

**LAW AND PUBLIC SAFETY**

**DIVISION OF GAMING ENFORCEMENT**

**Rules of the Games**

**Poker**

**Proposed Amendments: N.J.A.C. 13:69F-14.1, 14.7, 14.10, 14.11, 14.19, and 14.20**

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

Authority: N.J.S.A. 5:12-5, 69a, 70, 99, and 100.

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

Proposal Number: PRN 2013-112.

Submit written comments by October 4, 2013 to:

Lon E. Mamolen, Deputy Attorney General

Division of Gaming Enforcement

1300 Atlantic Avenue

Atlantic City, NJ 08401

The agency proposal follows:

**Summary**

The proposed amendments would supplement the rules for the authorized game of poker and its variations, as set forth at N.J.A.C. 13:69F-14.

The proposed amendments to N.J.A.C. 13:69F-14.1 clarify the definition of “blind bet” and add the definitions of “high hand payout” and “straddle.”

The proposed amendments to N.J.A.C. 13:69F-14.7 modify the procedures governing table stakes of a player who temporarily leaves a poker table but who intends to return. First, the

option to use a nontransparent cover for such table stakes is revised to allow for any type of cover or for the stakes to remain on the table surface uncovered. Second, another patron, who is not a player in an active game, may play in an absent player's seat until such time as the absent player returns to the table.

The proposed amendments to N.J.A.C. 13:69F-14.10 provide for additional options in the authorized poker variation of hold 'em poker. The proposed amendments include, at the discretion of the casino licensee, wagering options of "buying the button" and "straddle bets," and multiple, alternative hand resolutions upon player agreement. In addition, sub-variations of hold 'em poker, known as "Pineapple" and "Crazy Pineapple," in which players are each dealt three cards, are authorized.

A proposed amendment to N.J.A.C. 13:69F-14.11 provides for multiple, alternative hand resolutions upon player agreement, at the discretion of the casino licensee, in the authorized poker variation of omaha poker.

Proposed amendments to N.J.A.C. 13:69F-14.19 and 14.20 integrate rules governing "high hand payouts" with those for bad beat payouts, generally, as they may be interconnected in more than one casino.

A proposed amendment to N.J.A.C. 13:69F-14.19(g) changes the deposit of the duplicate Payout Contribution Form in a locked accounting box from being in a location "approved by the commission" to being in a "secure" location.

N.J.A.C. 13:69F-14.20(c)3 is proposed for amendment to indicate the records and reports that must be generated and maintained are pursuant to the Division rules, not the Casino Control Commission rules.

This notice of proposal is not required to be referenced in a rulemaking calendar because 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 amendments are not expected to have any social impact beyond that created by the authorization of any game variation that is compatible with the public interest. The proposed amendments do not reflect any social judgments made by the Division. The implementation of new player options may increase patron interest in the game of poker, but it is unclear at this time whether new or additional patrons will be attracted to Atlantic City casinos as a result.

### **Economic Impact**

The implementation new player options, by its very nature, would require casino licensees to incur some costs in preparing to offer these options to the public, such as installing new tables and layouts, training casino personnel, and revising the casino's gaming guide. These costs may be offset by increased casino revenues, which may be generated by the options.

To the extent the new options generate increased casino revenues from poker, senior and disabled citizens of New Jersey would benefit from the additional tax revenue that would be collected. However, for the above reasons, any attempt to quantify the effects of the introduction of the new options on casino revenue would be speculative at this time.

The proposed amendments may also require the Division of Gaming Enforcement to incur some minimal costs in reviewing changes to player options for poker, new

options for poker bonus payouts, and for securing table stakes. These costs are borne by casino licensees.

### **Federal Standards Statement**

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

### **Jobs Impact**

The proposed amendments are not expected to result in an increase or decrease in the number of jobs at Atlantic City casinos. No impact upon any other sector of the economy is anticipated.

### **Agriculture Industry Impact**

The proposed amendments will have no impact upon the agriculture industry in New Jersey because they affect the regulation of casinos in Atlantic City.

