

LAW AND PUBLIC SAFETY

DIVISION OF GAMING ENFORCEMENT

Internet and Mobile Gaming

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Proposed New Rules: N.J.A.C. 13:69A-5.19 and 7.17 and 13:69O

Proposed Amendments: N.J.A.C. 13:69A-9.4 and 9.8; 13:69C-10.2; 13:69D-1.6 and 1.11; 13:69G-1.1, 1.2, 1.3, 1.5, 1.7, 2.1, 2.2, 2.3, 2.4, and 3.2; 13:69J-1.1 and 1.2; and 13:69L-1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 1.8, and 1.11

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.

Proposal Number: PRN 2013-099.

Submit written comments by August 2, 2013 to:

Lon E. Mamolen, 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, N.J.S.A. 5:12-1 et seq. (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. Thereafter, and effective October 8, 2012, the Division of Gaming Enforcement temporarily adopted rules to implement mobile gaming. See 44 N.J.R. 2301(b).

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.

The Division proposes new rules and amendments to implement mobile and Internet gaming consistent with the enabling statutes.

Proposed new N.J.A.C. 13:69O encompasses rules governing many aspects of Internet and mobile gaming regulation. Additionally, proposed amendments integrate mobile and Internet gaming rules within certain sections of other chapters of the Division's rules governing applications, gaming operation accounting controls and standards, persons doing business with casino licensees, and taxes.

Proposed new N.J.A.C. 13:69O-1.1 sets forth definitions of words and terms used in the new chapter. These include terms that are used to prescribe requirements for Internet gaming and mobile gaming and to describe features of Internet and mobile gaming accounts, system standards, and operational controls.

Proposed new N.J.A.C. 13:69O-1.2 delineates general requirements for Internet and mobile gaming. These include (1) establishing an Internet or mobile gaming account; (2) screen displays upon system log on; (3) geo-locator within an Internet or mobile gaming system and mobile gaming system disablement of gaming activity whenever a client terminal is removed from property boundaries; (4) client terminal software; (5) supervisory personnel specifically responsible for the operation and integrity of Internet and mobile gaming; (6) filing of internal controls and their content; and (7) location of primary and backup equipment used to conduct the gaming.

Proposed new N.J.A.C. 13:69O-1.3 sets forth procedures and requirements governing patrons to establish an Internet or mobile gaming account, permissible funding sources, and the provision of account statements on demand. The section also provides a list of certain State and Atlantic City government position holders and casino key employees who are persons prohibited from establishing an Internet or mobile gaming account.

Proposed new N.J.A.C. 13:69O-1.4 prescribes Internet or mobile gaming system standards and operational controls. These include: (1) security measures to ensure that patron access is limited to the Internet or mobile account holder; (2) design specifications for an Internet or mobile gaming system to detect and report suspicious activity, as well as excluded or prohibited persons; (3) storage requirements for and encryption of patron account access information; (4) treatment of suspended and deactivated patron accounts; and (5) daily dollar limits for patron funding of Internet or mobile gaming accounts.

Proposed new N.J.A.C. 13:69O-1.5 sets forth technical specifications for a “server-based gaming system,” as defined in proposed N.J.A.C. 13:69O-1.1, encompassing all hardware, software, and communications that comprise a system utilized for the purpose of offering electronic versions of authorized casino games where material aspects of gaming functionality occur at the server level. The section further sets forth requirements for “server-based games,” which is also defined in proposed N.J.A.C. 13:69O-1.1, encompassing all gaming conducted by way of a client (patron) terminal where the outcome of a game is determined by a random number generator maintained on a server or a dealer verifies the outcome from a simulcast table game.

Proposed new N.J.A.C. 13:69O-1.6 sets forth requirements and procedures for the conduct of table game simulcasting including the use of a simulcast control server and the provision of patron information about wagering conducted during table game simulcasting.

Proposed new N.J.A.C. 13:69O-1.7 establishes communications standards for all “gaming systems,” defined in N.J.A.C. 13:69O-1.1 as either a server-based gaming system, an Internet gaming system, a mobile gaming system, or a table game simulcasting system. These include standards for encryption, masking, and secure methods of communication transfer.

Proposed new N.J.A.C. 13:69O-1.8 requires gaming systems to be capable of maintaining a separate copy of all information pertaining to each patron gaming session, including patron game play and account activity histories, the installation and removal of software from a gaming system, promotional offers, and adjustments to gaming system data. The copy of logged information shall be on a separate and independent logging device or secure transaction file configured within the gaming system.

Proposed new N.J.A.C. 13:69O-1.9 sets forth the required reports to be generated by the gaming system. These include a Patron Account Detail Report, a Patron Account Summary Report, a Wagering

Detail Report, a Wagering Summary Report, a Variance Report, a Dormant Account Report, a Performance Report, and a Patron Account Adjustments Report. The required entries for each report are prescribed in various subsections. The Wagering Summary Report is to be utilized to calculate gross revenue (for mobile gaming) and Internet gross revenue.

Proposed new N.J.A.C. 13:69O-2.1 outlines the Division's authority, pursuant to a reciprocal agreement between the State and another jurisdiction, to authorize only a New Jersey Internet gaming permit holder to offer Internet gaming to patrons located within such other jurisdiction. Subsection (c) provides for substantial civil penalties for an organization or commercial enterprise other than an Internet gaming permit holder that makes its premises available for placing wagers at casinos using the Internet or for advertising that its premises may be used for such purpose.

In conjunction with the introduction of the new rules proposed in Chapter 69O, the Division also proposes several other new rules and amendments to existing rules to guide the implementation of Internet and mobile gaming.

Proposed new N.J.A.C. 13:69A-5.19 sets forth the requirements for a casino licensee to file for authorization to conduct Internet gaming by creating an Internet Gaming Permit Application (IGPA).

Proposed new N.J.A.C. 13:69A-7.17, consistent with the statutory requirement, establishes the process for the holder of any license, registration, permit, or qualification to disclose professional relationships relating to legal services, consulting, or lobbying, which are related to Internet gaming. After the initial disclosure form is completed this section also establishes the requirement that subsequent statements are to be provided quarterly. In the disclosure form the licensee, registrant, permit holder, or qualifier must disclose the name of any person who has provided professional services including legal, consulting, or lobbying. With respect to each of those services, the amount paid, date of payment, and reason for the procurement of the services shall be disclosed.

Proposed amendments to N.J.A.C. 13:69A-9.4 establish the fees required to be paid by a licensee seeking to conduct Internet gaming consistent with the enabling legislation. Under the proposed amendments an initial Internet gaming permit fee is established at no less than \$400,000, and an annual Responsible Internet Gaming Fee is set at \$250,000.

Proposed amendments to N.J.A.C. 13:69A-9.8 include businesses that provide Internet services within the section governing licensing fees charged to other casino service industry enterprises, but exempts these enterprises from the standard fee structure, imposing the full cost of their licensure, including any investigative costs, at the hourly rate set by the Division.

Proposed new N.J.A.C. 13:69C-10.2(c) establishes the requirement that agreements between a casino licensee and a casino service industry (CSI) enterprise that provide for a percentage of a casino licensee's Internet gaming gross revenue to be paid to a CSI are to be filed with and approved by the Division.

Proposed amendments to N.J.A.C. 13:69D-1.6 make minor changes to include Internet gaming gross revenue in the already existing revenue reporting requirement.

Proposed amendments to N.J.A.C. 13:69D-1.11 modify rules regarding a casino licensee's organizational structure to accommodate Internet gaming. The proposed amendments require the casino licensee's Internal Audit Department to conduct a quarterly review of IT data security if the casino licensee offers Internet or mobile gaming. Also, the amendments require a casino licensee to employ an IT security officer and an Internet and mobile games manager, and set forth their respective responsibilities.

Proposed amendments to Chapter 13:69G integrate Internet gaming within the framework of the exclusion of persons from gaming, including self-exclusion and forfeiture. A separate Internet gaming

self-exclusion list is to be maintained by the Division for those patrons who desire self-exclusion from Internet gaming only.

Proposed amendments to N.J.A.C. 13:69J-1.1 and 1.2 clarify that companies providing services relating to Internet gaming are required to be licensed or registered under the Act.

Proposed amendments to N.J.A.C. 13:69L integrate and make consistent the taxation of Internet gaming with the rules relating to taxation of gross revenue. The proposed amendment to N.J.A.C. 13:69L-1.7(a) deletes the requirement to file the annual tax return with the Division. This requirement was deemed superfluous and the amendment also reduces the regulatory burden on licensees.

In addition and unrelated to Internet and mobile gaming, amendments are proposed to N.J.A.C. 13:69L as to the treatment of promotional gaming credits. In 2008, the Act was amended to generally allow casino licensees to claim a gross revenue deduction for the value of promotional gaming credits wagered at slot machines. P.L. 2008, c. 12. Pursuant to the legislation, the Casino Control Commission (Commission) established procedural rules and standards for allocating the deduction to reflect the pro rata share of the costs of each casino licensee pursuant to a 2008 casino industry agreement with all casino licensees taking the deduction after participating casino operators have recouped their costs.

Jurisdiction over promotional gaming credits shifted from the Commission to the Division of Gaming Enforcement in 2011 and the recoupment period has since expired. Accordingly, certain definitions in N.J.A.C. 13:69L-1.2, portions of N.J.A.C. 13:69L-1.6, subsections in N.J.A.C. 13:69L-1.11 that govern the treatment of promotional gaming credits during the recoupment period, and references to the recoupment period are proposed for deletion.

Moreover, beginning in 2013, the \$90 million deduction threshold is to be prorated at a rate of \$7.5 million per month, enabling the deduction to be claimed evenly during course of the year. Notably,

the amount of promotional gaming credits deductible by each individual licensee on a calendar year basis is unchanged.

N.J.A.C. 13:69L-1.7(c)1 is proposed for amendment to update an incorrect cross-reference. The reference to “N.J.A.C. 13:69D-1.42(o)” should be to subsection (s) of that section, which will require that the slot machine meters are read in conformity with that section in order for a casino licensee to use an estimate for slot machine drop in completing its monthly gross revenue reports.

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 recent enabling legislation, the proposed new rules and amendments are anticipated to have a positive social impact on the way the public participates in gaming in New Jersey. For the first time since casino gaming was authorized in the State, some 35 years ago, members of the public may place wagers on games at locations outside the confines of licensed casino premises in Atlantic City. Once an Internet gaming account is established with a casino licensee or Internet gaming affiliate, an otherwise non-prohibited member of the public may place a wager within the physical boundaries of the State through the Internet on an approved game occurring inside a licensed casino in Atlantic City. A similar social impact may be anticipated on a much smaller scale for mobile gaming, which is limited to wireless gaming off the gaming floor but within a casino hotel facility’s property boundaries.

The effect of the expansion of legalized gaming opportunity on the public within the State is to be intensely studied in the years to come. The scope of the studies pertaining to the social impact would include changes in public gaming habits, incidence of underage Internet gaming and the overall impact on compulsive gaming.

Economic Impact

The proposed new rules and amendments are anticipated to have a substantial economic impact upon Internet gaming permit holders, entities, and persons that provide goods and services to Internet gaming permit holders, and to the extent substantial revenues from Internet gaming are generated, the State itself. Preliminary discussions with casino industry representatives indicate an eagerness for swift introduction of Internet gaming. This, in turn, would lead to a more immediate positive economic impact to the casino industry and the State.

The proposed amendments modifying how casino licensees receive gross revenue deductions for promotional gaming credits are expected to improve casino licensees' ability to budget the promotional gaming credit deduction for cash flow purposes. Since only the timing of gross revenue deductions is implicated and not the total amount, there is no negative impact expected upon the State of New Jersey.

