

LAW AND PUBLIC SAFETY

DIVISION OF GAMING ENFORCEMENT

Internet and Mobile Gaming

Casino Operation Accounting Controls and Standards

Casino Licensee's Organization; Procedure for Acceptance,  
Accounting for, Withdrawal and Refund of Patron Deposits;

Casino Gaming Systems; Official Time

Exclusion of Persons

Request for Self-Exclusion and Internet Self-Exclusion

Proposed New Rule: N.J.A.C. 13:69D-2.5

Proposed Amendments: N.J.A.C. 13:69D-1.11 and 1.24; 13:69G-2.2;  
and 13:69O-1.1 through 1.5 and 1.9

Authorized By: David A. Rebeck, Director, Division of Gaming  
Enforcement.

Authority: N.J.S.A. 5:12-5, 12, 38a, 69, 70, 76, 82, 92, 100,  
104, and 129.1.

Calendar Reference: See Summary below for explanation of exception to  
calendar requirement.

Proposal Number: PRN 2014-062.

Submit written comments by July 18, 2014, to:

Robert Moncrief, Deputy Attorney General

Division of Gaming Enforcement

1300 Atlantic Avenue

Atlantic City, NJ 08401

The agency proposal follows:

**Summary**

Effective August 8, 2012, the Casino Control Act (Act) was amended to permit, among other things, the use of mobile gaming devices within casino hotels in Atlantic City. See P.L. 2012, c. 34 (N.J.S.A. 5:12-1 et seq.).

The Act was amended again, effective February 25, 2013, to authorize Internet gaming within New Jersey through licensed casinos operating in Atlantic City. See P.L. 2013, c. 27 (N.J.S.A. 5:12-1 et seq.).

Consistent with the statutory authorizations, the Division adopted rules to implement Internet and mobile gaming, effective October 21, 2013. See 45 N.J.R. 1355(a), 2336(a). In addition to these rules, the Division proposed for temporary adoption other rules it deemed necessary for the launch of Internet gaming in New Jersey on November 21, 2013. The temporarily adopted rules either modify or supplement the adopted rules.

The Division herein proposes amendments to supplement the rules for Internet and mobile gaming consistent with their enabling legislation. This rulemaking contains amendments contemplated at the time of temporary adoption and amendments related to new matters not referenced therein.

The proposed amendments to N.J.A.C. 13:69D-1.11(b)3ii expand the responsibilities of the IT security officer, one of three mandatory positions within the IT department, to include:

coordinating the development of the licensee's information security policies, standards, and procedures; coordinating the development of an education and training program on information security and privacy matters for employees and other authorized users; ensuring compliance with all State and Federal information security policies and rules; preparing and maintaining security-related reports and data; working with internal and external audit personnel to ensure all findings are addressed in a timely and effective manner; developing and implementing an Incident Reporting and Response System to address security breaches, policy violations, and complaints from external parties; serving as the official contact for information security and data privacy issues, including reporting to law enforcement; developing and implementing an ongoing risk assessment program that targets information security and privacy matters by identifying methods for vulnerability detection and remediation, and overseeing the testing of those methods; and remaining current with the latest IT security and privacy legislation, rules, advisories, alerts, and vulnerabilities to ensure the licensee's security program and security software is effective.

A proposed amendment to N.J.A.C. 13:69D-1.11(b)iii enables the Internet and/or mobile gaming manager to report to a department manager, other than the IT department manager, as approved by the Division. This amendment would afford a casino licensee (Internet gaming permit holder) greater flexibility in

devising reporting lines most suitable to its operations without sacrificing accountability.

The proposed amendments to N.J.A.C. 13:69D-1.24 generally authorize patron transfers of funds between an Internet or mobile gaming account and a land-based wagering account.

Proposed new N.J.A.C. 13:69D-2.5 requires an official time to be used for all "controlled computer systems" and "critical computer systems," as those terms are defined at N.J.A.C. 13:69D-1.1. These systems are to be synchronized with the United States Naval Observatory Master Clock Time for the Eastern Standard Time Zone. The new rule extends to all casino computer systems, both land-based and Internet gaming systems.

The proposed amendment to N.J.A.C. 13:69G-2.2(d)5i revises the required statement in the form to be used by a patron who requests Internet self-exclusion. The reference to "unless I have requested to be excluded for life" is proposed for deletion, as a patron may elect Internet self-exclusion via the Internet only for a one-year term or a five-year term. Any election of Internet self-exclusion for life must be effectuated in person in accordance with N.J.A.C. 13:69G-2.2(c).

Proposed amendments to N.J.A.C. 13:690-1.1 supplement the definitions section for the chapter with two new definitions. "Funds on game" is added to provide clarity to certain Internet gross revenue reporting requirements. "Pending wager account" is amended for clarity to apply to all funds where a game is incomplete, so that funds from disconnected games, as well as

funds from a previous gaming day are captured. "Internet gaming network" is a term that allows for rules implementing peer-to-peer games across multiple Internet gaming operators.

