



## State of New Jersey

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### **Director's Advisory Bulletin 2021-01 Operators Prohibited from Soliciting Patron to Reverse Withdrawal Request**

The Division of Gaming Enforcement ("Division") has received patron complaints regarding the processing time for withdrawals from online gaming accounts. Specifically, patrons have complained that after requesting a withdrawal, it can take up to two weeks for the funds to be available to them. While some of this time period can be attributed to the need to investigate possible fraud, identity theft or money laundering, the volume of complaints has led the Division to undertake a review of existing regulations and industry practices regarding withdrawals to ensure the Division's concerns regarding player protection and responsible gaming are being properly balanced against a patron's right to access their funds..

This review was undertaken to determine if operators current withdrawal policies are complying with the intent of existing regulations. This review revealed that in the period between a withdrawal request and the actual release of funds to the customer, patrons reported contact from providers encouraging or enticing them to reverse the withdrawal request and wager the funds. It has been reported by some patrons that they were even offered bonus money to reverse a pending withdrawal request. The Division **has concluded that the existing rules of the Division prohibit the practice of soliciting or incentivizing withdrawal requests to be rescinded or cancelled by the patron.**

Numerous regulations address the concept of withdrawals from a patron's account. The Division has specifically examined the following rules:

- N.J.A.C. 13:69O-1.3(d) which addresses the funding of iGaming accounts;
- N.J.A.C. 13:69O-1.3(g) which addresses withdrawals from iGaming accounts;



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- N.J.A.C. 13:69O-1.3(j) which addresses the requirement for operators to provide account statements for patrons;
- N.J.A.C. 13:69O-1.3(k) which requires all operators to hold funds at least equal to the amount of patron deposits in a separate bank account;
- N.J.A.C. 13:69O-1.2(i) which requires casino iGaming permit holders to engage in anti-money laundering, anti-cheating and anti-collusion measures; and
- N.J.A.C. 13:69D-1.24 which sets forth cage withdrawal requirements, including requirements for patron identification.

It is clear from these regulations, specifically *N.J.A.C. 13:69O-1.2(i)*, that operators are required to prevent fraud and money laundering. Accordingly, withdrawals are not required to be immediately available as operators must have a reasonable time to ensure that money is not being given to fraudsters or criminals who are using online gaming to launder illicit funds. *N.J.A.C. 13:69O-1.3(g)* does not specify any timeframe by which withdrawals shall be completed once requested by a patron.

While no specific timeframe for processing a withdrawal is mandated, it is clear that the rules do not countenance unnecessary delay. *N.J.A.C. 13:69D-1.24* requires a patron's retail depository account to be credited with funds immediately upon verification of identity. *N.J.A.C. 13:69O-1.3(k)* requires operators to update the balance of their operating accounts on a daily basis, while *N.J.A.C. 13:69O 1.3(j)* requires a patron's activity statement to be updated within 24 hours. *N.J.A.C. 13:69O-1.3(g)* references the retail account rules when authorizing a cashout to such accounts.

*N.J.A.C. 13:69O-1.3(d)* sets forth the approved methods for funding an account. Because "funds in the process of being withdrawn" is not specifically referenced in this regulation, it would need to be approved by the Division in order to be a permitted deposit method. Since this type of deposit requires Division approval, existing regulations permit the Director to impose conditions upon this deposit method. The Division has interpreted its regulations to authorize the re-deposit of funds earmarked for a "requested, but not yet completed," withdrawal request but only if the decision to reverse the withdrawal is made independently by the patron. The Division shall not permit "funds in the process of withdrawal" to be deposited to an iGaming account if such deposit was solicited or incentivized by an operator.

Accordingly, while no specific timeframe is referenced, the rules regarding withdrawals from an online account are intended to require patrons to receive their withdrawn funds without any delay longer than needed to perform an anti-fraud or anti-money laundering check. In order to ensure that withdrawals are processed with the speed intended by these rules, the Division has determined that tactics that are found to result in unnecessary delays in funds being available to patrons are inconsistent with

the existing Division regulations. The Division specifically finds the delaying tactics that have resulted in patron complaints, that certain customer service personnel are suggesting to customers who inquire about their requested withdrawals that processing of withdrawals takes time, but if a withdrawal request is rescinded, those funds that are immediately available for wagering, to be unacceptable and contrary to the aforementioned regulatory provisions. Some patrons have informed the Division that they are even given a bonus incentive to rescind their pending withdrawal and wager those funds. This practice is equally unacceptable going forward.

The Division therefore finds that the solicitation by operators for patrons to rescind withdrawals that are "pending" leads to delays in the processing of withdrawals in the hopes that the patron will cancel the withdrawal and begin wagering with the funds. Such practices are inconsistent with the intent of the rules, which require withdrawals to be speedily processed and delayed only for so long as it takes to verify that the patron is not engaged in fraud, money laundering or other illicit activity. The Division has determined that the current rules, taken as a whole, prohibit the practice of soliciting, either overtly or covertly, the rescission or reversal of withdrawals once requested by a patron. The encouragement or incentivization of such rescissions are inconsistent with the intent of having speedy and consistent withdrawals, with a minimal delay solely for the purpose of checking for fraudulent activity.

It is further noted that it would be an aggravating factor in any penalty proceeding for patrons to be offered bonus money or other incentives to reverse a withdrawal request. Patrons who request withdrawals have the right to receive their funds as expeditiously as possible. The Division has determined that a solicitation of the reversal of a withdrawal to be an impermissible delaying tactic.

To be clear, the failure of a patron to provide documentation requested to process a withdrawal, and the subsequent cancellation of the request for failure of the patron to complete it, is not viewed as a delaying tactic. Operators are permitted to take reasonable steps to prevent fraud, collusion or money laundering. The Division also notes that patrons may independently act to rescind a withdrawal decision. Such acts are not prohibited, so long as the action is not overtly or covertly influenced by an operator. However, any contact by an operator with a patron during the pendency of a withdrawal request will be scrutinized to determine whether the communication is consistent with this Advisory Bulletin and the Division's regulations. **Operators should clearly understand that the Division will take regulatory action and impose civil penalties whenever patrons are improperly encouraged or incentivized to rescind their withdrawal requests for the purpose of resuming gaming activity.**

*David L. Rebuck*

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