Federal Standards Statement

The proposed amendments and new rules are authorized by the provisions of the Casino Control Act, N.J.S.A. 5:12-1 et seq., and do not impose any requirements that are in addition to any Federal requirements or standards. Two Federal laws are applicable to the subject of these rules. 18 U.S.C. § 1084, known as "the Wire Act," prohibits the transmission of wagering information in interstate commerce or through an instrumentality of interstate commerce. The Federal Department of Justice released an opinion in December 2011 stating that the Wire Act was applicable only to sports wagering information. Accordingly, authorization of Internet wagering as set forth in these proposed amendments and new rules is not in violation of, and does not exceed, the Wire Act.

The Unlawful Internet Gaming Enforcement Act, known as "UIEGA," 31 U.S.C. §§ 3163 through 3167, prohibits gambling business from knowingly accepting payments from any person engaged in interstate Internet wagering, which is unlawful under Federal or state law or intrastate

Internet wagering that is illegal under state law. As these rules authorize intrastate Internet wagering and specifically require gaming participants to be located within New Jersey, these rules conform to Federal law and do not impose any standard beyond what is required under Federal law.

Jobs Impact

New employment opportunities associated with the start-up and implementation of Internet gaming in Atlantic City pursuant to the Internet gaming statutes are anticipated. If, as a result of Internet gaming, some gaming patrons are dissuaded from travel, the casino industry may experience some decrease in onsite gaming with an associated adverse impact on the gaming and derivative casino workforces. To offset any potential decrease in patron visitation to Atlantic City, effective marketing and promotional efforts through casinos licensees' Internet gaming operations could induce a greater number of gaming patrons to travel to Atlantic City. In this scenario, Internet gaming may become a boon to the Atlantic City casino workforces. Further, increased casino revenues realized through Internet gaming may result in the expansion of existing casino facilities and, thereby, greater workforce needs.

Agriculture Industry Impact

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

Regulatory Flexibility Analysis

The proposed amendments and new rules will affect the operations of New Jersey casino licensees, none of which qualifies as a "small business" as defined in the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq. In addition, the proposed amendments and new rules will affect entities and persons who conduct business with casino licensees in their offering of Internet or mobile gaming.

These entities and person may be regulated as ancillary casino service industry enterprises, some of which may qualify as a “small business.”

Further, under the enabling legislation and Division rules, the holder of any license, registration, permit, or qualification is initially required to disclose and maintains a continuing duty to quarterly disclose professional relationships relating to legal services, consulting, or lobbying, which are related to Internet gaming. Thus, certain additional reporting, recordkeeping or other compliance requirements are required of certain individuals and enterprises beyond those in the normal course of their employments or businesses, as discussed in the Summary above. Costs of compliance with the requirements would be expected to be commensurate with the nature and scope of these professional relationships. However, these persons and entities are not expected to require additional professional services in order to comply with the requirements.

Housing Affordability Impact Analysis

The proposed amendments and new rules will have no impact on the affordability of housing in the State of New Jersey and there is an extreme unlikelihood that the rules would evoke a change in the average costs associated with housing 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 rules 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 rules 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 69A

APPLICATIONS

SUBCHAPTER 5. FORMS

13:69A-5.19 Internet Gaming Permit Application

(a) **An Internet Gaming Permit Application (IGPA) shall be in a format prescribed by the Division and include the following:**

- 1. The date of filing;**
- 2. The name of the casino licensee or applicant for casino licensee;**
- 3. The name, title, and telephone number of the contact person;**
- 4. Whether the application is for an initial application or renewal; and**
- 5. The signature of an authorized officer of the applicant.**

(b) **An IGPA shall be filed 30 days prior to the expiration of a licensee's current Internet gaming permit.**

(c) **An IGPA shall be filed, accompanied by the appropriate fee, to members of the Division staff as the Director may designate.**

13:69A-7.17 Disclosure requirements for legal, consulting, and lobbying services related to Internet gaming

(a) Pursuant to section 85h of the Act, each entity or person who is an applicant for or holder of any licensee, registration, permit, or qualification shall provide an Internet Gaming Disclosure Statement to the Division no later than December 31, 2013 and quarterly thereafter. Each new applicant for any licensee, registration, permit, or qualification shall file an initial Internet Gaming Disclosure Statement with their application and quarterly thereafter.

(b) The initial Internet Gaming Disclosure Statement shall disclose the required information from July 1, 2009 through the date of the initial statement. The statement shall include the following information:

1. The name of any person, entity, or firm to whom or from whom any payment, remuneration, or other benefit or thing of value has been made or conferred for professional services, including, but not limited to legal, consulting, and lobbying services;

i. For each such person, entity, or firm identified in (a)1 above:

(1) The amount of value of such payment(s), remuneration, benefit, or thing of value;

(2) The date on which such payment(s), remuneration, benefit, or thing of value were made or received; and

(3) The reason or purpose for the procurement of such services.

(c) Quarterly Internet Gaming Disclosure Statements required pursuant to this section shall be due no later than 15 days following the end of each calendar quarter in accordance with the following schedule:

First Quarter	April 15
Second Quarter	July 15
Third Quarter	October 15

13:69A-9.4 Casino license fees

(a) For the purposes of this section, the following words and terms shall have the meanings herein ascribed to them unless a different meaning clearly appears from the context:

1. – 2. (No change.)

3. "Casino operator" means a casino licensee is designated as the primary obligor for payment of gross revenues taxes **and Internet gaming revenue taxes** in accordance with N.J.A.C.

13:69L; [and]

4. **“Internet gaming permit fee” means the total fee that is required by the Act and this subchapter to be paid prior to issuance or renewal of an Internet gaming permit;**

[4.] 5. “Initial license fee” or “[Issuance] **issuance** fee” means the total fee, which is required by the Act and this subchapter to be paid prior to consideration or issuance of a plenary casino license to an unlicensed applicant and which is based upon the cost of investigating and considering the application[.]; **and**

6. **“Responsible Internet Gaming Fee” means the total fee that is required by the Act and this subchapter to be paid annually to the Department of Human Services for compulsive gambling treatment programs in the State.**

(b) No application for the issuance or retention of a casino license **or an Internet gaming permit** shall be accepted for filing by the Division unless a nonrefundable deposit of \$100,000 shall first have been paid in full **for each application**. [Such] **For a casino license, such** deposit shall be applied to the initial license fee or retention fee [if the application is approved]. **For the issuance or renewal of an Internet gaming permit, such deposit shall be applied to the initial permit fee or renewal fee.**

(c) No casino license shall be issued unless the applicant shall first have paid in full an issuance fee of not less than \$200,000. **No initial Internet gaming permit shall be issued unless the applicant shall first have paid in full a permit fee of not less than \$400,000 and a Responsible Internet Gaming Fee of \$250,000. No Internet gaming permit shall be renewed unless the permit holder shall first have paid a renewal fee of not less than \$250,000 and an annual Responsible Internet Gaming Fee of \$250,000. The Responsible Internet Gaming Fee shall be deposited into the State General Fund pursuant to the Act.**

(d) [As a component of its initial license fee and as a condition of casino licensure, each] **Each** applicant, [or] licensee, **or permit holder** shall be required to pay for the efforts of the Division and the Commission on matters directly related to the applicant , [or] licensee, **or permit holder** at hourly rates to be set by the Division in accordance with this subsection, and to reimburse any unusual costs or [out of pocket] **out-of-pocket** expenses incurred by the Division or the Commission in regard to such matters.

1. Prior to the start of each fiscal year, the Division shall determine the hourly fee rates to be paid by licensees, [and] applicants, **and permit holders** pursuant to this subchapter. These rates shall be based upon the hourly costs of services provided by Division professional staff and the Commission professional staff during the fiscal year, as estimated from the projected fiscal year budget for the Division and the Commission.

2. – 3. (No change.)

(e) (No change.)

13:69A-9.8 Casino service industry enterprise license fee

(a) In accordance with [Subsections] **subsections** 92a and b of the Act, all casino service industry enterprises offering goods and services [which] **that** directly relate to casino, simulcast wagering, [or] gaming activity, **or Internet gaming activity**, including gaming equipment manufacturers, suppliers, and repairers, independent testing laboratories, junket enterprises, and junket representatives and any person employed by a junket enterprise or junket representative in a managerial or supervisory position, shall meet the standards established for casino key employees in order to be licensed. Such a license shall be issued with subsequent resubmissions not later than every five years thereafter. In addition, in accordance with [Subsection] **subsection** 92c(2) of the Act, and at the direction of the Director, all casino service industry enterprise applicants or licensees required to hold a casino hotel alcoholic beverage license shall meet the standards established for casino key employees.

(b) In order to recover the cost of the investigation and consideration of license applications by enterprises engaged in these industries, **other than enterprises engaged in Internet gaming activity**, the initial license application and issuance fee for a casino service industry enterprise license, with the exception of an applicant or licensee of a casino hotel alcoholic beverage license, shall be assessed as follows:

1. - 5. (No change.)

(c) **Companies providing services to casino licensees regarding Internet gaming shall be responsible for the full cost of their licensure, including any investigative costs, at the hourly rate set by the Division pursuant to N.J.A.C. 13:69A-9.4(d).**

[(c)] (d) In order to recover costs for monitoring compliance with the Act and the rules of the Division and for assuring the continued fitness of enterprises engaged in casino service industries, the fee for the

retention of a casino service industry enterprise license, **other than enterprises engaged in Internet gaming activity**, shall be assessed in accordance with (b) above.

[(d)] (e) Any enterprise required to apply for the issuance or retention of a casino service industry enterprise license, **other than enterprises engaged in Internet gaming activity**, may request an installment plan for payment of the application fee. The Division shall propose a payment plan for the applicant, which shall include, if the applicant chooses to accept the payment plan, an additional fee of \$100.00 for the cost of processing the payment plan.

CHAPTER 69C

CASINO LICENSEES

SUBCHAPTER 10. REQUIREMENTS FOR DOING BUSINESS WITH VENDORS

13:69C-10.2 Maintaining agreements; filing of agreements

(a) - (b) (No change.)

(c) **A written agreement between a casino licensee holding an Internet gaming permit and a casino service industry enterprise licensed pursuant to section 92a of the Act, or an eligible applicant for such a license, in connection with the conduct of Internet gaming that provides for a percentage of the casino licensee's Internet gaming gross revenue to be paid to the casino service industry enterprise licensee shall be filed with and approved by the Division.**

CHAPTER 69D

GAMING OPERATION ACCOUNTING CONTROLS AND STANDARDS

SUBCHAPTER 1. GENERAL PROVISIONS

13:69D-1.6 Standard financial and statistical reports

(a)-(d) (No change.)

(e) Each report to the Division shall be electronically filed not later than the required filing date, unless specific approval for an extension is granted to the licensee by the Division. Requests for a filing extension must be submitted to and approved by the Division in writing prior to the required filing date. Any filing date that falls on a Saturday, Sunday, or Federal or State holiday shall be extended until the next business day.

1. Monthly gross revenue reports **and Internet gaming gross revenue tax returns** shall be due not later than 9:00 A.M. on the 10th calendar day following the end of the month.

2. – 4. (No change.)

(f)–(i) (No change.)

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. (No change.)

2. An internal audit department, which may perform functions and fulfill responsibilities for multiple but affiliated casino licensees, supervised by a person, who shall be located in New Jersey, referred to in this section as an audit department executive. The audit department executive shall be

subject to the reporting requirements specified in (c) below. The internal audit department shall be responsible for, without limitation, the following:

i.–v. (No change.)