The proposed amendment to N.J.A.C. 13:690-1.2(k) supplements the permissible methods described in a casino licensee's internal controls for securely issuing, modifying, and resetting a patron's account password, Personal Identification Number (PIN), or other approved security feature. If the issuing, modifying, or resetting is done via the Internet, the only currently prescribed method is for the patron to respond correctly to two or more challenge questions. This method would be supplemented with "strong authentication," as defined at N.J.A.C. 13:690-1.1 as "a method that has been demonstrated to the satisfaction of the Division to effectively provide higher security than a user name and password alone." "Strong authentication" will afford Internet gaming operators greater flexibility in configuring their Internet gaming systems.

Further, for any method chosen, including an in person modification upon proof of identity, the Division proposes an amendment requiring notification to the patron following any modification via electronic or regular mail, text message, or other manner approved by the Division.

The proposed amendment to N.J.A.C. 13:690-1.2(n) would require any use of backup gaming equipment to be in a restricted area on the premises of a casino hotel facility. This conforms

the required location for backup equipment (equipment to be used in the event that primary equipment is inoperable) to that of a casino operator's primary gaming equipment, and is consistent with the enabling legislation that requires all legalized casino gaming to be conducted within the territorial limits of Atlantic City.

The proposed substitution of N.J.A.C. 13:690-1.2(s) more fully delineates requirements for "games that do not require a wager or payment from a patron's Internet gaming account," sometimes referred to as "free play." These include: (1) a payout percentage equal to or less than the lowest payout percentage of a substantially similar casino game approved by the Division; (2) the prominent display prior to the start of and during any game play of prescribed disclosures; (3) special requirements for any game that can be played without logging into an Internet gaming account; (4) the prohibition against offering an award or anything of value to patrons under the age of 21; (5) maintenance of game play history for all games played by a patron while logged into an Internet gaming account; and (6) the prohibition on funding or accessing "social games" that may require a payment for certain game features from a patron's Internet gaming account. The proposed amendment responds to questions from Internet gaming permit holders and their platform providers regarding their ability to offer "not for pay" games on their websites prior to a patron logging onto his or her account.

The existing requirement speaks only to games offered after a patron logs in. The amendment offers greater overall guidance to casinos.

The proposed amendment to N.J.A.C. 13:690-1.2(u) imposes upon a casino licensee that prohibits a patron from engaging in Internet wagering because it suspects fraud, cheating, or irresponsible gaming behavior the obligation to notify all other casino licensees, as well as the Division, of the patron's prohibited status. Currently, only the Division is required to be notified and, in turn, the Division has the obligation to notify all other casino licensees.

Proposed new N.J.A.C. 13:690-1.2(w) requires the physical presence in New Jersey of all employees of an Internet gaming operator who perform activities such as Internet casino accounting, patron identification and verification, problem gaming detection, anti-money laundering detection, fraud prevention, or other similar functions requiring access to confidential patron account or gaming system information. The Division imposes the requirement of New Jersey presence on these employees, thereby subjecting them to personal jurisdiction, because of the sensitivity of their functions. This addition is in response to comments from the public subsequent to the commencement of Internet gaming and the promulgation of the Division's initial rulemaking on the matter. Patrons and potential patrons expressed concern about the sensitive nature of

the information requested to commence gaming. Others expressed reservations about the ability to be a "hub" for Internet wagering when the technical staff required for key functions were located out-of-State. In response, the Division has set forth requirements that certain jobs be filled by persons located in New Jersey.

Proposed new N.J.A.C. 13:690-1.2(x) prohibits Internet gaming operators and related vendors from retaining patron account information without the expressed written consent of the Internet gaming permit holder. This provision protects Internet gaming permit holders from the unauthorized use of their patrons' account information by Internet gaming operators or other vendors who may use such information for their own marketing purposes. This addition was in response to concerns raised by consumers and casino licensees. The change is intended to reassure the public that their sensitive is in the control of licensed casino permit holders who are licensed to the highest standards of integrity.

The proposed amendment to N.J.A.C. 13:690-1.3(d) includes a patron's deposit of cash, gaming chips, or slot tokens at a cashiering location approved by the Division as a means to fund the patron's Internet or mobile gaming account.

Proposed amendments to N.J.A.C. 13:690-1.3(i) are non-substantive, and are intended to clarify the required information to be provided upon patron request for his or her Internet or mobile summary account statement.



Proposed new N.J.A.C. 13:690-1.3(m) requires, in the absence of fraud, the return of funds to a patron's Internet or mobile gaming account within seven days of a requested withdrawal of such funds whenever a licensee fails to verify the patron's destination account for funds transmission. This amendment is in response to requests for clarification by patrons who complained of unclear processes set forth on the websites' terms and conditions. Under current practice, a withdrawal that for technical reasons could not be processed would be unavailable to the patron but would be held by the operator. This addition clarifies that the operator must either complete the withdrawal or else return the funds to the patron's account.

The proposed amendment to N.J.A.C. 13:690-1.4(j)1 increases the minimum time period for which a patron may request his or her account be placed in a suspended mode from 24 hours to 72 hours.

Proposed new N.J.A.C. 13:690-1.5(v) authorizes "Internet gaming networks," and sets forth the requirements for an agreement between participating Internet gaming operators and, if applicable, a third-party administrator of an Internet gaming network. This will authorize two or more Internet gaming operators to combine their players in peer-to-peer games, such as poker, permitting higher payout games and tournaments.

