to an application may  
27 subject the applicant to prosecution.

28 d. As part of the application process, the casino licensee shall  
29 provide the prospective account holder with a password to access the  
30 wagering account, or shall establish some other mechanism approved  
31 by the commission to authenticate the player as the holder of a  
32 wagering account and allow the holder access to the wagering account  
33 at the virtual casino.

34 e. The prospective account holder shall submit the completed  
35 application to the casino licensee. The licensee may accept or reject an  
36 application after receipt and review of the application and proof of age  
37 for compliance with this act, P.L. , c. (C. )(now pending before  
38 the Legislature as this bill).

39 f. Any prospective account holder who provides false or misleading  
40 information on the application is subject to rejection of the application  
41 or cancellation of the account by the casino licensee.

42 g. The licensee shall have the right to suspend or close any  
43 wagering account at its discretion.

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

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

1 account holder.

2 b. Debits to a wagering account at a virtual casino shall not be  
3 made except as provided by this subsection.

4 (1) When an account holder logs onto a wagering account and  
5 exchanges account funds for virtual chips, tokens or other cash  
6 equivalents, the licensee shall debit the holder's account in the amount  
7 of funds exchanged. Upon receipt by a casino licensee of an account  
8 wager or an account purchase order, the casino licensee shall debit the  
9 account holder's virtual chips, tokens or other cash equivalents in the  
10 amount of the wager or purchase.

11 (2) A casino licensee may authorize a withdrawal from a wagering  
12 account when the account holder submits to the casino licensee:

13 (a) proper identification;

14 (b) the correct authentication information for access to the  
15 account; and

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

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

25

26 13. (New section) A casino licensee may accept account wagers  
27 at its virtual casino only as follows:

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

30 b. The account holder placing the account wager shall provide the  
31 casino licensee with the correct authentication information for access  
32 to the wagering account.

33 c. A casino licensee may not accept an account wager in an amount  
34 in excess of funds on deposit in the wagering account of the holder  
35 placing the wager. Funds on deposit include amounts credited under  
36 section 12 of this act, P.L. c. (C. ) (now pending before the  
37 Legislature as this bill), and in the account at the time the wager is  
38 placed.

39 d. Only the holder of a wagering account shall place an account  
40 wager at a virtual casino.

41

42 14. (New section) All amounts remaining in wagering accounts  
43 inactive or dormant for such period and under such conditions as  
44 established by regulation by the commission shall be paid 50% to the  
45 casino licensee and 50% to the Casino Control Fund. Before closing  
46 a wagering account pursuant to this section, the casino licensee shall

1 attempt to contact the account holder by mail, phone and computer.

2

3 15. (New section) a. The casino licensee shall establish a log in  
4 procedure for a holder of a wagering account to access the virtual  
5 casino. Part of the log in procedure shall be the provision by the  
6 account holder of the appropriate authentication information for  
7 access to the wagering account. The casino licensee shall not allow a  
8 an account holder to participate in gaming at a virtual casino before  
9 logging in and providing the proper authentication information to  
10 access the holder's wagering account.

11 b. Upon log in, the holder of a wagering account shall have the  
12 option to exchange any amount of funds in the wagering account to  
13 virtual chips, tokens or other cash equivalents, to be used for virtual  
14 casino gaming.

15 c. Upon logging off, the current amount of the holders' virtual  
16 chips, tokens or other cash equivalents shall be credited to the holder's  
17 wagering account.

18

19 16. (New section) The casino licensee shall provide to a holder of  
20 a wagering account who is logged in to his or her virtual casino  
21 wagering account access to a display on the virtual casino of all of the  
22 following information:

23 a. the current amount of money in the holder's account, including  
24 the current amount of the holder's virtual chips, tokens or other cash  
25 equivalents;

26 b. the amount of money the account holder has won or lost on  
27 virtual casino gaming since the account was established;

28 c. the amount of money the account holder has won or lost on  
29 virtual casino gaming during the current gaming session, where a  
30 gaming session begins at log on and ends at log off;

31 d. a detailed accounting of all other virtual casino gaming sessions,  
32 where a session begins at log on and ends at log off, including time  
33 and date of log on and log off and the amount of money won or lost  
34 on gaming and the amount of money spent from the account on  
35 merchandise or services; and

36 e. the complete text of the rules of the commission regarding  
37 games and the conduct of virtual casino gaming, pay-offs of winning  
38 wagers, an approximation of the odds of winning for each wager, and  
39 such other advice and information to the account holder as the  
40 commission shall require.