### **Regulatory Flexibility Statement**

The proposed amendments would affect casino licensees, none of which is a "small business" within the meaning of 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, no regulatory flexibility analysis is required.

### **Housing Affordability Impact Analysis**

The proposed amendments will have no impact on the affordability of housing in the State of New Jersey and there is an extreme unlikelihood that the amendments would evoke a change in the average costs associated with housing because they affect the rules for the authorized games of poker in casinos in Atlantic City.

## Smart Growth Development Impact Analysis

The proposed amendments will have no impact on the achievement of smart growth and there is an extreme unlikelihood that the rules 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 the State of New Jersey because they affect the rules of the authorized games of poker in casinos in Atlantic City.

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

### SUBCHAPTER 14. POKER

#### 13:69F-14.1 Definitions

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

...

"Blind bet" means a mandatory wager in some poker games which only players sitting in specific betting positions at the poker table shall be required to place prior to [looking at] any cards **being dealt**.

...

**"High hand payout" means one or more awards that are payable to a player in accordance with the procedures set forth in N.J.A.C. 13:69F-14.19 whenever a player holds one or more predesignated high value poker hands without regard to the value of the hand of any other player.**

...

**“Straddle” or “straddle bet” means an optional wager in some poker games that require blind wagers, which only players sitting in specific betting positions at the poker table may place prior any cards being dealt.**

...

#### 13:69F-14.7 Wagers

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

(c) A player may only participate in the wagering during a round of play with the gaming chips, gaming plaques, or currency [which] **that** were already on the poker table in front of the player when the round of play commenced. In addition, a player may use coin for the purpose of placing an ante in an amount less than \$1.00 and in denominations of \$.25 or \$.50.

1. – 4. (No change.)

5. Whenever a player indicates an intent to temporarily leave a poker table without relinquishing his or her seat at the table, the poker shift supervisor shall either:

i. Account for the amount of the player’s table stakes prior to the player’s departure from the table in possession of his or her table stakes and upon the player’s return to the table; [or]

ii. Maintain the player’s table stakes on the table surface using a [non-transparent] cover until the player’s return[.]; **or**

**iii. Permit the player’s table stakes to remain on the table surface uncovered.**

**6. Upon a player temporarily leaving a poker table and the poker shift supervisor observing either (c)5i or ii above, another patron who is not a player in an active game may play in the absent player's seat, until such time as the absent player returns to the table.**

(d) – (j) (No change.)

13:69F-14.10 Hold 'em poker; procedures for dealing of cards; completion of each round of play

(a) – (c) (No change.)

**(d) Wagers placed prior to dealing any cards shall be governed by the following rules:**

[(d)] **1.** The player to the immediate left of the button shall be required to initiate the first betting round by placing a blind bet in accordance with the posted table requirements.

**i. In a casino licensee's discretion, if a new player enters a game at a seating position between the button and a player who has placed a blind bet, or an absent player who has missed a blind bet seeks to reenter the game, the new or absent player shall post a blind bet(s) (buying the button) to participate in any round of play prior to the button returning to the player's seating position.**

**2.** A casino licensee may require additional blind bets to be made immediately subsequent to the initial blind bet.

**3.** A casino licensee may elect to offer players the option to place a straddle bet subsequent to the blind bet(s).

**4.** The amount and number of all blind bets required by the casino licensee **and, if offered, the amount of a straddle bet,** shall be posted on a sign in accordance with N.J.A.C.

13:69F-8.3.

(e) (No change.)

(f) Following the placement of the blind bet(s) **and, if applicable, a straddle bet**, each player shall in turn, in a clockwise rotation around the poker table, either fold, call, or raise the bet. The option to raise shall also apply to the player(s) who made the blind bet(s) **and straddle bet**. After the last player has responded to the most recent bet, the betting round shall be considered complete.

(g) – (j) (No change.)