Proposed new N.J.A.C. 13:690-1.5(w) imposes upon any participating Internet gaming operator and third-party

administrator joint and several liability for acts, omissions, and violations of the Act or the rules of the Division.

Proposed new N.J.A.C. 13:690-1.5(x) establishes rules for an Internet gaming operator's conduct of an Internet gaming tournament. An operator must file written notice with the Division for the tournament type prior to offering a tournament to the public. In addition, the rules require Internet gaming operators to maintain internal controls for each tournament type. This addition will simplify tournament procedures for Internet tournaments and will likely result in more such tournaments being offered.

The proposed amendments to N.J.A.C. 13:690-1.9 represent a substantial reorganization of the section pertaining to Internet gross revenue reporting and certain ancillary matters that pertain to Internet gross revenue. As proposed, daily reports that an Internet gaming system is required to generate are: a "Patron Account Summary Report" that includes detailed transaction information for each patron account; a "Wagering Summary Report" that includes wagering and revenue data by authorized game and poker variation; a "Non-cashable Promotional Account Balance Report" to reflect the non-cashable promotional balance in each patron account; a "Network Patron Account Summary Report" that includes detailed transaction information for each patron account for patrons that participate in an Internet Gaming Network; and a "Network Wagering Summary Report" that includes wagering and revenue data by Internet gaming network.

In addition to required daily reports, proposed N.J.A.C. 13:690-1.9 requires an Internet gaming system to generate a daily or monthly "Variance Report," which documents any variance between the Patron Account Summary Report and the Wagering Summary Reports, which documents the reason therefor, and which accounts for any manual adjustment to increase Internet gross revenue by the amount of the variance. A "Dormant Account Report" shall be generated daily one year after the creation of the first Internet gaming account. The Dormant Account Report, in addition to all patron accounts that have had no activity for one year, shall include the Pending Wager Account. A monthly "Performance Report" compares the theoretical Return to Patron (RTP) to the actual RTP of each game offered by a gaming system.

Apart from reports required to be generated for Division audit, proposed new N.J.A.C. 13:690-1.9(m) requires an Internet gaming system to be capable of generating a "Pending Transaction Account Report" that separately itemizes all pending transactions for each patron account, including funds on game and deposits and withdrawals not yet cleared.

Proposed new N.J.A.C. 13:690-1.9(n) requires a casino licensee to periodically submit to the Division, in accordance with internal controls approved by the Division, a copy of the bank statement that reflects the balance of the restricted account maintained to protect patron funds required pursuant N.J.A.C. 13:690-1.3(j).

Proposed new N.J.A.C. 13:690-1.9(o) authorizes Internet gaming operators to establish test accounts to be used to test the various components and operation of an Internet gaming system in accordance with internal controls, one of which addresses the requirement that test account wagering shall be revenue neutral.

The additional reports required in this section are reports that the Division was requiring Internet gaming operators to generate in order to certify revenue. Experience acquired during the initial operation of Internet gaming demonstrated that certain reports were needed beyond those originally mandated. The impact on operators should thus be minimal as these amendments codify what experience demonstrate was needed. The proposed amendments also set forth requirements for networks, such as poker networks, which would allow different operators to pool patrons, making games more accessible. These reporting requirements track the reports required for non-network reporting by operators.

This notice of proposal is not required to be referenced in a rulemaking calendar since a public comment period of 60 days is being provided. See N.J.A.C. 1:30-3.3(a)5.

#### **Social Impact**

Consistent with the enabling legislation, the proposed amendments are anticipated to have a positive social impact on the way the public participates in Internet and mobile gaming. For instance, the overall player gaming experience is enhanced by transfers of funds between a player's Internet or mobile gaming account and a land-based

wagering account. Permitting Internet and mobile gaming account funding at the casino cage, as well as cage cash-outs of these accounts should further enhance the overall player gaming experience. In addition, greater flexibility in securely issuing, modifying, and resetting a patron's account password, Personal Identification Number (PIN), or other approved security feature should improve the player experience without compromising account security. Lastly, the increased minimum suspended account period would afford players a more extended "cooling off" period, as compared to a patron's self-imposed daily time-based limit, with more pervasive account restrictions as set forth at N.J.A.C. 13:690-1.4(k).

In addition, the proposed amendments are anticipated to have a positive impact on the gaming public by more clearly setting forth the duties for the position of IT security officer. This delineation of responsibilities, set forth in N.J.A.C. 13:69D-1.11(b)3ii, should make the IT Department run more smoothly and assist in creating a stable environment, which shall in turn lead to a more positive experience for those who choose to participate in online gaming. Additional flexibility for casino licensees, set forth in N.J.A.C. 13:69D-1.11(b)3iii, allows the IT security officer to report to a person other than the IT Manager. This may also provide a better customer experience by allowing the IT Manager to concentrate on matter of importance to Internet gaming patrons, rather than having to supervise the IT security officer.

The proposed amendment to N.J.A.C. 13:690-1.2(s) responds to questions from Internet gaming permit holders and their platform providers regarding their ability to offer "not for pay" games on their websites prior to a patron logging on to his or her account. The existing regulation speaks only to games offered after a patron logs in. The amendment offers greater overall guidance to casinos and thus may create greater opportunities for online gaming operators to offer casual gamers new types of entertainment to play on New Jersey gaming websites. This could lead to such gamers trying the online "real money" gaming opportunities.