41

42 17. (New section) In order to assist those persons who may have  
43 a gambling problem, a casino licensee shall:

44 a. cause the words "If you or someone you know has a gambling  
45 problem and wants help, call 1-800 GAMBLER," or some comparable  
46 language approved by the commission, which language shall include

1 the words "gambling problem" and "call 1-800 GAMBLER," to be  
2 prominently and continuously displayed to any person visiting or  
3 logged into the virtual casino;

4 b. provide a mechanism by which a holder of a wagering account  
5 may establish the following controls on wagering activity through the  
6 wagering account:

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

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

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

14 The casino licensee shall not send gaming-related mail or electronic  
15 mail to an account holder while gaming through his or her wagering  
16 account is suspended. The casino licensee shall provide a mechanism  
17 by which an account holder may change these controls, except that  
18 while gaming through the wagering account is suspended, the account  
19 holder may not change gaming controls until the suspension expires,  
20 but the holder shall continue to have access to the account and shall  
21 be permitted to withdraw funds from the account upon proper  
22 application therefor; and

23 c. establish a system by which a holder of a wagering account who  
24 sustains continuous losses of a sufficient level according to standards  
25 set by the commission by regulation, will have sent to his or her postal  
26 address and electronic mail address a list detailing all gaming winnings  
27 and losses through the wagering account, contact information for  
28 assistance with identifying a potential gambling problem and other  
29 information about gambling problems and compulsive gambling  
30 deemed appropriate by the commission.

31

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

37 (1) cash any check, make any loan, or otherwise provide credit to  
38 any person for the purpose of crediting a virtual casino wagering  
39 account; or

40 (2) release or discharge any debt, either in whole or in part, or  
41 make any loan which represents any losses incurred by any account  
42 holder in gaming activity through a virtual casino, without maintaining  
43 a written record thereof in accordance with the rules of the  
44 commission.

45 b. Notwithstanding section 101 of P.L.1977, c.110 (C.5:12-101),  
46 no casino licensee or any person licensed under P.L.1977, c.110

1 (C.5:12-1 et seq.) and no person acting on behalf of, or under any  
2 arrangement with, a casino licensee or other person licensed under  
3 P.L.1977, c.110, may accept a check, other than a recognized  
4 traveler's check or other cash equivalent from any person for the  
5 purpose of crediting a virtual casino wagering account unless:

- 6 (1) the check is made payable to the casino licensee;
- 7 (2) the check is dated, but not postdated;
- 8 (3) the check is transmitted to the casino licensee and received by  
9 the licensee in a manner approved by the commission and is exchanged  
10 for credits on the virtual casino wagering account established by the  
11 drawer of the check; and
- 12 (4) the regulations concerning check cashing procedures are  
13 observed by the casino licensee and its employees and agents.

14

15 19. (New section) Any person who offers games into play or  
16 displays such games on a virtual casino without approval of the  
17 commission to do so is guilty of a crime of the fourth degree and  
18 notwithstanding the provisions of N.J.S.2C:43-3, shall be subject to a  
19 fine of not more than \$25,000 and in the case of a person other than  
20 a natural person, to a fine of not more than \$100,000 and any other  
21 appropriate disposition authorized by subsection b. of N.J.S.2C:43-2.

22

23 20. (New section) a. Notwithstanding section 46 of P.L.1991,  
24 c.182 (C.5:12-113.1), any person who knowingly tampers with  
25 software, computers or other equipment used to conduct virtual casino  
26 gaming to alter the odds or the payout of a game or disables the game  
27 from operating according to the rules of the game as promulgated by  
28 the commission is guilty of a crime of the third degree and  
29 notwithstanding the provisions of N.J.S.2C:43-3, shall be subject to a  
30 fine of not more than \$50,000 and in the case of a person other than  
31 a natural person, to a fine of not more than \$200,000 and any other  
32 appropriate disposition authorized by subsection b. of N.J.S.2C:43-2.

33

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

37

c. In addition to the penalties provided in subsection a., a casino  
38 licensee that violates this section shall have its permit to conduct  
39 virtual casino gaming revoked and shall be subject to such further  
40 penalty as the commission deems appropriate.

41

42 21. (New section) a. Any person who knowingly offers or allows  
43 to be offered any virtual casino game that has been tampered with in  
44 a way that affects the odds or the payout of a game or disables the  
45 game from operating according to the rules of the game as  
46 promulgated by the commission is guilty of a crime of the third degree

1 and notwithstanding the provisions of N.J.S.2C:43-3, shall be subject  
2 to a fine of not more than \$50,000 and in the case of a person other  
3 than a natural person, to a fine of not more than \$200,000 and any  
4 other appropriate disposition authorized by subsection b. of  
5 N.J.S.2C:43-2.

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

10 c. In addition to the penalties provided in subsection a., a casino  
11 licensee that violates this section shall have its permit to conduct  
12 virtual casino gaming suspended for a period not less than 30 days.

