

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

CHAPTER 69D

GAMING OPERATION ACCOUNTING CONTROLS AND STANDARDS

SUBCHAPTER 1. GENERAL PROVISIONS

13:69D-1.11 Casino licensee's organization

(a) (No change.)

(b) In addition to satisfying the requirements of (a) above, each casino licensee's system of internal controls shall include, at a minimum, the following departments and supervisory positions. Each of the departments and supervisors required or authorized by this section (a "mandatory" department or supervisor) shall cooperate with, yet perform independently of, all other mandatory departments and supervisors of the casino licensee. Mandatory departments and supervisory positions are as follows:

1. - 2. (No change.)

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

i. (No change.)

ii. The IT security officer shall report to the

IT

department manager and be responsible for:

(1) (No change.)

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

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

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

(5) Ensuring compliance with all State and federal information security policies and regulations;

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

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

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

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

to law enforcement;

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

(11) Remain current with the latest IT security and privacy legislation, regulations, advisories, alerts

and vulnerabilities to ensure the licensee's security program and

security software is effective.

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

4. - 6. (No change.)

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

and refund of patron deposits

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

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

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

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

prohibited from commingling the accounts or allowing transfers between the accounts.

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

1. - 3. (No change.)

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

1. The name of the patron;
2. The total amount of the deposit stated in numbers and words;
3. The date and time;
4. The type(s) of item(s) accepted for deposit;

and

5. The signature of the general cashier.

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

(g) After supplying information required by the casino licensee to verify his or her identity, a patron shall be

allowed to withdraw all or a portion of the deposit for gaming activity [with] **as follows:**

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

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

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

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

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

1. (No change.)

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

i. - vi. (No change.)

3. (No change.)

(m) (No change.)

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

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

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

1. - 4. (No change.)

5. For Internet self-exclusion:

i. The Internet gaming system shall provide a link within the patron's Internet gaming account to an Internet self-exclusion application form and provide his or her acknowledgment of the following statement: "I am voluntarily requesting exclusion from all New Jersey Internet gaming because I am a problem Internet gambler. I certify that the information I have provided is true and accurate, and that I have read and understand and agree to the waiver and release included with this request for Internet self-exclusion. I am aware that my digital signature authorizes the Division of Gaming Enforcement to direct all New Jersey casino licensees to restrict my Internet gaming in accordance with this request [and], [unless I have requested to be excluded for life,] until such time as the Division removes my name from the Internet self-exclusion list in response to my request to terminate my voluntary Internet self-exclusion. I am aware and agree that during any period of

Internet self-exclusion any money or thing of value seized from me, or owed to me by, a casino licensee shall be subject to forfeiture."; and

ii. (No change.)

CHAPTER 690

INTERNET AND MOBILE GAMING

SUBCHAPTER 1. GENERAL PROVISIONS

13:690-1.1 Definitions

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

...

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

...

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

...

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

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

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

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

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

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

3. Strong authentication.

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

(n) A casino operator's primary **gaming** equipment used to conduct Internet or mobile gaming shall be located, with the prior approval of the Division, in a restricted area on the premises of the casino hotel within the territorial limits of Atlantic City, New Jersey. Subject to Division approval, a

casino operator may use backup equipment located [outside] **in a restricted area on the premises of a casino hotel facility within** the territorial limits of Atlantic City to conduct Internet gaming for a time period not to exceed 60 days unless otherwise authorized by the Division.

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

(s) [If an Internet gaming system offers free or demonstration games, the games shall only be accessible after log in and have the same payout percentages and odds as paying games.] **An Internet or mobile gaming system may offer games that do not require a wager or payment from a patron's Internet gaming account to patrons who have not exceeded any daily time-based limit, provided that the games comply with the following requirements:**

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

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

i. The game is offered for entertainment purposes only;

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

iii. The game outcomes may not be representative

of those for a Division approved game;

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

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

ii. Not offer an award or thing of value;

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

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

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

(t) (No change.)

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

patron and prohibit such patron from creating an Internet gaming account.

(v) (No change.)

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

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

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

13:690-1.3 Internet or mobile gaming accounts

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

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

1. - 2. (No change.)

3. A patron's deposit of cash, gaming chips or slot tokens at the cashiers' cage.

[3. - 7.] **4. - 8.** (No change in text.)

(e) (No change.)

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

1. The funding of game play;

2. Cash-out at the cashier's cage [immediately upon patron request]:

i. For any amount not exceeding \$250, immediately upon patron request; or

ii. For any amount exceeding \$250, the patron shall be permitted to withdraw up to \$250 immediately and, unless the casino licensee has evidence of possible fraud or other suspicious account activity and reports such evidence to the Division, the balance within 72 hours of the patron's request;

3. - 7. (No change.)

(g) - (h) (No change.)

(i) Internet or mobile gaming systems shall provide an account statement with account details to a patron on demand[. The account statement], **which** shall include detailed account activity for at least the six months preceding twenty-four hours prior to the request. In addition an Internet or mobile gaming system shall, upon request, be capable of providing a summary

statement of all patron activity during the past year.

Information to be provided [in these statements] **on the summary statement** 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] **Win** or loss [statistics];

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

[balance]

balances; and

5. [The self-imposed] **Self-imposed** responsible gaming

limit history, if applicable.

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

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

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

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

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

2. - 3. (No change.)

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

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

(a) A server-based gaming system shall:

1. Comply with N.J.A.C. [13:69D-2] **13:69D-2.1 et seq.;**

2. - 8. (No change)

(b) - (u) (No change.)

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

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

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

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

i. Beginning balance;

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

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

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

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

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

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

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

the casino licensee shall investigate each variance included on the Variance Report and:

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

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

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

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

- i. Beginning balance;**
- ii. Total amount of deposits;**
- iii. Total amount of non-cashable bonuses deposited;**
- iv. Total amount of non-cashable bonuses wagered;**
- v. Total amount of non-cashable bonuses expired;**
- vi. Total amount of transfers to games;**

vii. Total amount of transfers from games;

vi ii. Total amount of withdrawals;

ix. Total amount of funds on game at the beginning of the gaming day (the amount of pending wagers at the end of the prior gaming day);

x. Total amount of funds on game at the end of the gaming day (the amount of pending wagers plus funds transferred to a game but not yet wagered);

xi. Win or loss, calculated as the amount of transfers to games and beginning funds on game less the amount of transfers from games and ending funds on game; and

xii. Ending balance;

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

i. Total amounts wagered;

ii. Total amounts won;

iii. Total tournament entry or participation fees;

iv. Rake or vigorish;

v. Total amounts of guaranteed funds paid to players; and

vi. Total amounts due to or from an Internet gaming network; and

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

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

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

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

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

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

- i. Total amounts wagered;

ii. Total amounts won;

iii. Total tournament entry or participation fees;

iv. Rake or vigorish;

v. Total amounts of guaranteed funds paid to players;

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

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

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

2. Calculate the variance between the two amounts;

3. Document the reason for the variance; and

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

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

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

1. - 3. (No change.)

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

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

[(j) - (k)] **(k) - (l)** (No change in text.)

(m) An Internet gaming system shall be capable of generating a Pending Transaction Account Report which shall

include and separately itemize all pending transactions for each patron account, including but not limited to, funds on game and deposits and withdrawals not yet cleared.

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

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

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

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

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

4. Procedures for the auditing of testing activity by the Internet gaming permit holder to ensure the accountability

of funds used for testing and proper adjustments to Internet gross revenue;

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

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

i. An employee may utilize multiple test accounts; and

ii. Test account play shall be conducted without the participation of patrons; and

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