The amendment to N.J.A.C. 13:690-1.2(w) is in response to comments from the public subsequent to the commencement of Internet gaming and the promulgation of the Division's initial rulemaking on the matter. Patrons and potential patrons expressed concern about the sensitive nature of the information requested to commence gaming. Others expressed reservations about the ability of New Jersey to be a "hub" for Internet wagering, when the technical staff required for key functions were located out-of-State. In response, the Division has set forth requirements that certain jobs be filled by persons located in New Jersey. This amendment may allay certain expressed fears and thus create an environment where such persons decide to avail themselves of gaming opportunities available online.

The amendment to N.J.A.C. 13:690-1.2(x) was in response to concerns raised by consumers and casino licensees. The change is intended to reassure the public that their sensitive information is in the control of licensed casino permit holders who are licensed to the highest standards of integrity. This change may also allay certain expressed fears and thus create an environment where such persons decide to avail themselves of gaming opportunities available online.

The amendment to N.J.A.C. 13:690-1.3(m) is in response to requests for clarification by patrons who complained of unclear processes set forth on websites' terms and conditions. Under current practices, a withdrawal, which for technical reasons, could not be processed would be unavailable to the patron but would be held by the operator. This amendment clarifies that the operator must either complete the withdrawal or else return the funds to the patron's account. This process could lead to greater acceptance of online gaming as patrons are reassured that they are able to access their funds.

Proposed amendments to N.J.A.C. 13:690-1.5(v) and (x) set forth regulations for tournaments and networks that should offer greater varieties of gaming opportunities for online gaming patrons. This could lead to greater acceptance and greater tax revenues.

The impact of the proposed amendments to N.J.A.C. 13:690-1.9 on operators should be minimal as these amendments codify what

experience demonstrated was needed. The proposed amendments also set forth requirements for networks, such as poker networks, which would allow different operators to pool patrons, making games more accessible. These reporting requirements track the reports required for non-network reporting by operators. To the extent these amendments simplify reporting requirements for casinos, this could cause them to be willing to offer a greater variety of games, increasing patron participation in online gaming.

#### **Economic Impact**

The proposed amendments are anticipated to have some economic impact to Internet gaming permit holders and other operators. The expansion of responsibilities of the IT security officer, in and of itself, will not adversely impact Internet gaming permit holders or operators as the IT security officer was generally expected to assume these newly enumerated responsibilities in any event. Requiring backup gaming equipment to be in a restricted area on the premises of a casino hotel facility may entail the relocation of backup gaming equipment from outside the casino hotel facility and the additional allocation of casino floor space to house backup gaming equipment. The economic impact will vary from operator to operator as certain operators currently comply with the on-premises, restricted-area requirement. Requiring the physical presence in New Jersey of certain



employees who have access to confidential patron account or gaming system information will necessarily entail the relocation of these employees who perform these functions outside the territorial limits of the State or the hiring of new employees who will maintain the required physical presence. Certain Internet gaming operators based in Europe will incur some costs to synchronize their computer gaming systems with the required official time.

In addition to the economic impact to the Internet gaming industry in New Jersey, the amendments should have a derivative positive economic impact to the State as the industry starts to grow and mature, which should result in greater Internet gaming tax revenues.

#### **Federal Standards Statement**

A Federal standards analysis is not required because the proposed amendments and new rule are authorized by the provisions of the Casino Control Act, N.J.S.A. 5:12-1 et seq., and are not subject to Federal law.

#### **Jobs Impact**

The proposed amendments and new rule may create new jobs in the Internet gaming industry, especially with respect to the required presence in New Jersey of certain employees who have access to confidential patron account information.

#### **Agriculture Industry Impact**

The proposed amendments and new rule will have no impact on agriculture in New Jersey.

**Regulatory Flexibility Statement**

The proposed amendments and new rule will only affect the operations of New Jersey casino licensees that hold an Internet gaming permit and other associated Internet gaming operators. None of these entities is believed to qualify as a "small business" as defined in the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq. Accordingly, a regulatory flexibility analysis is not required.

**Housing Affordability Impact Analysis**

The proposed amendments and new rule will have no impact on the affordability of housing in the State of New Jersey because they affect the regulation of casinos in Atlantic City and their Internet and mobile gaming operations in the State.

**Smart Growth Development Impact Analysis**

The proposed amendments and new rule will have no impact on the achievement of smart growth development in the State of New Jersey and would not evoke a change in housing production in Planning Areas 1 or 2, or within designated centers, under the State Development and Redevelopment Plan because the rule amendments and new rule affect the regulation of casinos in Atlantic City and their Internet and mobile gaming operations in the State.

**Full text** of the proposal follows (additions indicated in boldface **thus**; deletions indicated in brackets [thus]):

CHAPTER 69D

GAMING OPERATION ACCOUNTING CONTROLS AND STANDARDS

SUBCHAPTER 1. GENERAL PROVISIONS

13:69D-1.11 Casino licensee's organization

(a) (No change.)

(b) In addition to satisfying the requirements of (a) above, each casino licensee's system of internal controls shall include, at a minimum, the following departments and supervisory positions.