[vi. If the casino licensee seeks to designate the information technology ("IT") manager as the IT security officer in accordance with the provisions of (b)3 below, the preparation of a written report, updated annually thereafter, which report shall be attested to by the audit department executive and address the following:

I. A review and appraisal of any risks that may arise as a result of the decision to consolidate the responsibilities of an IT department manager and IT security officer into one position; and

II. An evaluation of the internal controls designed to mitigate such risks with regard to any activity authorized to be performed by or through the use of a casino computer system, including but not limited to, an electronic transfer credit system or gaming voucher system;

3. An IT department, which may perform functions and fulfill responsibilities for multiple but affiliated casino licensees, supervised by a person, who shall be located in New Jersey, referred to in this section as an IT department manager. If the casino licensee maintains software and data, or any portion thereof, in a remote computer located outside the casino hotel facility in accordance with the provisions of N.J.A.C. 13:69D-2.2, or utilizes a gaming voucher system to redeem coupons, the responsibilities as to such software and data or gaming voucher system shall be performed by an security officer The IT security officer shall report directly to the IT department manager, be licensed as a casino key employee and who, prior to delegating any security responsibilities, shall determine, to the greatest extent practicable, that such delegation would maintain the segregation of incompatible functions and the

security and integrity of the casino computer system. The IT department manager may be designated as the IT security officer, subject to compliance with (b)2vi above.]

vi. A quarterly review of information technology (IT) data security of the gaming systems if the casino offers Internet or mobile gaming;

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. The IT department **manager** shall be responsible for the integrity of all data, as well as the quality, reliability, and accuracy of all computer systems and software used by the casino licensee in the conduct of casino and casino simulcasting facility operations, whether such data and software are located within or outside the casino hotel facility, including, without limitation, specification of appropriate computer software, hardware, and procedures for security, physical integrity, audit, and maintenance of:

Recodify existing i. – v. as **(1) – (5)** (No change in text.)

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

(1) Maintaining access codes and other computer security controls used to insure appropriately limited access to computer software and data; and

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

iii. The Internet and/or mobile gaming manager shall report to the IT department manager 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.)

CHAPTER 69G

EXCLUSION OF PERSONS

SUBCHAPTER 1. PERSONS REQUIRED TO BE EXCLUDED

13:69G-1.1 Definitions

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

...

"Cheat" means any person whose act or acts in any jurisdiction would constitute any offense under [Sections] **sections 95.27, 95.28**, 113, 114, and 115 of the Act, if prosecuted under New Jersey law.

"Excluded person" means any person who has been placed upon the list by preliminary or final order of the Division and who, pursuant to section 71 of the Act and this chapter, is required to be excluded or ejected from a casino hotel facility **or from participating in Internet gaming**.

"List or exclusion list" means a list of names of persons who, pursuant to [Section] **section 71** of the Act and the Division's rules, are required to be excluded or ejected from casino hotel facilities **or prohibited from Internet gaming**.

...

13:69G-1.2 Maintenance and distribution of list

(a) The Division shall maintain a list of persons to be excluded or ejected from a licensed casino establishment **or prohibited from Internet gaming.**

(b) – (c) (No change.)

13:69G-1.3 Criteria for exclusion

(a) The exclusion list may include any person who meets any of the following criteria:

1.–2. (No change.)

3. Any person who has been convicted of a criminal offense under the laws of any state, or of the United States, which is punishable by more than six months of incarceration, or who has been convicted of any crime or offense involving moral turpitude, and whose presence in a licensed casino establishment would be inimical to the interest of the State of New Jersey or of licensed gaming therein; [or]

4. Any person whose presence in a licensed casino establishment would be inimical to the interest of the State of New Jersey or licensed gaming therein, including, but not limited to:

i. – iv. (No change.)

v. Persons subject to an order of the Superior Court of New Jersey excluding such persons from all casino hotel facilities[.]; **or**

5. Any person whose participation in licensed Internet gaming would be inimical to the interest of the State of New Jersey or licensed gaming therein.

(b) – (c) (No change.)

13:69G-1.5 Procedure for entry of names

(a) – (b) (No change.)

(c) The Division may, in its discretion, seek to preliminarily place the respondent on the list of excluded persons.

1. – 2. (No change.)

3. The preliminary placement of a candidate on the exclusion list pursuant to section 71 of the Act, N.J.A.C. 13:69B-4, and this chapter shall have the effect of requiring the exclusion or ejection of the excluded person from any casino hotel facility **and requiring the prohibition of the excluded person from participation in Internet gaming.**

(d) (No change.)

13:69G-1.7 Duty of casino licensee

(a) A casino licensee shall exclude or eject the following persons from its casino hotel facility **and prohibit such persons from participation in Internet gaming:**

1. – 2. (No change.)

(b) If an excluded person enters, attempts to enter, or is in a casino hotel facility and is recognized by the casino licensee, **or if an excluded person participates or attempts to participate in Internet gaming,** the casino licensee shall immediately notify the Division of such fact.

(c) (No change.)

SUBCHAPTER 2. SELF-EXCLUSION

13:69G-2.1 Definitions

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

“Internet self-exclusion list” means a list of names of persons who are required to be prohibited from Internet gaming.

...

"Self-exclusion list" means a list of names of persons who, pursuant to this subchapter, have voluntarily agreed to be excluded from all gaming activities, **including Internet gaming**, and to be prohibited from collecting any winnings or recovering any losses at **or from** all licensed casinos and simulcasting facilities.

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

(a) Any person may have his or her name placed on the self-exclusion list **or Internet self-exclusion list** by submitting a request [for self-exclusion] in the form and manner required by this section.

(b) (No change.)

(c) Any person requesting placement on the Internet self-exclusion list shall submit through his or her Internet gaming account or other means approved by the Division, a completed request for Internet self-exclusion as required in (d) below.

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

1. The following identifying information concerning the person submitting the request [for self-exclusion]:

i. – v. (No change.)

vi. [A] **For self-exclusion**, a physical description of the person, including height, weight, gender, hair color, eye color, and any other physical characteristic that may assist in the identification of the person;

2. The length of minimum self-exclusion **or Internet self-exclusion, as applicable**, requested by the person:

i. – iii. (No change.)

3. A waiver and release, which shall release and forever discharge the State of New Jersey, the Division, and its employees and agents, and all casino licensees and their employees and agents from any liability to the person requesting self-exclusion **or Internet self-exclusion, as applicable**, and his or her heirs, administrators, executors, and assigns for any harm, monetary or otherwise, which may arise out of or by reason of any act or omission relating to the request for self-exclusion **or Internet self-exclusion, as applicable**, or request for removal from the self-exclusion list **or Internet self-exclusion list**, including:

i.– ii. (No change.)

iii. Permitting a self-excluded person to engage in gaming activity in a licensed casino or simulcasting facility while on the list of self-excluded persons; [and]

iv. Permitting an Internet self-excluded person to engage in Internet gaming activity while on the list of Internet gaming self-excluded persons; and

[iv.] **v. Disclosure of the information contained in the self-exclusion or Internet self-exclusion request or list, except for a willfully unlawful disclosure of such information;**

4. For self-exclusion:

[4.] **i.** The signature of the person submitting the request [for self-exclusion] indicating acknowledgment of the following statement: "I am voluntarily requesting exclusion from all gaming activities at all New Jersey licensed casinos and simulcasting facilities because I am a problem gambler. I certify that the information that I have provided above is true and accurate, and that I have read and understand and agree to the waiver and release included with this request for self-exclusion. I am aware

that my signature below authorizes the Division of Gaming Enforcement to direct all New Jersey casino licensees to restrict my gaming activities 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 self-exclusion list in response to my written request to terminate my voluntary self-exclusion. I am aware and agree that during any period of self-exclusion any money or thing of value seized from me, or owed to me by, a casino licensee shall be subject to forfeiture.”;

Recodify existing 5. and 6. as **ii. – iii.** (No change in text.)

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 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. The Division shall confirm the patron’s request to be placed on the Internet gaming self-exclusion list.

13:69G-2.3 Self-exclusion list; **Internet self-exclusion list**

(a) The Division shall maintain the official self-exclusion list **and Internet self-exclusion list** and shall notify each casino licensee of any addition to or deletion from the lists by transmitting a notice directly to each casino licensee.

(b) Each casino licensee shall maintain its own copy of [the self-exclusion] **each** list and shall establish procedures to ensure that its copy of [the self-exclusion] **each** list is updated and that all appropriate employees and agents of the casino licensee are notified of any addition to or deletion from [the] **each** list within five business days after the day the notice is transmitted pursuant to (a) above. The notice provided by the Division shall include the name and date of birth of any person whose name shall be removed from the [self-exclusion] **applicable** list and the following information concerning any person whose name shall be added to the [self-exclusion] **applicable** list:

1. – 4. (No change.)

5. The Social Security [Number] **number**, if voluntarily provided by the person requesting self-exclusion **or Internet self-exclusion**;

6. [A] **If applicable, a** physical description of the person, including height, weight, gender, hair color, eye color, and any other physical characteristic that may assist in the identification of the person; and

7. [A] **If applicable, a** copy of the photograph taken by the Division pursuant to N.J.A.C.

13:69G-2.2(b).

(c) (No change.)

(d) No casino licensee or employee or agent thereof shall disclose the name of, or any information about, any person who has requested self-exclusion **or Internet self-exclusion** to anyone other than

employees and agents of the casino licensee whose duties and functions require access to such information. Notwithstanding the foregoing, a casino licensee may disclose the name of and information about a self-excluded **or Internet self-excluded** person to appropriate employees of other casino licensees in Atlantic City for the purpose of alerting other casino licensees that a self-excluded **or Internet self-excluded** person has tried to gamble or obtain gaming related privileges or benefits in the casino licensee's casino or simulcasting facility, **or Internet gaming site**.

13:69G-2.4 Duties of casino licensee

(a) [Each] **For self-excluded patrons**, a casino licensee shall establish procedures that are designed, to the greatest extent practicable, to:

1. – 5. (No change.)

(b) For Internet self-excluded patrons, a casino licensee shall establish procedures that are designed, to the greatest extent practicable, to:

1. **Ensure that self-excluded persons do not receive, either from the casino licensee or any agent thereof, junket solicitations, targeted mailings, telemarketing promotions, player club materials, or other promotional materials relating to Internet gaming; and**

2. **Enforce the provisions of N.J.A.C. 13:69G-2.3(d).**

Recodify existing (b) and (c) as **(c) and (d)** (No change in text.)

13:69G-3.2 Prohibited person; forfeiture of winnings

(a) (No change.)

(b) Upon verification of a prohibited status, the casino licensee shall:

1. Remove the prohibited person from the gaming floor **or immediately suspend any Internet or mobile gaming activity, as applicable;**

2. - 3. (No change.)

(c) A casino licensee shall prepare a multipart form known as a Payout Receipt and Notice of Forfeiture, which shall include, without limitation, the information in (c)1 through 6 below. The Payout Receipt and Notice of Forfeiture shall be signed and attested to by: the prohibited person, unless the person refuses to sign or is unknown; the casino employee delivering the winnings or things of value to the cashiers' cage; and the cashiers' cage employee who received the winnings or things of value. **For Internet or mobile gaming, a casino licensee shall issue a Payout Receipt and Notice of Forfeiture to the patron via electronic or regular mail.**

1. - 4. (No change.)

5. The location (table type and number, slot machine asset number, keno window, etc.) where the prohibited person was engaged in a gaming transaction **or identification of Internet or mobile wagering gaming session;** and

6. (No change)

(d) – (i) (No change.)