**(k) A casino licensee may elect to offer variations of hold ‘em poker known as “Pineapple” or “Crazy Pineapple,” in which the dealer shall deal three rounds of cards face down to each player.**

**1. For Pineapple, upon completing the opening round of betting but prior to dealing the three community cards pursuant to (g) above, each player is required to discard one card in the same sequence as the preceding round of betting.**

**2. For Crazy Pineapple, upon the dealer dealing the three community cards and the completion of the round of betting prescribed in (g) above, each player is required to discard one card in the same sequence as the preceding round of betting.**

**(l) A casino licensee may elect to offer multiple, alternative hands resolution subject to the following:**

**1. Two or more players shall agree to the number of alternative hands to be played, provided that the players agree to:**

**i. No more than four alternative hands in a round of play; and**

**ii. The juncture in the round of play at which the alternative hands are to be generated (examples include prior to turning over the first three community cards, prior to**



turning over the fourth community card, and prior to turning over the fifth community card).

**2. The dealer shall verbally confirm such agreement and place a marker on the table bearing the number of alternative hands to be played prior to dealing any additional community cards.**

**3. Upon player agreement and dealer confirmation and marker placement, the dealer shall proceed to deal each alternative hand in accordance with the rules of this section, but without any additional player betting.**

**4. The dealer shall split the pot into separate equal portions to the nearest dollar amount corresponding to the number of alternative hands to be dealt, with any excess amount added to the first hand dealt. The portion of the pot dedicated for each hand resolution shall be awarded to the player with the winning hand. If players have equal ranking hands, the corresponding portion shall be split equally among players.**

13:69F-14.11 Omaha poker; procedures for dealing of cards; completion of each round of play

(a) – (i) (No change.)

**(j) A casino licensee may elect to offer multiple, alternative hands resolution subject to the following:**

**1. Two or more players shall agree to the number of alternative hands to be played, provided that the players agree to:**

**i. No more than four alternative hands in a round of play; and**

**ii. The juncture in the round of play at which the alternative hands are to be generated (examples include prior to turning over the first three community cards, prior to**

turning over the fourth community card, and prior to turning over the fifth community card).

2. The dealer shall verbally confirm such agreement and place a marker on the table bearing the number of alternative hands to be played prior to dealing any additional community cards.

3. Upon player agreement and dealer confirmation and marker placement, the dealer shall proceed to deal each alternative hand in accordance with the applicable provisions of N.J.A.C. 13:69F-14.10(h) and (i), but without any additional player betting.

4. The dealer shall split the pot into separate equal portions to the nearest dollar amount corresponding to the number of alternative hands to be dealt, with any excess amount added to the first hand dealt. The portion of the pot dedicated for each hand resolution shall be awarded to the player with the winning hand. If players have equal ranking hands, the corresponding portion shall be split equally among players.

13:69F-14.19 Bad beat payouts; **high hand payouts**; posting of rules; contributions; counting and displaying of payout amount; procedures for implementation

(a) A casino licensee may elect, in its discretion, to offer a payout for one or more pre-designated high value poker hands when such a hand **in a round of play** is held by a player **either** as a losing hand [in a round of play] (a "bad beat") **or without regard to the relative rank of any other player's hand**. [A bad beat] **Such** payouts shall be made from a separate fund created from pot contributions required at tables where **either** a bad beat payout **or a high hand payout** is offered and shall be paid in accordance with the procedures established pursuant to this section. The funds extracted from pot contributions may be used by the casino licensee for other

types of poker bonus payouts, so long as all funds extracted from any pot [for the bad beat fund] are awarded to poker players. **A casino licensee may not offer both a bad beat payout and a high hand payout at the same poker table.**

(b) A casino licensee shall post at each poker table that offers **either** a bad beat payout **or a high hand payout**, a notice advising patrons of eligibility for such payout. In addition to displaying the current amount of any [bad beat] payout, a casino licensee that offers a [bad beat] payout shall post its [bad beat] payout rules in a conspicuous location within its poker room, which, at a minimum, shall address:

1. (No change.)
2. The minimum pot amount required for a contribution to a [bad beat] payout;
3. Qualifying [bad beat] requirements and payouts; and
4. Other types of bonus awards [which] **that** are funded through pot contributions to the [bad beat] fund.