Each of the departments and supervisors required or authorized by this section (a "mandatory" department or supervisor) shall cooperate with, yet perform independently of, all other mandatory departments and supervisors of the casino licensee. Mandatory departments and supervisory positions are as follows:

1. - 2. (No change.)

3. An IT department comprised of at a minimum an IT department manager, IT security officer, and, if the licensee offers Internet and mobile gaming, an Internet and mobile games manager, all of whom shall be located in New Jersey and licensed as a casino key employee.

i. (No change.)

ii. The IT security officer shall report to the IT department manager and be responsible for:

(1) (No change.)

(2) Reviewing logs of user access, security incidents, and unusual transactions; [and]

**(3) Coordinating the development of the licensee's information security policies, standards, and procedures;**

(4) Coordinating the development of an education and training program on information security and privacy matters for employees and other authorized users;

(5) Ensuring compliance with all State and Federal information security policies and rules;

(6) Preparing and maintaining security-related reports and data;

(7) Working with internal and external audit personnel to ensure all findings are addressed in a timely and effective manner;

(8) Developing and implementing an Incident Reporting and Response System to address security breaches, policy violations, and complaints from external parties;

(9) Serving as the official contact for information security and data privacy issues, including reporting to law enforcement;

(10) Developing and implementing an ongoing risk assessment program that targets information security and privacy matters by identifying methods for vulnerability detection and remediation and overseeing the testing of those methods; and

(11) Remaining current with the latest IT security and privacy legislation, rules, advisories, alerts, and

**vulnerabilities to ensure the licensee's security program and security software is effective; and**

iii. The Internet and/or mobile gaming manager shall report to the IT department manager, **or other department manager as approved by the Division**, and be responsible for ensuring the proper operation and integrity of Internet and/or mobile gaming and reviewing all reports of suspicious behavior;

4.-6. (No change.)

(c)-(h) (No change.)

13:69D-1.24 Procedure for acceptance, accounting for, withdrawal, and refund of patron deposits

(a) Whenever a patron requests a casino licensee to hold his or her cash or non-cash items (for example, cash equivalent, casino check, casino affiliate check, annuity jackpot trust check, complimentary cash gift, chips, plaques, slot tokens, prize tokens, wire transfer, electronic fund transfer, gaming voucher, and electronic credits) authorized to be accepted pursuant to the Division's rules for subsequent use, the patron shall [deliver]:

**1. Deliver** the cash or non-cash item[, ] to a general cashier, who shall deposit the cash or non-cash item for credit to a patron deposit account established for that patron pursuant to this section[.]; **or**

**2. Transfer funds from the patron's Internet or mobile gaming account established pursuant to N.J.A.C. 13:690-1.3 in accordance with approved internal controls.**

(b) If a casino licensee issues manual patron deposit withdrawals to a patron and allows the patron to participate in electronic account wagering, the casino licensee shall maintain two separate patron deposit accounts, one account strictly for the use of deposits associated with counter check and slot counter check withdrawals **and Internet or mobile gaming account withdrawals** and a second account strictly for the use of electronic [account based] **account-based** wagering. The casino licensee shall be prohibited from commingling the accounts or allowing transfers between the accounts.

(c) Prior to accepting a deposit **at the cashiers' cage**, a general cage cashier shall:

1.-3. (No change.)

(d) A general cashier accepting a deposit **at the cashiers' cage** shall prepare a Patron Deposit Form evidencing such receipt. Patron Deposit Forms shall be two-part and serially prenumbered. Each series of Patron Deposit Forms shall be used in sequential order and the series number of all Patron Deposit Forms shall be accounted for by employees with no incompatible functions. The Patron Deposit Form shall include, at a minimum, the following information:

1.-5. (No change.)

(e)-(f) (No change.)

(g) After supplying information required by the casino licensee to verify his or her identity, a patron shall be allowed to withdraw all or a portion of the deposit for gaming activity [with] **as follows:**

1. **With** Counter Checks or Slot Counter Checks in accordance with N.J.A.C. 13:69D-1.25; or

2. [Electronic account based] **For use in account-based** wagering in accordance with N.J.A.C. 13:69D-1.37 **or Internet or mobile gaming pursuant to N.J.A.C. 13:690.**

(h) The patron's deposit balance shall be immediately reduced by amounts equal to the Counter Checks issued in the pit, Slot Counter Checks issued in the slot area or at the casino cage, [or] amounts electronically issued through an approved electronic account based wagering system, **or amounts transferred to an Internet or mobile gaming account.**

(i)-(k) (No change.)

(l) A casino licensee shall maintain a computerized log of all patron deposit transactions. The log shall include, at a minimum, the following:

1. (No change.)

2. For each patron deposit received and withdrawn[;]:

i.-vi. (No change.)

3. (No change.)

(m) (No change.)

SUBCHAPTER 2. CASINO COMPUTER SYSTEMS

**13:69D-2.5 Official time**

**All controlled computer systems and critical computer systems shall be synchronized with the United States Naval Observatory Master Clock Time for the Eastern Standard Time Zone.**

CHAPTER 69G

EXCLUSION OF PERSONS

SUBCHAPTER 2. SELF-EXCLUSION

13:69G-2.2 Request for self-exclusion and Internet self-exclusion

(a)-(c) (No change.)