CHAPTER 69J

PERSONS DOING BUSINESS WITH CASINO LICENSEES

SUBCHAPTER 1. GENERAL PROVISIONS

13:69J-1.1 Definitions

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

"Gaming equipment" means any mechanical, electrical, or electronic contrivance or machine used in connection with gaming or any game and includes, without limitation, roulette wheels, big six wheels, slot machines, multi-player slot machine systems, slot tokens, prize tokens, cards, dice, chips, plaques, match play coupons, card dealing shoes, drop boxes, and other devices, machines, equipment, items, or articles determined by the Division to be so utilized in gaming as to require licensing of the manufacturers, distributors, or servicers, or as to require Division approval in order to contribute to the integrity of the gaming industry or to facilitate the operation of the Division. **"Gaming equipment" shall also include a computer network of both interstate and intrastate interoperable packet switched data networks and the hardware, software, or systems associated therewith, used in connection with Internet gaming or the conduct of any game conducted through the Internet.**

...

(b) (No change.)

13:69J-1.2 Gaming-related casino service industry enterprise license requirements

(a) No enterprise shall provide goods or services directly related to casino, simulcast wagering, [or] gaming activity, **or Internet wagering activity** to, or otherwise transact business directly related to casino, simulcast wagering, [or] gaming activity, **or Internet wagering activity** with, a casino applicant or licensee, its employees or agents unless licensed in accordance with N.J.S.A. 5:12-92a and b.

(b) In determining whether an enterprise shall be licensed pursuant to this section, the Division shall consider, without limitation, whether the enterprise satisfies one or more of the following criteria:

1. Whether the enterprise manufactures, supplies, or distributes devices, machines, equipment, items, or articles [which] **that**:

i. – ii. (No change.)

iii. Have the capacity to affect the outcome of the play of an authorized game or simulcast wagering; [or]

iv. Have the capacity to affect the calculation, storage, collection, or control of gross revenue; **or**

v. **Directly relate to Internet gaming activity including the supplying of software or systems;**

2. (No change.)

3. Whether the enterprise provides services directly related to the operation, regulation, or management of a casino or casino simulcasting facility; [or]

4. Whether the enterprise manages, controls, or administers Internet games or wagers associated with such games; or

[4.] **5.** (No change in text.)

(c) Enterprises required to be licensed in accordance with N.J.S.A. 5:12-92a and b and (a) above shall include, without limitation, the following:

1. (No change.)

2. Casino credit reporting services, casino simulcasting hub facilities, and suppliers of casino security services; [and]

3. Junket enterprises and junket representatives, and any person employed by a junket enterprise or junket representative in a managerial or supervisory position[.]; **and**

4. Companies providing Internet gaming software or systems, vendors who manage, control, or administer games and associated wagers conducted through the Internet, and providers of customer lists of persons who have placed wagers through the Internet.

(d) Junket enterprises, junket representatives, and enterprises providing other services including, but not limited to, payment processing and related money-transmitting services, customer identity, age verification, and geo-location verification used in the conduct of Internet and mobile gaming, regardless of any such enterprise’s contractual relationship with an Internet gaming permit holder, shall be licensed as an ancillary casino service industry enterprise.

(e) Enterprises providing other services including, but not limited to, telecommunications that are not specifically designed for Internet gaming and patron interaction shall register as a vendor with the Division.

(f) The Division may require any entity vendor registered pursuant to (e) above to apply for either a casino service industry enterprise license or an ancillary casino service industry enterprise license, if such application for either is deemed to be consistent with the public interest and policies of the Act. The Division, in its discretion, may also require any ancillary casino service industry enterprise licensee, including those licensed under (d) above, to be licensed as a casino service industry enterprise.

CHAPTER 69L

TAXES

SUBCHAPTER 1. GROSS REVENUE TAX; INTERNET GAMING GROSS REVENUE TAX

13:69L-1.1 Description of taxes

(a) Subsection 144a of the Act imposes an annual tax on gross revenue, as defined in section 24 of the Act, in the amount of eight percent of such gross revenues.

(b) Section 95.19 of the Act imposes an annual tax on gross revenue from Internet gaming, as defined in section 28.2 of the Act, in the amount of 15 percent of such gross revenues.

13:69L-1.2 Definitions

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

["2008 agreement" means the agreement dated August 13, 2008, between the New Jersey Sports and Exposition Authority and the Casino Association of New Jersey and other relevant parties for the benefit of the horse racing industry.

"Agreement costs" means amounts actually paid by the participating casino operators pursuant to the terms of the 2008 agreement ("payments") together with interest to the extent that payments exceed the tax value of eligible promotional gaming credits during the recoupment period. Interest shall be calculated based on the "prime rate" on the first business day of each calendar month as identified in the H.15 Statistical Release issued by the Federal Reserve Board, plus two percent.]

...

"Casino operator" means:

1. Where there is no casino management agreement with regard to the casino hotel facility, the casino operator shall be the casino licensee [which] **that** is responsible for submitting and maintaining the internal controls required by section 99 of the Act; [or]
2. Where there is a casino management agreement with regard to the casino hotel facility, the casino operator shall be the casino management licensee, if said licensee has supplied capital at risk in the gaming operations of the casino. If the casino management licensee has supplied none of the capital at risk in the gaming operations of the casino, the casino operator shall be the licensee designated in paragraph 1 of this definition, as though no casino management agreement existed[.]; **or**

3. For the purpose of Internet gaming gross revenue tax, an “Internet gaming affiliate” as defined in the Act shall be considered a casino operator.

"Casino Revenue Fund" means a separate special account established in the Department of the Treasury for deposit of all revenue from the tax imposed by subsection 144a of the Act, **the tax imposed by section 95.19 of the Act**, the investment alternative taxes imposed by subsections 144e and 144.1a of the Act, any interest earned pursuant to paragraph 2 of subsection 144.1a or section 145.1 of the Act and any penalties payable to the Casino Revenue Fund pursuant to section 145 of the Act.

["Deduction threshold" means the value of promotional gaming credits that must be wagered in the casinos of all casino operators during a calendar year before any casino operator is entitled to take a deduction from gross revenue for promotional gaming credits during that year. The deduction threshold shall be \$90 million for each calendar year.]

...

“Eligible promotional gaming credit” means any promotional gaming credit that is wagered in the casino **or through an authorized Internet gaming system** of a casino operator during a calendar year in excess of [the deduction threshold and therefore available as a deduction from gross revenue] **\$90 million, which is to be prorated over the calendar year at a rate of \$7.5 million per month.**

...

["Participating casino operator" means a casino operator that is a signatory participant/obligor to the 2008 agreement.

“Participating casino operator sharing percentage” means payments made pursuant to the 2008 agreement by a particular participating casino operator compared pro rata to the payments made pursuant to the 2008 agreement by all participating casino operators, expressed as a percentage. For example, if a particular participating casino operator has made payments of \$6 million pursuant to the

2008 agreement, and all participating casino operators have collectively made payments of \$60 million pursuant to the 2008 agreement, the participating casino operator sharing percentage of that particular participating casino operator would be 10 percent.]

“Promotional gaming credit” means a slot machine credit or other item approved by the Division that is issued by a casino operator to a patron for the purpose of enabling the placement of a wager at a slot machine in its casino **or through an authorized Internet gaming system.** The slot machine credit or other item shall be non-cashable unless an alternative form of slot machine credit has been approved by the Division. No such credit shall be reported as a promotional gaming credit by a casino operator unless the casino operator can establish that the credit was:

1. - 2. (No change.)

...

[“Recoupment period” means the period commencing on August 14, 2008, and ending on the date that the tax value of eligible promotional gaming credits deducted by participating casino operators equals the agreement costs.

“Tax value of eligible promotional gaming credits” means each dollar of deductions for eligible promotional gaming credits shall be valued at an amount equal to the tax rate on gross revenue set forth in N.J.S.A. 5:12-144a to be applied against each dollar of the agreement costs. For example, if the eligible promotional gaming credits in a tax year equal \$100 million, and the tax on gross revenue equals 8 percent, the tax value of the eligible promotional gaming credits would be \$8 million for that tax year.]

13:69L-1.3 Tax year

[For purposes of the tax on gross revenue, the] **The** tax year shall be the calendar year. In the year in which a casino operator commences gaming operations, the tax year for that casino operator

shall begin with the commencement of operations and terminate on the last gaming day of the current calendar year.

13:69L-1.4 Tax payer

(a) The obligation to file returns and reports and to pay the gross revenue tax, **the Internet gaming gross revenue tax**, and any investment alternative taxes shall be upon the casino operator who shall be primarily liable [therefore] **therefor**. In the event of a transfer of operations to a different casino operator, the transferor-operator will be obligated to file a return and to pay all taxes based upon [gross] **the** revenues derived by the said transferor during the tax year in which the transfer occurred. The appointment of a conservator under the Act shall not be deemed a transfer to a different casino operator but, for the duration of the conservatorship, the conservator shall file all returns and pay all taxes on behalf of the former or suspended casino licensee who shall remain primarily liable therefor.

(b) – (d) (No change.)

13:69L-1.5 Payment of taxes

(a) (No change.)

(b) The annual nature of the **gross revenue** tax notwithstanding, the casino operator shall make weekly deposits of the tax at such times, under such conditions, and in such depositories as shall be prescribed by the Division of Taxation pursuant to subsection 145b of the Act, provided that deposits for a given week shall be made no later than the Monday of the succeeding week. If such Monday is a legal holiday, the deposit shall be made on the next business day. In the event that the week for which the weekly deposit is being made includes gaming days from two calendar months, the casino operator shall deposit and report separately, the amount of the deposit attributable to the gaming days of each month.

The deposits shall be deposited to the credit of the Casino Revenue Fund. The amount of gross revenue upon which the weekly tax payment is based shall be filed with the Division concurrently with the payment to the State Treasurer.

(c) The amount of the required **gross revenue tax** weekly deposit for a given week shall be determined by subtracting the total amount of deposits made by the casino operator in the current tax year up to and including the week preceding the given week from the total tax liability incurred by the casino operator for the current tax year. The total tax liability for the current tax year shall be based upon the gross revenue derived by the casino operator from the commencement of the current tax year to the end of the gaming day which commenced on the Friday of the given week. Any casino operator that estimates slot machine drop pursuant to N.J.A.C. 13:69L-1.7(c) shall include a weekly slot machine drop estimate, calculated in accordance with methodology approved pursuant to that subsection, in each weekly tax deposit required by this section.

(d) The amount of **gross revenue tax** deposits required for a given month shall be the amount determined by subtracting the total amount of deposits made by the casino operator in the current tax year up to and including the month preceding the given month from the total tax liability incurred by the casino operator for the current tax year. The total tax liability for the current tax year shall be based upon the gross revenue derived by the casino operator from the commencement of the tax year to the end of the gaming day which commenced on the last calendar day of the given month.

(e) In the event that the total amount of **gross revenue tax** deposits made for the entire tax year is determined to be less than the annual tax liability for the entire year, the casino operator shall remit the requisite additional payment to the Division of Taxation. In the event that the total amount of such deposits is determined to be greater than the annual **gross revenue tax** liability, the casino operator may reduce the amount of its weekly deposits in the succeeding tax year by the amount of the overpayment,

provided, however, that the casino operator shall not claim any such credit against deposits unless the Division of Taxation first certifies the existence and amount of the overpayment. Nothing in this section shall limit any authority of the Division of Taxation under sections 149 and 150 of the Act and the "State Tax Uniform Procedure Law," Section 9 of Title 54 of the Revised Statutes, including the authority to determine the insufficiency of any **gross revenue tax** deposit or deposits, to require payments of penalties and interest or to allow or disallow any claim for refund due to overpayment of taxes.

