

**LAW AND PUBLIC SAFETY**

**DIVISION OF GAMING ENFORCEMENT**

**Gaming Operation Accounting Controls and Standards**

**Proposed Amendment: N.J.A.C. 13:69D-1.11**

Authorized By: David Rebuck, Director, Division of Gaming Enforcement.

Authority: N.J.S.A. 5:12-69.a, 69.e, 70.a(13), and 76.g.

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

Proposal Number: PRN 2017-152.

Submit written comments by October 6, 2017, to:

Sara Ben-David, Deputy Attorney General

Division of Gaming Enforcement

1300 Atlantic Avenue

Atlantic City, NJ 08401

or electronically at: [rulecomments@njdge.org](mailto:rulecomments@njdge.org)

The agency proposal follows:

**Summary**

The proposed amendment is intended to assist the Division of Gaming Enforcement (Division) with determining whether applicants for a casino license have a properly constituted audit committee that complies in all respects with the requirements set forth in the Casino Control Act and the rules promulgated thereunder. The amendment is also intended to assist the Division with monitoring the continued compliance of casino licensees. Specifically, N.J.A.C. 13:69D-1.11(c) requires a casino licensee or its holding company to have an independent audit

committee. The audit committee must be comprised of three or more members, unless good cause is shown why the committee should be comprised of less than three members. The proposed amendment to N.J.A.C. 13:69D-1.11(c) will require an applicant for a casino license to prepare a charter for its independent audit committee and submit the charter to the Division for approval. The amendment will require a casino licensee to, thereafter, notify the Division of any material change to the charter in advance of implementing such a change.

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**

The proposed amendment should have minimal social impact in that it requires casino applicants and licensees, as part of conducting their business affairs, to prepare charters for their independent audit committees, seek approval of their audit committee charters from the Division, and to notify the Division prior to any material change to the charters.

### **Economic Impact**

The proposed amendment should have minimal economic impact in that casino applicants and licensees are already subject to certain audit charter and committee requirements by rule. This amendment clarifies these existing requirements. Under the proposed amendment, a casino applicant or licensee may not satisfy the requirements for an approved independent audit committee if such person fails to prepare and submit a charter or fails to provide prior notice of a material change, and a casino applicant or license could be subject to a penalty if any such a failure occurs.

### **Federal Standards Statement**

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

### **Jobs Impact**

The proposed amendment is not expected to have any impact on the number of jobs in the State of New Jersey.

### **Agriculture Industry Impact**

The proposed amendment will have no impact on agriculture in New Jersey.

### **Regulatory Flexibility Statement**

The proposed amendment will only affect the operations of New Jersey casino applicants and licensees, none of which qualify as a "small business" as defined in the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq., because they employ more than 100 persons full-time in the State of New Jersey. Accordingly, a regulatory flexibility analysis is not required.

### **Housing Affordability Impact Analysis**

The proposed amendment will have no impact on the affordability of housing in New Jersey and it is extremely unlikely that the proposed amendment would evoke a change in the average costs associated with housing because the rule is concerned only with a requirement that

casino licensees provide a copy of their audit committee charter and any amendments to the Division of Gaming Enforcement.

### **Smart Growth Development Impact Analysis**

The proposed amendment will not have an impact on smart growth and it is extremely unlikely that the proposed amendment would evoke a change in housing production in Planning Areas 1 or 2, or within designated centers, under the State Development and Redevelopment Plan in New Jersey because the proposed amendment concerns only a requirement that casino licensees provide a copy of their audit committee charter and any amendments to the Division of Gaming Enforcement.

**Full text** of the proposal follows (additions indicated in boldface **thus**):

#### SUBCHAPTER 1. GENERAL PROVISIONS

##### 13:69D-1.11 Casino licensee's organization

(a) – (b) (No change.)

(c) The supervisors of the surveillance and internal audit departments required by (b) above shall comply with the following reporting requirements:

1.-3. (No change.)

**4. Each applicant for a casino license shall prepare a charter for its independent audit committee, which complies with the Act and all rules promulgated thereunder. Such charter shall be submitted to the Division for approval at least 30 days before gaming operations are to commence, unless otherwise directed by the Division. Casino licensees must notify the Division of any material change to the charter not less than five days in**

**advance of implementing any such change. The initial submission of the independent audit committee charter and notices concerning material changes shall be addressed to the Intake Unit, attention Casino Licensing Bureau, of the Division at its address set forth in N.J.A.C. 13:69-3.5(a) or submitted electronically to [entitydocs@njdge.org](mailto:entitydocs@njdge.org).**

(d) – (h) (No change.)