(d) A request for self-exclusion or Internet self-exclusion shall be in a form prescribed by the Division, which form shall include:

1.-4. (No change.)

5. For Internet self-exclusion:

i. The Internet gaming system shall provide a link from the patron's Internet gaming account directly to a Division website where the patron shall complete the form **and an Internet self-exclusion application form** and provide his or her acknowledgment of the following statement: "I am voluntarily requesting exclusion from all New Jersey Internet gaming because I am a problem Internet gambler. I certify that the information I have provided is true and accurate, and that I have read and



understand and agree to the waiver and release included with this request for Internet self-exclusion. I am aware that my digital signature authorizes the Division of Gaming Enforcement to direct all New Jersey casino licensees to restrict my Internet gaming in accordance with this request and[, unless I have requested to be excluded for life,] until such time as the Division removes my name from the Internet self-exclusion list in response to my request to terminate my voluntary Internet self-exclusion. I am aware and agree that during any period of Internet self-exclusion any money or thing of value seized from me, or owed to me by, a casino licensee shall be subject to forfeiture."; and

ii. (No change.)

## CHAPTER 690

### INTERNET AND MOBILE GAMING

#### SUBCHAPTER 1. GENERAL PROVISIONS

##### 13:690-1.1 Definitions

The following words and terms, when used in this chapter, shall have the following meanings unless the context clearly indicates otherwise:

...

**"Funds on game" means the sum of pending wagers and funds transferred to a game not yet wagered.**

...

**"Internet gaming network" means the linking of patrons of one or more Internet gaming operators to participate in peer-to-peer gaming.**

...

**"Pending wager account" means the account maintained by a server-based gaming system that holds the total balance of all wagers pending disposition and all other funds attributable to uncompleted games.**

...

13:690-1.2 General requirements for Internet and mobile gaming

(a)-(j) (No change.)

(k) A casino licensee offering Internet or mobile gaming shall describe in its internal controls the method for securely issuing, modifying, and resetting a patron's account password, Personal Identification Number (PIN), or other approved security feature, where applicable. **Any method shall include notification to the patron following any modification via electronic or regular mail, text message, or other manner approved by the Division.** Such method shall include at a minimum:

1. Proof of [identification] **identity**, if in person[, or the];

2. **The** correct response to two or more challenge questions;  
[and] **or**

[2. Notification to the patron following any modification via electronic or regular mail or other method approved by the Division.]

**3. Strong authentication.**

(l)-(m) (No change.)

(n) A casino operator's primary **gaming** equipment used to conduct Internet or mobile gaming shall be located, with the prior approval of the Division, in a restricted area on the premises of the casino hotel within the territorial limits of Atlantic City, New Jersey. Subject to Division approval, a casino operator may use backup equipment located [outside] **in a restricted area on the premises of a casino hotel facility within** the territorial limits of Atlantic City to conduct Internet gaming for a time period not to exceed 60 days unless otherwise authorized by the Division.

(o)-(r) (No change.)

[(s) If an Internet gaming system offers free or demonstration games, the games shall only be accessible after log in and have the same payout percentages and odds as paying games.]

**(s) An Internet or mobile gaming system may offer games that do not require a wager or payment from a patron's Internet gaming account to patrons who have not exceeded any daily time-based limit, provided that the games comply with the following requirements:**

1. Any game substantially similar to a game approved by the Division shall utilize a payout percentage equal to or less than the lowest payout percentage of the approved game;

2. Any game not substantially similar to a game approved by the Division shall prominently display the following prior to the start of the game and during game play:

i. The game is offered for entertainment purposes only;

ii. The game is not approved by the Division; and

iii. The game outcomes may not be representative of those for a Division-approved game;

3. Any game that can be played without logging into an Internet gaming account shall:

i. Require the patron to verify that he or she is 21 years of age or older prior to beginning play; and

ii. Not offer an award or thing of value;

4. Any game offering an award or anything of value shall not be offered to patrons under the age of 21;

5. A history of game play for all games played by a patron while logged into his or her Internet gaming account shall be maintained for responsible gaming purposes; and

6. Games traditionally played on social networks that may require a payment for certain game features (social games) shall not be fundable or accessible from a patron's Internet gaming account.

(t) (No change.)

(u) If a patron is prohibited from engaging in Internet wagering because a casino licensee suspects fraud, cheating, or irresponsible gaming behavior, the casino licensee shall notify **all other casino licensees and** the Division within 24 hours[. The Division shall advise all other casino licensees] of the patron's prohibited status. [If applicable, a] **The** casino licensee shall suspend the Internet gaming account of that patron and prohibit such patron from creating an Internet gaming account.

(v) (No change.)

**(w) All employees of an Internet gaming operator who perform activities such as Internet casino accounting, patron identification and verification, problem gaming detection, anti-money laundering detection, fraud prevention, or other similar functions requiring access to confidential patron account or gaming system information shall be physically present in New Jersey.**

**(x) Internet gaming operators and related vendors shall be prohibited from retaining patron account information without the expressed written consent of the Internet gaming permit holder.**

[(w)] **(y)** (No change in text.)

13:690-1.3 Internet or mobile gaming accounts

(a) - (c) (No change.)

(d) A patron's Internet or mobile gaming account may be funded through the use of:

1. - 2. (No change.)