(f) The Internet gaming gross revenue tax for each month shall be due and payable monthly on or before the 10th calendar day of the next month in such depository as shall be prescribed by the Division except that if the 10th calendar day is a Saturday, Sunday, or legal holiday, the due date shall be advanced to the next regular business day.

(g) Nothing in this section shall limit the authority of the Division under the "State Tax Uniform Procedure Law," Section 9 of Title 54 of the Revised Statutes, to require payments of penalties and interest on the insufficiency of any Internet gaming gross revenue tax deposit or to allow or disallow any claim for refund due to an overpayment of such taxes. Interest shall be calculated from the date the tax was originally due through the actual date of payment provided, however, that if the deficiency is paid within 10 business days from the date of the Division's tax deficiency notice, interest shall be calculated through the date of such notice.

13:69L-1.6 Computation of taxes

(a) The gross revenue tax shall be eight percent of gross revenue. The gross revenue for the tax year, or portion thereof, shall be the amount obtained from the following calculation: the total of all sums for the tax year, or portion thereof, that are actually received by a casino operator from its gaming operations, which sums include, but are not limited to, cash, slot tokens, prize tokens counted at face

value pursuant to N.J.A.C. 13:69D-1.41 [and 1.43], the value of electronic credits withdrawn from patron accounts pursuant to N.J.A.C. 13:69D-1.37[A], checks received by a casino operator pursuant to N.J.S.A. 5:12-101, whether collected or not, gaming vouchers and coupons counted pursuant to N.J.A.C. 13:69D-1.33 and documents evidencing credit and debit card chip transactions processed pursuant to N.J.A.C. 13:69D-1.18A regardless of validity, less only the total of all sums paid out as winnings to patrons.

(b) Nothing in this section shall be construed to limit the authority of the Division of Taxation to re-determine the amount of **gross revenue** tax liability or to require adjustments or corrections to the accounts of the casino operator.

(c) (No change.)

(d) For purposes of calculating the tax on gross revenue pursuant to (a) above, a casino operator shall be entitled to a deduction from gross revenue for the value of eligible promotional gaming credits[:

1. Allocable to the casino operator in accordance with the provisions of N.J.A.C. 13:69L-1.11(a) or (d); or

2. Wagered in the casino of] **allocable to** the casino operator in accordance with [the provisions of] N.J.A.C. 13:69L-1.11[(e)].

(e) **The Internet gaming gross revenue tax shall be 15 percent. The Internet gaming gross revenue for the tax year, or portion thereof, shall be the amount obtained from the total of all sums received by a casino licensee from Internet gaming operations, less only the total of all sums actually paid out as winnings to patrons.**

(f) **Nothing in this section shall be construed to limit the authority of the Division to re-determine the amount of Internet gaming gross revenue tax liability or to require adjustments or corrections to the accounts of the casino operator.**

13:69L-1.7 Return and reports

- (a) The casino operator shall file with [the Division and] the Division of Taxation an annual tax return for purposes of the gross revenue tax. The return shall be filed no later than March 15 following the tax year. Filing of the annual tax return shall satisfy the reporting of gross revenue requirement imposed by subsection 148a of the Act. The annual tax return shall be made on a form promulgated and distributed by the Division of Taxation pursuant to section 151 of the Act.
- (b) (No change.)
- (c) For purposes of the monthly gross revenue reports required in (b)1 above and the monthly gross revenue tax return required in (b)2 above, the casino operator may estimate slot machine drop provided that:
1. Such estimates are calculated through an approved system of reading and recording slot machine meters pursuant to N.J.A.C. 13:69D-1.42[(o)](s);
 2. - 4. (No change.)
- (d) **The casino operator shall file with the Division a summary report of the Internet gross gaming revenue for each weekly period of Saturday through Friday no later than the Monday of the succeeding week. If such Monday is a legal holiday, the summary report shall be made on the next business day. In the event that the weekly period includes gaming days from two calendar months, the casino operator shall report separately the amount of revenue attributable to the gaming days of each month.**
- (e) **On or before the 10th calendar day of each month, the casino operator shall file a monthly Internet gaming gross revenue tax return with the Division which shall reflect the amount of gross revenue derived during the preceding month and the associated tax paid.**

13:69L-1.8 Examination of accounts and records

- (a) The Division may perform audits of the books and records of a casino licensee, at such times and intervals as it deems appropriate, in order to certify gross revenue **and Internet gaming gross revenue**.
- (b) The casino operator shall permit duly authorized representatives of the Division to examine the operator's accounts and records for the purpose of certifying gross revenue **and Internet gaming gross revenue**. In the event that any records or documents deemed pertinent by a Division examiner are in the possession of another licensee or entity, the casino operator shall be responsible for making those records or documents available to the examiner. Further, the casino operator shall be individually and severally liable for any relevant accounts, records or documents maintained or required to be maintained by any other licensee or entity with regard to the casino.
- (c) (No change.)
- (d) The Division shall notify the casino operator of any **gross revenue or Internet gaming gross revenue** tax deficiencies disclosed during the gross revenue certification process.

13:69L-1.11 Deduction for promotional gaming credits

- [(a) During the recoupment period, a participating casino operator shall be entitled to a deduction from gross revenue equal to its participating casino operator sharing percentage times:
 1. Until the tax value of eligible promotional gaming credits deducted by participating casino operators equals the amount paid in accordance with the 2008 agreement, the value of the eligible promotional gaming credits wagered in the casinos of all casino operators during the tax year or portion thereof; and
 2. For the remainder of the recoupment period, the value of the eligible promotional gaming credits wagered in the casinos of all participating casino operators during the tax year or portion thereof,

in addition to any deduction to which a participating casino operator may be entitled pursuant to (d) below.

(b) A participating casino operator which ceases gaming operations prior to the full recovery of its pro rata share of the costs of the 2008 agreement shall:

1. Continue to have the right to such allocation of eligible promotional gaming credits and the right to deduct the value of same from gross revenue; and
2. Have the right, subject to Division approval, to transfer and assign such rights to another casino operator, which shall thereafter have the right to deduct the value of the eligible promotional gaming credits from its gross revenue as if it were the participating casino operator entitled to the allocation of the eligible promotional gaming credits pursuant to (a) above.

(c) Based upon the information reported pursuant to (f) below, the Division shall, on or before the seventh calendar day after month-end, advise all casino operators when the tax value of eligible promotional gaming credits deducted by participating casino operators equals:

1. Amounts paid in accordance with the 2008 agreement, thereby signifying that casino operators may be eligible to take a deduction from gross revenue for promotional gaming credits in accordance with (d) below; and
2. The agreement costs, thereby signifying the end of the recoupment period.

(d) After the tax value of eligible promotional gaming credits deducted by participating casino operators equals amounts paid in accordance with the 2008 agreement and until the end of the recoupment period, in any tax year or portion thereof in which eligible promotional gaming credits are wagered in the casinos of non-participating casino operators, each casino operator shall be entitled to a deduction from gross revenue in an amount equal to its proportionate share, as defined in N.J.A.C. 13:69L-1.2, times the value of the eligible promotional gaming credits wagered in the casinos of non-

participating casino operators. This deduction shall be in addition to any deduction to which a participating casino operator is entitled pursuant to (a)2 above.]

[(e)] (a) [After the completion of the recoupment period, in any tax year or portion thereof in which there are eligible promotional gaming credits, a] **A** casino operator shall be entitled to a deduction from gross revenue in an amount equal to its proportionate share of the eligible promotional gaming credits wagered in the casinos of all casino operators **or through the licensee's Internet gaming system** during the tax year [or portion thereof].

[(f)] (b) On or before the third calendar day of each month, each casino operator shall report to the Division the value of the promotional gaming credits that were wagered in its casino **or through the licensee's Internet gaming system** during the preceding month. [In addition, until all payments are made pursuant to the 2008 agreement, each participating casino operator shall report any payments that it made pursuant to the 2008 agreement during the preceding month.] Upon timely receipt of this information, the Division shall, on or before the seventh calendar day after month-end, make available to all casino operators the industry promotional gaming credit information, including the value of promotional gaming credits wagered and the value of eligible promotional gaming credits allocable to each casino operator for deduction from gross revenue.

[(g)] (c) In [each tax year or portion thereof during the recoupment period, and in] accordance with the information provided by the Division pursuant to [(f)] (b) above, each [participating] casino operator shall be entitled, in its monthly gross revenue report and monthly gross revenue tax return, to deduct from its gross revenue the value of eligible promotional gaming credits allocated by the Division to such [participating] casino operator.

[(h)] In each tax year or portion thereof after the tax value of eligible promotional gaming credits deducted by participating casino operators equals \$90 million, and in accordance with the information

provided by the Division pursuant to (f) above, each casino operator shall be entitled, in its monthly gross revenue report and monthly gross revenue tax return, to deduct from its gross revenue its proportionate share, as defined by N.J.A.C. 13:69L-1.2, times the value of the eligible promotional gaming credits wagered in the casinos of non-participating casino operators. This deduction shall be in addition to any deduction to which a participating casino operator is entitled pursuant to (g) above.

(i) In each tax year or portion thereof after the completion of the recoupment period, and in accordance with the information provided by the Division pursuant to (f) above, each casino operator shall be entitled, in its monthly gross revenue report and monthly gross revenue tax return, to deduct from its gross revenue its proportionate share of the value of the eligible promotional gaming credits wagered in the casinos of all casino operators.]

[(j)] **(d)** (No change in text.)

[(k) Notwithstanding any other provision of this section to the contrary, the Division may reduce the value of the available deduction for promotional gaming credits if it determines that such a limitation is necessary to eliminate a negative fiscal impact on the Casino Revenue Fund attributable solely to the deduction and not to other economic or other factors that cause a negative fiscal impact to the Casino Revenue Fund. In accordance with the provisions of N.J.S.A. 5:12-144.2d(2), a negative fiscal impact shall be deemed to have occurred only if the value of promotional gaming credits wagered by patrons in all casinos during any tax year falls below \$90 million.]

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:

“Authentication process” means a method used by a system to verify the validity of software. Such method requires the calculation of an output digest, which is compared to a secure embedded value. The output digest shall be of 128-bit complexity, at a minimum. Software shall be deemed to have been authenticated if the calculated digest equals the secure embedded value.

“Authorized Internet or mobile game” means any game authorized by the Division for use with an Internet or mobile gaming system.

“Client terminal” means any device that is used to interact with a gaming system for the purpose of conducting server-based gaming activity.

“Dormant account” means an Internet gaming account, which has had no patron activity for a period of one year.

“Game server” means the server that contains game software and control programs.

“Gaming session” means the period of time commencing when a patron activates a particular game by placing a wager and terminating when a patron concludes playing that game.

“Gaming system” means either a server-based gaming system, an Internet gaming system, a mobile gaming system, or table game simulcasting system.

“Internet gaming” means the placing of wagers through a server-based gaming system with a casino licensee at a casino located in Atlantic City using a computer network of both Federal and non-Federal interoperable packet switched data networks through which the casino licensee may offer authorized Internet games to a patron who has established an Internet gaming account with the casino licensee.

“Internet gaming account” means an account established by a casino licensee that a patron shall use for the deposit and withdrawal of funds used for Internet wagering.

“Internet gaming manager” means a person licensed as a casino key employee responsible for the operations of internet gaming.

“Internet gaming operator” means a party or parties permitted by the Division to operate an Internet gaming system.

“Internet gaming system” means all hardware, software, and communications that comprise a system for the purpose of offering authorized Internet games.

“Mobile gaming” means the placing of wagers with a casino licensee through a server-based gaming system at a casino located in Atlantic City using a computer network through which the casino licensee may offer authorized games to individuals who have established a wagering account with the casino licensee and who are physically present within the property boundaries of an approved hotel facility.