13

14 22. (New section) a. No person under the age of 21 shall be  
15 permitted to maintain a virtual casino wagering account. Any casino  
16 licensee or employee of a casino licensee who allows a person under  
17 the age of 21 to maintain a wagering account is guilty of a crime of the  
18 fourth degree and subject to the penalties therefor; except that the  
19 establishment of all of the following facts by a licensee or employee  
20 allowing any such underage person to maintain an account shall  
21 constitute a defense to any prosecution therefor:

22 (1) that the underage person falsely represented during the  
23 application process for a virtual casino wagering account that he or  
24 she was at least 21 years of age; and

25 (2) that the establishment of the wagering account was made in  
26 good faith, relying upon such representation, and in the reasonable  
27 belief that the underage person was actually 21 years of age or older.

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

31 c. In addition to the penalties provided in subsection a., a casino  
32 licensee that violates the provisions of this section more than once  
33 shall have its permit to conduct virtual casino gaming revoked.

34

35 23. (New section) a. The commission shall, by regulation,  
36 establish annual fees for the issuance or renewal of virtual casino  
37 permits. The issuance fee shall be based upon the cost of investigation  
38 and consideration of the license application and shall be not less than  
39 \$200,000. The renewal fee shall be based upon the cost of maintaining  
40 enforcement, control and regulation of virtual casino operations and  
41 shall be not less than \$100,000.

42 b. The Attorney General shall certify to the commission actual and  
43 prospective costs of the investigative and enforcement functions of the  
44 division, which costs shall be the basis, together with the operating  
45 expenses of the commission, for the establishment of annual permit  
46 issuance and renewal fees.

1 c. A nonrefundable deposit of at least \$100,000 shall be required  
2 to be posted with each application for a virtual casino permit and shall  
3 be applied to the initial permit fee if the application is approved.

4 d. In addition to the permit issuance and renewal fees, a casino  
5 licensee with a virtual casino permit shall pay annually to the  
6 commission \$100,000 to be deposited into the General Fund for  
7 appropriation by the Legislature to the Department of Health and  
8 Senior Services, \$85,000 of which shall be allocated to the Council on  
9 Compulsive Gambling of New Jersey and \$15,000 of which shall be  
10 used for compulsive gambling treatment programs in the State.

11  
12 24. This act shall take effect 120 days after enactment, but the  
13 Casino Control Commission may take such anticipatory actions as may  
14 be necessary to effectuate the purposes of the act.

15  
16  
17 STATEMENT

18  
19 This bill authorizes the Casino Control Commission to issue a  
20 permit to a licensed casino in Atlantic City to establish a virtual casino,  
21 which would enable New Jersey residents to place wagers over the  
22 Internet.

23 In particular, the bill provides:

- 24 C the application process for a licensed casino to obtain a permit to  
25 establish a virtual casino, with the permit valid for one year and  
26 subject to renewal. As part of the application process, a casino  
27 licensee must submit to the commission for its approval a  
28 description of its system of internal procedures (including security  
29 procedures) and administrative and accounting controls for virtual  
30 casino gaming. A casino licensee must also submit its gaming  
31 software and other virtual gaming equipment to the Division of  
32 Gaming Enforcement for testing to ensure compliance with  
33 technical standards for such equipment set by the commission;  
34 C the process to allow individual players to establish virtual casino  
35 wagering accounts;  
36 C procedures for the crediting and debiting of a wagering account;  
37 C required features of the virtual casino to assist the wagering  
38 account holder;  
39 C required features to assist problem gamblers and potential problem  
40 gamblers;  
41 C penalties for violations of the provisions of the bill;  
42 C an annual fee for virtual casino permit holders for the initial permit  
43 and permit renewal to cover the costs of regulation by the  
44 commission and the division, with the initial fee to be at least  
45 \$200,000 and the renewal fee to be at least \$100,000; and  
46 C an annual fee for virtual casino permit holders of \$100,000 to be

1 allocated to programs to prevent compulsive gambling and to assist  
2 compulsive gamblers.

3 In addition, a licensed casino's virtual casino operations would be  
4 subject to the existing provisions of the Casino Control Act and the  
5 regulations of the commission, including, but not limited to:

6 C the 8% tax on gross revenues and the 2.5% investment alternative  
7 tax on gross revenues;

8 C the licensure of all employees with gaming-related duties or  
9 responsibilities;

10 C penalties for a violation of the act; and

11 C supplemental sanctions deemed appropriate by the commission, for  
12 a violation of a provision of the existing casino control act or this  
13 amendatory and supplementary bill.

14 Finally, the bill maintains the commission's authority to promulgate  
15 regulations for virtual casino gaming and the commission's and the  
16 division's authority to protect the integrity of gaming.