**3. A patron's deposit of cash, gaming chips, or slot tokens at a cashiering location approved by the Division.**

Recodify existing 3.-7. as **4.-8.** (No change in text.)

(e) - (h) (No change.)

(i) Internet or mobile gaming systems shall provide an account statement with account details to a patron on demand[. The account statement], **which** shall include detailed account activity for at least the six months preceding 24 hours prior to the request. In addition, an Internet or mobile gaming system shall, upon request, be capable of providing a summary statement of all patron activity during the past year. Information to be provided [in these] **on the summary** statement[s] shall include, at a minimum, the following:

1.-2. (No change.)

3. [Lifetime win] **Win** or loss statistics;

4. [The current] **Beginning and ending** account balances; and

5. [The self-imposed] **Self-imposed** responsible gaming limit history, if applicable.

(j) - (l) (No change.)

**(m) Unless a licensee suspects fraud, a licensee shall return funds to a patron's Internet or mobile gaming account, as**

applicable, within seven days of the patron's request to withdraw such funds in accordance with (f) above, whenever the licensee fails to verify the account to which the funds are to be transmitted. The licensee shall notify the patron of this disposition his or her funds.

13:690-1.4 Internet or mobile gaming system standards and operational controls

(a)-(i) (No change.)

(j) Internet and mobile gaming systems shall employ a mechanism that places an Internet or mobile gaming account in a suspended mode:

1. When requested by the patron for a specified period of time, which shall not be less than [24] **72** hours;

2.-3. (No change.)

(k)-(t) (No change.)

13:690-1.5 Server-based gaming system; server-based games (table games, slot machines, and [peer to peer] **peer-to-peer gaming**)

(a)-(u) (No change.)

(v) One or more Internet gaming operators may, with prior approval of the Division, participate in an Internet gaming network in accordance with a written agreement that has been executed by each Internet gaming operator. The agreement shall:

1. Designate the party responsible for the operation and administration of the network;

2. Identify and describe the role, authority, and responsibilities of each participating Internet gaming operator and, if applicable, any third-party network provider;

3. Include a description of the process by which significant decisions that affect the operation of the network are approved and implemented by each operator; and

4. Allocate the Internet gaming gross revenue and tax liability thereon between the participating Internet gaming operators to ensure the accurate reporting thereof.

(w) Each party to an agreement for an Internet gaming network in (v) above shall be jointly and severally liable for acts, omissions, and violations of the Act or the rules of the Division.

(x) An Internet gaming operator may conduct an Internet gaming tournament for any game approved by the Division pursuant to N.J.S.A. 5:12-5. No Internet gaming tournament shall be conducted unless the Internet gaming operator, prior to the first time a tournament type is offered, files written notice with the Division of its intent to offer such a tournament. Each Internet gaming operator shall have on file internal controls for each tournament type, which shall address at a minimum:

1. Game type (for example, hold 'em poker);



2. Rules concerning tournament play and participation;
3. Entry fee amount(s) per participant;
4. Funding source amount(s) comprising the prize pool (for example, buy-ins, re-buys, or add-ons);
5. Prize structure on payout; and
6. Methodology for determining winner(s).

13:690-1.9 Required [gaming system] reports; reconciliation; **test accounts**

(a)-(c) (No change.)

(d) An Internet gaming system and a mobile gaming system shall [be capable of generating] **generate** the following daily reports, **at a minimum**, for each gaming day in order to calculate the taxable revenue:

[1. A Patron Account Detail Report, which shall include transaction information by patron for the following categories:

- i. Beginning balance;
- ii. Total amount of deposits;
- iii. Total amount of transfers to games;
- iv. Total amount of transfers from games;
- v. Total amount of withdrawals; and
- vi. Ending balance;

2. A Patron Account Summary Report, which shall include a daily total of all transactions by category as reported in (d)1 above. If the Patron Account Detail Report includes daily totals, this report shall not be required;

3. A Wagering Detail Report, which shall include game activity by game type as follows:

- i. Coin in;
- ii. Coin out; and
- iii. Win/loss;

4. A Wagering Summary Report, which shall include the total win/loss for each game type and the total combined win/loss for all game types; and

5. A Variance Report, which shall include any variance between the Account Summary Report and the Wagering Summary Report.

(e) A casino licensee shall utilize the Wagering Summary Report to calculate gross revenue and Internet gaming gross revenue on a daily basis for reporting purposes. In addition, the casino licensee shall investigate each variance included on the Variance Report and:

1. Prepare a summary schedule of each variance, which schedule shall include the date, source of the variance, variance amount, and the reason for the variance; and

2. Report a manual adjustment to increase revenue by the amount of the variance whenever the total of the Account Summary Report is greater than total of the Wagering Summary Report, unless the reason for the variance documented in (e)1 above is sufficient to support a determination that revenue was properly reported.

(f) In lieu of (b) above, a licensee may summarize the daily variance report review in a manner and on a monthly schedule prescribed by the Division.]