“Mobile gaming account” means an account established by a casino licensee that a patron may use for the deposit and withdrawal of funds used for mobile wagering.

“Mobile gaming operator” or “mobile operator” means a party or parties licensed by the Division to operate a mobile gaming system.

“Mobile gaming system” means all hardware, software, and communications that comprise a system for the purpose of offering electronic versions of authorized casino games to be played on client terminals within the property boundaries of an approved casino facility.

“Patron session” means a period of time when a patron is logged on to an Internet or mobile gaming system.

“Peer-to-peer gaming” means all gaming activity, such as poker, where patrons are competing against each other.

“Primary gaming equipment” means all hardware, software, and other technology or equipment of any kind determined by the Division to be necessary for the conduct of an authorized Internet game on the premises of a casino hotel within the territorial limits of Atlantic City.

“Secure transaction file” means a file that contains data, which is unalterable or cannot be modified without detection.

“Server-based gaming” means all gaming activity conducted via a client terminal where the outcome of a game is determined by a random number generator (RNG) maintained on a server or a dealer-verified outcome from a simulcast table game.

“Server-based gaming system” means all hardware, software, and communications that comprise a system utilized for the purpose of offering electronic versions of authorized casino games where material aspects of game functionality occur at the server level.

“Table game simulcasting system” means all hardware, software, and communications that comprise a system used to simulcast table games.

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

(a) Internet or mobile gaming shall only be engaged in by patrons who have established an Internet or mobile gaming account.

(b) The message “If you or someone you know has a gambling problem and wants help, call 1-800-Gambler” shall be displayed prominently within the log on and log off screens on the Internet or mobile gaming system.

(c) When a patron logs on to an Internet or mobile gaming system, the system shall display the date and time of the patron's previous log on.

(d) If a patron has suspended his or her account for a period of at least 72 hours, a casino licensee shall not send gaming-related electronic mail to such patron while the account is suspended.

(e) The Internet or mobile gaming system shall employ a mechanism to detect the physical location of a patron logging into the gaming system and every hour thereafter. If the system detects that the physical location of the patron is in an area unauthorized for Internet or mobile gaming, the system shall not accept wagers and disable the patron's account until such time that the patron is in an authorized location as follows:

1. Mobile gaming shall only occur within the property boundaries of an approved casino hotel facility. For purposes of this chapter, the approved casino hotel facility shall include any area located within the property boundaries of the casino hotel facility, including any recreation area or swimming pool, where mobile gaming devices may be used by patrons, but excluding parking garages or parking areas. A mobile gaming system shall disable all gaming activity on a client terminal whenever it is removed from the property boundaries; and

2. Internet gaming shall only occur within the State of New Jersey, unless otherwise authorized by a reciprocal agreement.

(f) A client terminal used for Internet or mobile gaming shall not contain patron account information or game logic that determines the outcome of any game.

(g) Client terminal software used for Internet or mobile gaming shall not contain unauthorized data collection, file extraction, malware, or any other feature that compromises the integrity of the client terminal or the data contained therein.

(h) Software downloaded onto a client terminal shall cause the client terminal to:

1. Notify the patron whenever:

- i. The patron has been logged off due to a period of inactivity; and**
- ii. The client terminal is not communicating with the Internet or mobile gaming**

system; and

2. Continuously display the current time in the time zone where the client terminal is physically located and the time elapsed while in the current patron session.

(i) A casino licensee offering Internet wagering shall have an Internet gaming manager responsible for the operation and integrity of Internet gaming and reviewing all reports of suspicious behavior. A casino licensee offering mobile wagering shall have a mobile gaming manager responsible for ensuring the operation and integrity of mobile gaming and reviewing all reports of suspicious behavior. The Internet or mobile gaming manager shall be a key employee, however nothing shall preclude a casino licensee from having one key employee perform the functions of both the Internet and mobile gaming managers. The Internet and mobile gaming manager(s) shall immediately notify the Division upon detecting any person participating in Internet or mobile wagering who is:

1. Engaging in or attempting to engage in, or who is reasonably suspected of cheating, theft, embezzlement, collusion, money laundering, or any other illegal activities, including those activities prohibited in Article 9 of the Act;

2. Required to be excluded pursuant to N.J.S.A. 5:12-71, 5:12-71.2, or any person who is prohibited from entering a casino or a casino simulcasting facility pursuant to N.J.S.A. 5:12-119(a); or

3. Prohibited by the casino licensee from Internet wagering.

(j) A licensee shall file with the Division, internal controls for all aspects of Internet and mobile gaming operations prior to implementation and any time a change is made thereafter. The internal controls shall include detailed procedures for system security, operations, accounting, and reporting of problem gamblers.

(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. Such method shall include at a minimum:

- 4. Proof of identification, if in person; or**
- 5. The correct response to two or more challenge questions; and**
- 6. Notification to the patron following any modification via electronic or regular mail or**

other method approved by the Division.

(l) All terms and conditions for Internet or mobile gaming shall be included as an appendix to the internal controls of the licensee addressing all aspects of the operation, including the following:

4. Name of the party or parties with whom the patron is entering into a contractual relationship, including any licensee;

5. Patron's consent to have the licensee confirm the patron's age and identity;

6. Rules and obligations applicable to the patron other than rules of the game including,

but not limited to:

(k) Prohibition from allowing any other person to access or use his or her Internet or mobile gaming account;

(l) Prohibition from engaging in Internet or mobile wagering activity, unless they are physically present in New Jersey;

(m) Consent to the monitoring and recording by the operator and/or the Division of any wagering communications and geographic location information; and

(n) Consent to the jurisdiction of the State of New Jersey to resolve any disputes arising out of Internet or mobile gaming.

1. Full explanation of all fees and charges imposed upon a patron related to gaming transactions;

2. Availability of account statements detailing patron account activity;

3. Privacy policies, including information access;

4. Legal age policy, including a statement that it is a criminal offense to allow a person who is under the age of 21 to participate in Internet or mobile wagering;

5. Treatment of inactive or dormant account fund balances;

6. Patron's right to set daily limits and to self-exclude;

7. Patron's right to suspend his or her account for a period of time as chosen by the patron;

8. Actions that will be taken in the event a patron becomes disconnected from the Internet or mobile gaming system during game play;

9. Notice that a malfunction voids all pays;

10. Estimated time period for withdrawal of funds from Internet or mobile account; and

11. Information to be displayed on a patron protection page. The patron protection page shall be accessible to a patron during a patron session. The patron protection page shall contain, at a minimum, the following:

1. A prominent message, which states "If you or someone you know has a gambling problem and wants help, call 1-800-Gambler";

2. A direct link to at least one domestic organization dedicated to helping people with potential gambling problems;
3. Rules governing daily limits;
4. Method for changing or retrieving a password, PIN, or other approved access security feature;
5. Method for filing a complaint with the licensee;
6. Method for filing a complaint with the Division, which shall include the Division's complaint e-mail address and telephone number for the complaint hotline;
7. Method for obtaining a copy of the terms and conditions agreed to when establishing an Internet or mobile gaming account;
8. Method for the patron to obtain account and game history from the licensee;
9. Notification that underage gambling is a criminal offense and that anyone who facilitates someone under the age of 21 to gamble has committed a criminal offense and shall be prohibited from Internet gaming;
10. Notification that the patron is responsible to configure his or her client terminal's auto-lock feature to protect the client terminal from unauthorized use;
11. Notification that a patron is prohibited from allowing any other person to access or use his or her Internet or mobile gaming account; and
12. Notification of Federal prohibitions and restrictions regarding Internet gaming, specifically, any limitations upon Internet gaming as set forth in 18 U.S.C. §§ 1084 et seq. (The Wire Act) and 31 U.S.C. §§ 3163 through 3167 (UIEGA). The notice shall explicitly state that it is a Federal offense for persons physically located outside of New Jersey to engage in Internet wagering through a New Jersey casino, unless explicitly authorized by the Division.

(m) Whenever the terms and conditions that apply to Internet or mobile gaming are changed, the licensee shall require a patron to acknowledge acceptance of such change. Unless otherwise authorized by the Division, the patron's acknowledgement shall be date and time stamped by the Internet or mobile gaming system, as applicable.

(n) A casino operator's primary 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 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) Internet or mobile gaming systems shall be capable of disabling and re-enabling the following on demand:

- a. Gaming sessions;**
- b. Individual games; and**
- c. Individual patron sessions.**

(p) A casino licensee offering Internet or mobile gaming shall comply with all Federal requirements including, but not limited to, suspicious activity reporting and W2-G reporting.

(q) Each casino licensee offering Internet gaming shall perform a network integrity and security assessment conducted by an independent network professional selected by the licensee's external auditor. The independent network professional's report on the assessment shall be submitted to the Division prior to the commencement of Internet gaming operations, quarterly for the first year of operations and annually thereafter, and shall include:

- a. Scope of review;**

- b. Name and company affiliation of the individual(s) who conducted the assessment;**
- c. Date of the assessment;**
- d. Findings;**
- e. Recommended corrective action, if applicable; and**
- f. Casino licensee's response to the findings and recommended corrective action.**

(r) A casino licensee shall investigate each patron complaint related to Internet gaming and provide a response to the patron within five calendar days. A copy of the complaint and response shall be provided to the Division.

(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.

(t) An Internet or mobile gaming system shall not:

1. Induce a patron to continue placing wagers when play is in session, when the patron attempts to end a session, or when the patron wins or loses a bet; and

2. Have any communication with a patron to intentionally encourage the patron to:

- Increase the amount of play;**
- Wager continuously;**
- Wager winnings; or**
- Attempt to recoup losses.**

(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 the Division within 24 hours. The Division shall advise all other casino licensees of the patron's prohibited status. If applicable, a casino licensee shall suspend the Internet gaming account of that patron and prohibit such patron from creating an Internet gaming account.

(v) The authorization to conduct Internet gaming shall expire on (seven years from the effective date of this chapter).

13:690-1.3 Internet or mobile gaming accounts

(a) Prior to engaging in Internet or mobile gaming, a patron shall establish an Internet or mobile gaming account. Any of the following persons shall not be permitted to establish an Internet or mobile account:

- 1. The Governor or Lieutenant Governor of this State;**
- 2. Any State officer or employee or special State officer or employee as defined in the Casino Conflicts of Interest Law;**
- 3. Any member of the Judiciary;**
- 4. Any member of the Legislature;**
- 5. Any officer of Atlantic City;**
- 6. Any person employed as a casino key employee, and**
- 7. Any person prohibited from gaming pursuant to N.J.S.A. 5:12-100n.**

(b) In order to establish an Internet or mobile gaming account, a casino licensee shall:

- 1. Create an electronic patron file, which shall be encrypted and include at a minimum:**
 - a. Patron's legal name;**
 - b. Patron's date of birth;**
 - c. Patron's Social Security number;**
 - d. Patron's Internet and/or mobile account number;**
 - e. Patron's address;**
 - f. Patron's electronic mail address;**

g. Patron's telephone number;

h. The method used to verify the patron's identity; and

i. Date of verification.

2. Verify the patron's identity in accordance with:

1.N.J.A.C. 13:69D-1.5A and, in addition, record the document number of the government issued credential examined; or

2. Other methodology for remote multi-sourced authentication, which may include third-party and governmental databases, as approved by the Division.

3. Require the patron to establish a PIN, challenge questions, and either a password or other access security feature as approved by the Division, provided that, if a patron uses a password it shall consist of eight or more characters and include a combination consisting of letters, symbols, and numbers;

4. Verify that the patron is of the legal age of 21, not self-excluded, on the exclusion list, or otherwise prohibited from participation in gaming;

5. Record the patron's acceptance of the licensee's terms and conditions to participate in Internet or mobile gaming;

6. Record the patron's certification that the information provided to the operator by the individual who registered is accurate;

7. Record the patron's acknowledgement that if his or her account remains dormant for a period of one year any funds remaining on deposit shall be forfeited;

8. Record the patron's acknowledgement that verifications associated with Internet or mobile gaming, such as those for identity or location, may result in a negative impact on the patron's credit report;

9. Record the patron's acknowledgement that the legal age for Internet or mobile gaming is 21;

10. Record the patron's acknowledgement that he or she is prohibited from allowing any other person to access or use his or her Internet or mobile gaming account; and

11. Notify the patron of the establishment of the account via electronic mail or regular mail.

(c) A patron shall have only one Internet or mobile gaming account for each casino licensee. Each Internet or mobile gaming account shall be:

- Non-transferable;**
- Unique to the patron who establishes the account; and**
- Distinct from any other account number that the patron may have established with the**

casino licensee.

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

- i. A patron's deposit account pursuant to N.J.A.C. 13:69D-1.24;**
- ii. A patron's credit or debit card, which has been registered and verified pursuant to the requirements of the issuer;**
- iii. A patron's reloadable prepaid card, which has been verified as being issued to the patron and is non-transferable;**
- iv. Cash complimentaries, promotional credits, or bonus credits;**
- v. Winnings during a gaming session;**
- vi. Adjustments made by the licensee with documented notification to the patron; or**
- vii. Any other means approved by the Division.**

(e) Prior to any cash-out, if a patron used a credit or debit card to fund an Internet or mobile gaming account, any remaining balance in the account up to the amount of the deposit shall be refunded to the patron's credit or debit card account used to fund the Internet or mobile gaming account.

(f) Funds may be withdrawn from a patron's Internet or mobile gaming account for the following:

- i. The funding of game play;**
- ii. Cash-out at the cashier's cage;**
- iii. A cash-out transfer to a patron's deposit account established pursuant to N.J.A.C.**

13:69D-1.24;

iv. A cash-out transfer to a patron's reloadable prepaid cash card, which was used to fund the gaming account;

v. Adjustments made by the licensee with documented notification to the patron;

vi. Cash-out transfers directly to the patron's individual account with a bank or other financial institution (banking account) provided that the licensee:

a. Verifies that the name and address on the banking account agrees with the name and address on the Internet or mobile account;

b. Verifies the validity of the account with the financial institution; and

c. Requires the patron to register the banking account in person; or

7. Any other means approved by the Division.

(g) A casino licensee shall not permit a patron to transfer funds to another patron.

(h) All adjustments to patron accounts shall be authorized by supervisory personnel as described in the licensee's internal controls.

(i) Internet or mobile gaming systems shall provide an account statement with account details to a patron on demand. The account statement shall include detailed account activity for a defined time period. Information to be provided shall include at a minimum, the following:

- 1. Deposits to the Internet or mobile gaming account;**
- 2. Withdrawals from the Internet or mobile gaming account;**
- 3. Lifetime win or loss statistics;**
- 4. The current account balance; and**
- 5. The self-imposed limit history, if applicable.**

- i. A casino licensee shall hold the funds in patrons' Internet gaming accounts separately in a New Jersey bank account independent from all other operating accounts of the licensee. At the end of each gaming day, a casino licensee shall ensure that the amount in this separate account is greater than or equal to the total value of the balances in the patrons' Internet gaming accounts. The casino controller or above shall file a monthly attestation with the Division that the funds have been safeguarded pursuant to this subsection.**
- ii. Patron funds held in an Internet gaming account shall not be automatically transferred by a casino licensee nor shall a casino licensee be permitted to require a patron to transfer funds from his or her Internet gaming account in order to circumvent the requirements of (i) above.**
- iii. A casino licensee shall periodically reverify a patron's identification upon reasonable suspicion that the patron's identification has been compromised.**

13:69O-1.4 Internet or mobile gaming system standards and operational controls

(a) An Internet or mobile gaming system shall utilize sufficient security to ensure patron access is appropriately limited to the account holder. Unless otherwise authorized by the Division, security measures shall include at a minimum:

- i. A personal identification number (PIN);**
- ii. Password or other access security feature; and**
- iii. Two or more challenge questions.**

(b) An Internet or mobile gaming system shall be designed with a methodology approved by the Division to ensure secure communications between a client terminal and the Internet or mobile gaming system.

(c) An Internet or mobile gaming system shall be designed to detect and report:

1. Suspicious behavior, such as cheating, theft, embezzlement, collusion, money laundering, or any other illegal activities; and

2. Excluded persons pursuant to N.J.S.A. 5:12-71, 5:12-71.2, or any person who is prohibited from entering a casino or a casino simulcasting facility pursuant to N.J.S.A. 5:12-119(a).

(d) Patron account access information shall not be permanently stored on client terminals used with a mobile gaming system. Such information shall be masked after entry, encrypted immediately after entry is complete, and may be temporarily stored or buffered during patron entry provided that the buffer is automatically cleared as follows:

- 1. After the patron confirms that the account access entry is complete; or**
- 2. If the patron fails to complete the account access entry within one minute.**

(e) An Internet and mobile gaming system shall associate a patron's account with a single client terminal during each patron session.

(f) Each patron session and gaming session shall have a unique identifier assigned by the Internet or mobile gaming system.

(g) The Internet and mobile gaming system shall immediately terminate a patron session whenever:

- 1. Required by the Division or licensee;**
- 2. The patron ends a session;**
- 3. The patron fails any authentication during a game or patron session;**
- 4. The patron reaches any self-imposed limit;**
- 5. The system detects user inactivity for a time period exceeding 15 minutes if not within a gaming session; or**
- 6. A system error impacts game play.**

(h) Internet and mobile gaming systems shall employ a mechanism that can detect and prevent any patron initiated wagering or withdrawal activity that would result in a negative balance of an Internet and mobile gaming account.

(i) Internet and mobile gaming systems shall temporarily deactivate an Internet or mobile gaming account after three failed log in attempts. The account may be reactivated after the patron either:

- 1. Correctly answers the challenge questions required in (a)3 above; or**
- 2. Presents valid identification credentials in person to the licensee.**

(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 hours;**
- 2. When required by the Division; or**

3. When initiated by a licensee that has evidence that indicates:

- 1. Illegal activity;**
- 2. A negative patron account balance; or**
- 3. A violation of the terms of service has taken place on an authorized patron's**

Internet or mobile gaming account.

(k) When an Internet or mobile gaming account is in a suspended mode the system shall:

- 1. Prevent the patron from engaging in Internet or mobile gaming;**
- 2. Prevent the patron from depositing funds;**
- 3. Prevent the patron from withdrawing funds from his or her Internet or mobile gaming account, unless the suspended mode was initiated by the patron;**
- 4. Prevent the patron from making changes to his or her Internet or mobile gaming account;**
- 5. Prevent the removal of the Internet or mobile gaming account from the gaming system; and**
- 6. Prominently display to the authorized patron that the account is in a suspended mode, the restrictions placed on the account, and any further course of action needed to remove the suspended mode.**

(l) A licensee shall notify the Internet or mobile wagering account holder via electronic mail, regular mail, or other method approved by the Division, whenever his or her account has been deactivated or placed in a suspended mode. Such notification shall include the restrictions placed on the account and any further course of action needed to remove the restriction.

(m) A suspended account may be restored:

- 1. Upon expiration of the time period established by the patron;**

2. When permission is granted by the Division; or
3. When the licensee has lifted the suspended status.

(n) An Internet or mobile gaming system shall be capable of allowing a patron to establish a wager limit, deposit limit, loss limit, buy-in limit, or a time-based limit. Once established by a patron:

1. Any decrease shall be effective no later than the patron's next log in;
2. Any increase shall not become effective in the system until 24 hours after the patron's request and the patron reaffirms the request for the increase.

(o) An Internet or mobile gaming system shall implement automated procedures to identify and prevent the following patrons from placing a wager:

1. Patrons under the age of 21;
2. Patrons on the self-exclusion list;
3. Patrons on the exclusion list;
4. Patrons who have had their account deactivated;
5. Patrons who have had their account suspended; and
6. Patrons who have exceeded their daily limit.

(p) An Internet or mobile gaming system shall provide a patron with the ability to view the outcome and subsequent account balance changes for the previous game, including a game completed subsequent to an outage (for example, network disconnection or client terminal malfunction).

(q) Unless otherwise approved by the Division, all bonus and promotional wagering offers marketed via a client terminal shall be maintained in an electronic file that is readily available to the Division. All bonus and promotional wagering offers shall be stated in clear and unambiguous terms and shall be readily accessible by the patron. Offer terms shall include at a minimum:

- 1. The date and time presented;**
- 2. The date and time the offer is active and expires; and**
- 3. Patron eligibility and redemption requirements.**

(r) Manual adjustments by a casino licensee to Internet or mobile gaming data shall only be made by a software application approved by the Division.

(s) When a patron's lifetime deposits exceed \$2,500, the Internet or mobile gaming system shall immediately prevent any wagering until the patron acknowledges the following:

- 1. The patron has met the Division's gaming deposit threshold of \$2,500;**
- 2. The patron has the capability to establish limits or close his or her account; and**
- 3. The availability of 1-800-GAMBLER.**

(t) The acknowledgement prescribed in (s) above shall be required on an annual basis thereafter.

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

(a) A server-based gaming system shall:

- 1. Comply with N.J.A.C. 13:69D-2;**
- 2. Ensure continued operation in the event of a temporary power failure via an Uninterrupted Power Supply (UPS);**
- 3. Maintain the integrity of the hardware, software, and data contained therein in the event of a shutdown;**
- 4. Ensure the system recovers to the state it was in prior to any system outage;**
- 5. Have physical and logical controls, as appropriate, to ensure that only authorized hardware components are connected to the system;**

- 6. Ensure only approved client terminal software is used to conduct gaming activity;**
 - 7. Ensure that client terminals meet minimum compatibility requirements in order to conduct gaming activity; and**
 - 8. Be designed with a method for the Division to approve all game software installations before the game software may be offered to patrons.**
- (b) Any software used in server-based gaming shall be designed with a method to permit the validation of software using Gaming Authentication Tool (GAT) or other method approved by the Division.**
 - (c) A server-based gaming system shall perform an authentication process on all control programs at least once every 24 hours or on demand.**
 - (d) Server-based gaming systems shall provide a mechanism to notify the operator whenever an authentication process has failed. The operator shall immediately cease operation of the software and immediately notify the Division.**
 - (e) Client terminals used with a server-based gaming system may be installed in a fixed location in the casino hotel facility as approved by the Division, and may be configured to offer multiple and simultaneous wagering opportunities to patrons. The Division may require such location to be used in the calculation of casino floor space.**
 - (f) A server-based gaming system shall be designed with a methodology approved by the Division to ensure secure communications between a client terminal and a server-based gaming system.**
 - (g) Server-based gaming systems shall be capable of disabling and re-enabling an individual game on demand.**

(h) Server-based gaming systems shall notify patrons, via the client terminal, of software that is scheduled for or ordered to be removed by the Division. Unless otherwise authorized by the Division, the system shall:

- 1. Immediately disable a game, which has been ordered to be removed by the Division; or**
- 2. Notify the patron that the game will be removed at the conclusion of the round of play.**

(i) A gaming system shall be designed with a method to automatically identify potential collusion or cheating activity and shall provide a method for a patron to report such activity to the licensee.