1. A Patron Account Summary Report, which shall include transaction information for each patron account for the following categories:

- i. Beginning balance;
- ii. Total amount of deposits;
- iii. Total amount of non-cashable bonuses deposited;
- iv. Total amount of non-cashable bonuses wagered;
- v. Total amount of non-cashable bonuses expired;
- vi. Total amount of transfers to games;
- vii. Total amount of transfers from games;
- viii. Total amount of withdrawals;
- ix. Total amount of funds on game at the beginning of the gaming day (the amount of pending wagers at the end of the prior gaming day);
- x. Total amount of funds on game at the end of the gaming day (the amount of pending wagers plus funds transferred to a game but not yet wagered);
- xi. Win or loss, calculated as the amount of transfers to games and beginning funds on game less the amount of transfers from games and ending funds on game; and
- xii. Ending balance;

2. A Wagering Summary Report, which shall include the following by authorized game and poker variation, as applicable:

- i. Total amounts wagered;
- ii. Total amounts won;
- iii. Total tournament entry or participation fees;
- iv. Rake or vigorish;
- v. Total amounts of guaranteed funds paid to players;
- vi. Total amounts due to or from an Internet gaming

network; and

vii. Win or loss calculated as the net of the total amounts wagered and total amounts won plus tournament entry fees, rake, or vigorish, guaranteed funds, and amounts due to or from an Internet gaming network; and

3. A Non-cashable Promotional Account Balance Report, which shall include the ending non-cashable promotional balance in each patron account.

(e) An Internet gaming network shall generate the following daily reports for each participating casino operator, at a minimum, for each gaming day in order to reconcile the daily Internet gross gaming revenue:

1. A Network Patron Account Summary Report, which shall include the following transaction information for each patron account:

- i. Patron identification number;

- ii. Total amount of transfers to games;
- iii. Total amount of transfers from games;
- iv. Win or loss statistics;
- v. Total amount of rake; and
- vi. Total amount of entry fees; and

2. A Network Wagering Summary Report, which shall include the following game activity by authorized game or poker variation:

- i. Total amounts wagered;
- ii. Total amounts won;
- iii. Total tournament entry or participation fees;
- iv. Rake or vigorish;
- v. Total amounts of guaranteed funds paid to players;

and

vi. Win or loss statistics, calculated as the net of the total amounts wagered and total amounts won plus tournament entry fees, rake, or vigorish, and guaranteed funds.

(f) A casino licensee shall utilize the Wagering Summary Report to calculate mobile gaming gross revenue and Internet gaming gross revenue on a daily basis for reporting purposes. In addition, the casino licensee shall:

1. Prepare a Variance Report documenting the win/loss amounts from the Patron Account and Wagering Summary Reports;

2. Calculate the variance between the two amounts;

3. Document the reason for the variance; and

4. Report a manual adjustment to increase revenue by the amount of the variance whenever the total of the Patron Account Summary Report is greater than the total of the Wagering Summary Report, unless the reason for the variance as documented in (f)3 above is sufficient to support a determination that revenue was properly reported.

(g) In lieu of (f) above, a licensee may accumulate the daily Variance Report information on a monthly Variance Report in a manner described in the licensee's internal controls.

[(g)] (h) A gaming system shall generate, on a daily basis commencing one year after the creation of the first Internet or mobile gaming account, a Dormant Account Report, which shall list all patron accounts **including the Pending Wager Account** that have had no activity for a period of one year. The report shall include:

1.-3. (No change.)

[(h)] (i) (No change in text.)

[(i)] (j) A gaming system shall generate a Performance Report, which compares the theoretical Return to Patron (RTP) as defined in N.J.A.C. 13:69D-1.1 to the actual RTP of each game offered by a gaming system. The report shall also provide the total number of rounds of play for each game and shall be generated and reviewed [weekly] **monthly** by the licensee to evaluate the

performance of all games offered to the public. **The Performance Report shall include the data required by this subsection from the first day Internet gaming was offered to the date of the report.**

Recodify existing (j)-(k) as (k)-(l) (No change in text.)

(m) An Internet gaming system shall be capable of generating a Pending Transaction Account Report, which shall include and separately itemize all pending transactions for each patron account, including, but not limited to, funds on game and deposits and withdrawals not yet cleared.

(n) In accordance with internal controls, a casino licensee shall periodically submit to the Division a copy of the bank statement that reflects the balance of the restricted account maintained to protect patron funds required pursuant to N.J.A.C. 13:690-1.3(j).

(o) Internet gaming operators may establish test accounts to be used to test the various components and operation of an Internet gaming system in accordance with internal controls, which, at a minimum, address the following:

1. The procedures for the issuance of funds used for testing, including the identification of who is authorized to issue the funds and the maximum amount of funds that may be issued;

2. The procedures for assigning each test account for use by only one person;

3. The maintenance of a record for all test accounts, to include when they are active, to whom they are issued, and the employer of the person to whom they are issued;

4. The procedures for the auditing of testing activity by the Internet gaming permit holder to ensure the accountability of funds used for testing and proper adjustments to Internet gross revenue;

5. The ability to withdraw funds from a test account without the Division's prior approval shall be disabled by the Internet gaming system;

6. For testing of peer-to-peer games:

i. An employee may utilize multiple test accounts; and  
ii. Test account play shall be conducted without the participation of patrons; and

7. In addition to the required internal controls in (o)1 through 6 above, for any wagering on test accounts conducted outside the boundaries of the State of New Jersey, the procedures for auditing of testing activity shall include the method for ascertaining the location from which persons using test accounts access the Internet gaming system.