(j) Server-based gaming systems shall provide a patron with the ability to view the outcome and subsequent account balance changes for the previous game including a game completed subsequent to an outage (for example, network disconnection or client terminal malfunction).

(k) The following information shall be readily available through a client terminal before a patron's gaming session begins and at any time during a gaming session, where applicable:

- 1. Sufficient information to identify the specific game selected;**
- 2. Game play and payout rules, which shall not rely on sound to convey their meaning;**

and

- 3. All charges imposed on patrons, such as fees, rake, and vigorish.**

(l) Server-based gaming systems with client terminals that utilize a bill changer or are connected to a gaming voucher system shall:

- 1. Be permitted exclusively on approved casino floor space;**
- 2. Comply with all applicable Division rules governing slot machines and electronic**

table games; and

- 3. Provide for revenue reporting separately as server-based games on the Slot Win**

Report pursuant to N.J.A.C. 13:69D-1.43A.

(m) Game play shall be initiated only after a patron has affirmatively placed a wager and activated play. No auto play feature shall be permitted in game software unless authorized by the Division.

(n) Unless otherwise authorized by the Division, all server-based table games shall:

i. Accurately represent the layout and equipment used to play its corresponding authorized non-electronic table game including, when applicable, wagering areas, cards, dice, or tiles;

ii. Function in accordance with approved rules for its corresponding authorized non-electronic table game;

iii. Function as approved by the Division pursuant to the software submission process;

iv. Conspicuously indicate minimum and maximum wagers; and

v. Contain help screens that provide information and rules regarding approved variations, such as the number of decks used, special odds, and supplemental wagers.

(o) Server-based table games may be designed to permit a patron to occupy more than one betting position at an individual game, provided that same option is available in its authorized non-electronic version.

(p) All server-based slot machine games shall comply with standards established by N.J.A.C. 13:69E-1.28A and 1.28G.

(q) Server-based games shall operate in accordance with rules submitted to and approved by the Division, which describe procedures in case of patron disconnection from the network server during a game in accordance with the following:

(a) Where no patron input is required to complete the game, the game shall produce the final outcome as determined by the RNG and the patron's account shall be updated accordingly;

(b) For single patron games, where patron input is required to complete the game, the game shall:

1. Upon subsequent activation, return the patron to the game state immediately prior to the interruption and allow the patron to complete the game; or

2. After an approved period of time, cancel the game resulting in either the forfeiture of the patron's wager or the return of funds to the patron in accordance with a methodology approved by the Division; or

3. Make a selection on behalf of the patron in order to complete the game; and

3. For games with multiple patrons, where the result is affected by the time to respond to a game event, such as poker or blackjack, the game shall, after an approved period of time:

a. Cancel the patron's option to play resulting in either the forfeiture of the patron's wager or the return of the patron's wager in accordance with a methodology approved by the Division; or

b. Make a selection on behalf of the patron in order to complete the game.

(r) Unless otherwise authorized by the Division, server-based table game software used to conduct peer-to-peer gaming, such as poker, shall:

1. Be prohibited from utilizing automated computerized patrons to compete with patrons; and

ii. Provide a patron the option to be randomly assigned to a table where all patrons have been selected at random.

(s) Unless otherwise authorized by the Division, server-based table games with multiple patrons, where the result is affected by the time to respond to a game event, such as poker or blackjack, shall be designed with a game recall feature which allows the patron to recall the last five game

outcomes and associated wagers. The game recall information shall be viewable from the client terminal.

13:690-1.6 Table game simulcasting

(a) A casino licensee shall obtain Division approval to simulcast authorized table games.

(b) Table game simulcasting shall utilize a simulcast control server for the purpose of recording all wagering activity and game results. The simulcast control server shall:

- 1. Provide the patron with real time visual access to the live game being played;**
- 2. Prevent anyone from accessing the wagering outcome prior to finalizing a wager;**
- 3. Record dealer-verified game results before posting; and**
- 4. Be equipped with a mechanism to void game results, if necessary.**

(c) Information about wagering conducted during table game simulcasting shall be provided to a patron in real time and shall include all game play information that would normally be available from the table game equivalent. Such information shall include at a minimum:

- 1. The table number and location;**
- 2. The table minimum and maximum wagers;**
- 3. The number of decks used, if applicable;**
- 4. Dealer actions, if applicable;**
- 5. The amount wagered;**
- 6. The game outcome;**
- 7. Vigorish amount, if applicable;**
- 8. Payout odds, where applicable; and**
- 9. The amount won or lost.**

(d) The following information shall be readily available through the client terminal before a patron's gaming session begins and at any time during the gaming session where applicable:

- 1. Sufficient information to identify the specific game selected;**
- 2. Game play and payout rules, which shall not rely on sound to convey their meaning; and**
- 3. All charges imposed on the patron, such as fees and vigorish, when applicable.**

13:690-1.7 Communications standards for gaming systems

(a) All gaming systems authorized by this chapter shall be designed to ensure the integrity and confidentiality of all patron communications and ensure the proper identification of the sender and receiver of all communications. If communications are performed across a public or third-party network, the system shall either encrypt the data packets or utilize a secure communications protocol to ensure the integrity and confidentiality of the transmission.

(b) Wireless communications between the authenticator device and the authentication server shall be encrypted using a robust method such as IPsec, WPA2, or other method approved by the Division.

(c) A licensee shall mask the service set identification (SSID) of the gaming system network to ensure that it is unavailable to the general public.

(d) All communications that contain patron account numbers, user identification, or passwords and PINs shall utilize a secure method of transfer (for example, 128-bit key encryption) approved by the Division.

(e) Only devices authorized by the Division shall be permitted to establish communications between a client terminal and a gaming system.

(f) Server-based gaming systems shall maintain an internal clock that reflects the current date and time that shall be used to be synchronize the time and date between all components that comprise the gaming system. The system date and time shall be visible to the patron when logged on.

13:69O-1.8 Mandatory gaming system logging

(a) Gaming systems shall employ a mechanism capable of maintaining a separate copy of all of the information required to be logged in this section on a separate and independent logging device capable of being administered by an employee with no incompatible function. If the gaming system can be configured such that any logged data is contained in a secure transaction file, a separate logging device is not required.

(b) Gaming systems shall provide a mechanism for the Division to query and export, in a format required by the Division, all gaming system data.

(c) Gaming systems shall electronically log the date and time any Internet or mobile gaming account is created or terminated (Account Creation Log).

(d) A gaming system shall maintain a patron history log (Patron Session History Log) that provides all information necessary to recreate patron game play and account activity during each patron session. The Patron Session History Log shall contain the following at a minimum for each entry:

- 1. A unique patron session and gaming session identifier;**
- 2. The date and time of each patron transaction;**
- 3. The patron account number;**
- 4. A description of the transaction including game outcome when applicable;**

- 5. The patron account balance following the transaction; and**
- 6. The amount of the transaction.**

(e) An entry shall be recorded in a Patron Session History Log upon the occurrence of the following events at a minimum:

- i. The start and termination of a patron session;**
- ii. The start and termination of a gaming session;**
- iii. When wagers are made during a gaming session;**
- iv. Transfers of funds to and from the patron's account;**
- v. Withdrawal of promotional credits;**
- vi. A reportable W2-G jackpot;**
- vii. The award of a progressive jackpot;**
- viii. Completion of a game after an interruption; and**
- ix. The award of a marketing promotional bonus.**

(f) Unless otherwise authorized by the Division, when software is installed on or removed from a gaming system, such action shall be recorded in a secure electronic log (Software Installation/Removal Log), which shall include:

- 1. The date and time of the action;**
- 2. The identification of the software; and**
- 3. The identity of the person performing the action.**

(g) Unless otherwise authorized by the Division, when a change in the availability of game software is made on a gaming system, the change shall be recorded in a secure electronic log (Game Availability Log), which shall include:

- 1. The date and time of the change;**

2. The identification of the software; and
3. The identity of the person performing the change.

(h) Unless otherwise exempted by the Division, a gaming system shall record all promotional offers (Promotions Log) issued through the system. Such log shall provide the information necessary to audit compliance with the terms and conditions of current and previous offers.

(i) Results of all authentication attempts shall be retained in an electronic log (Authentication Log) and accessible for a period of 90 days.

(j) All adjustments to gaming system data made using stored procedures shall be recorded in an electronic log (Adjustments Log), which lists:

1. The date and time;
2. The identification and user ID of user performing the action;
3. A description of the event or action taken; and
4. The initial and ending values of any data altered as a part of the event or action

performed.

13:690-1.9 Required gaming system reports; reconciliation

(a) The system shall be designed to generate reports as specified by the Division that shall include at a minimum:

1. The report title;
2. The version number of the current system software and report definition;
3. The date or time period of activity, or description “as of” a point in time;
4. The date and time the report was generated;
5. Page numbering, indicating the current page and total number of pages;

- 6, Subtotals and grand totals as required by the Division;**
- 7. A description of any filters applied to the data presented in the document;**
- 8. Column and row titles, if applicable; and**
- 9. The name of the casino licensee.**

(b) All required reports shall be generated by the system, even if the period specified contains no data to be presented. The report generated shall indicate all required information and contain an indication of “No Activity” or similar message if no data appears for the period specified.

(c) Gaming systems shall provide a mechanism to export the data generated for any report to a format approved by the Division.

(d) An Internet gaming system and a mobile gaming system shall be capable of generating the following daily reports 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:

- 1. Beginning balance;**
- 2. Total amount of deposits;**
- 3. Total amount of transfers to games;**
- 4. Total amount of transfers from games;**
- 5. Total amount of withdrawals; and**
- 6. 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.

(g) 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 that have had no activity for a period of one year. The report shall include:

- 1. The patron name and account number;**
- 2. The date of the last transaction; and**

3. The account balance.

(h) No voids of completed wagering transactions shall occur without Division approval.

(i) 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 by the licensee to evaluate the performance of all games offered to the public.

(j) A gaming system shall generate a Patron Account Adjustments Report, which shall be reviewed by the licensee on a daily basis to evaluate the legitimacy of patron account adjustments.

Unless otherwise authorized by the Division, the report shall at a minimum include:

- 1. The patron's name;**
- 2. An account number;**
- 3. The date and time of the adjustment;**
- 4. The person who performed the adjustment;**
- 5. The reason for the adjustment; and**
- 6. The amount of the adjustment.**

1. An Internet gaming system shall generate a report on a weekly basis identifying potential problem gamblers, including those patrons who self-report. The casino licensee shall review the report and document any action taken.

SUBCHAPTER 2. INTERNET GAMING RECIPROCAL AGREEMENTS

13:69O-2.1 Reciprocal agreements; prohibition of Internet gaming in establishments that do not hold an Internet gaming permit

(a) The Division may authorize a permit holder in New Jersey to participate in Internet gaming with patrons located in jurisdictions outside New Jersey pursuant to a reciprocal agreement that has been entered into by the State of New Jersey, if the Division determines that such wagering is not inconsistent with Federal law or the law of the jurisdiction in which any such person is located or such wagering is conducted.

(b) No organization or commercial enterprise, other than a casino located in Atlantic City or its Internet gaming affiliate that has been issued a permit to conduct Internet gaming and has located all of its equipment used to conduct Internet gaming, including computers, servers, monitoring rooms, and hubs, in Atlantic City, shall make its premises available for placing wagers at casinos using the Internet or advertise that its premises may be used for such purpose.

(c) An organization or commercial enterprise that is determined by the Division to have violated the provisions of this section shall be subject to a penalty of \$1,000 per patron per day for making its premises available for placing wagers at casinos using the Internet and of \$10,000 per violation for advertising that its premises may be used for such purpose.