(c) A casino licensee shall extract from each pot at a poker table designated for participation in **either** a bad beat payout **or a high hand payout**, a prescribed contribution to the [bad beat] payout, which amount shall be collected in accordance with the casino licensee's [bad beat] payout rules as set forth in its Rules of the Games Submission. Prior to distributing the pot to a winning patron and after the dealer has extracted the rake, the amount from each pot to be contributed to a [bad beat] payout shall be determined, segregated from the pot, and deposited into the [bad beat] payout box. A casino licensee may, upon amending its [bad beat] payout rules and pursuant to (j) below, terminate collection of [bad beat] contributions at any time.

(d) At least once each gaming day and upon notice to the Division, a casino licensee shall count the accumulated contents of each [bad beat] payout box and the contents shall be transferred to

the cashiers' cage or a satellite cage. The counting shall occur at a closed poker table, the cashiers' cage, or a satellite cage in accordance with the casino licensee's internal control procedures.

1. If the counting of the contents of each [bad beat] payout box occurs at a closed poker table, the counting shall be performed by a poker dealer in the presence of a poker supervisor, and it shall be recorded by the surveillance department. Documentation of the count shall be prepared and signed by both the dealer and the supervisor. The contents of each [bad beat] payout box shall then be placed in a locked container along with documentation of the count and transported to the cashiers' cage or satellite cage by a representative of the casino security department.

2. If the counting of the contents of each [bad beat] payout box occurs in the cashiers' cage or a satellite cage, a poker supervisor shall account for all locked [bad beat] payout boxes transported from the poker tables to the cage. A representative of the casino security department shall transport such boxes to the cashiers' cage or satellite cage for counting by casino cage cashiers.

(e) Once each [bad beat] payout box or a container containing the contents of the [bad beat] payout boxes is delivered to the cashiers' cage or satellite cage, a cashier shall count the contents of each box or, if the contents of such boxes were previously counted by poker room personnel and combined in a locked container for transport, verify the aggregate count.

(f) In lieu of the procedures set forth in (d) and (e) above, a casino licensee may count and record the total value of gaming chips contained in the approved [bad beat] contribution container(s) and return the gaming chips to the table inventory, subject to the following requirements:

1. (No change.)

2. The dealer assigned to the poker table shall count the contents of the container in the presence of a poker supervisor and under videotaped surveillance or, if counted without such presence and surveillance, in the presence of a representative of a second department. The same procedure shall apply at all affected poker tables. If a representative of a second department witnesses and verifies the count, that person shall:

i. (No change.)

ii. Be identified in the casino licensee's approved internal controls; provided, however, that the following positions shall be prohibited from witnessing and verifying a count of [bad beat] payout contributions pursuant to (f)2 above:

(1) (No change.)

(2) Any other employee for whom it would be an incompatible function to witness and verify a count of [bad beat] payout contributions.

3. The [Bad Beat] Payout Contribution Form shall be serially pre-numbered and in a minimum of two parts, and shall contain the following information:

i. -ii. (No change.)

**iii. Designation of bad beat payout or high hand payout;**

Recodify existing iii. – iv. as **iv. – v.** (No change in text.)

(g) Upon completing the form as prescribed in (f)3 above, the dealer shall deposit the original [Bad Beat] Payout Contribution Form in the drop box attached to the poker table and the person who verified the count shall place the duplicate in a locked accounting box maintained at a **secure** location [approved by the Commission].

(h) At least once each gaming day, a casino accounting department representative shall collect the duplicate [Bad Beat] Payout Contribution Forms contained in the locked accounting box and

verify that that the number of forms contained in the locked accounting box equals the number of original [Bad Beat] Contribution Forms received from the count room. In the event of a variance, the representative shall determine the missing form(s) by comparing form serial numbers. In any instance in which a duplicate form cannot be matched with an original, the Master Game Report shall be adjusted to add to poker revenue the value of **either** bad beat payout **or high hand payout** contributions on such form.

(i) Each [bad beat] poker hand **that qualifies for either a bad beat payout or a high hand payout** shall be verified by a poker shift supervisor prior to awarding the [bad beat] payout.

Upon verification, the poker shift supervisor shall:

1. Post a sign or otherwise provide visible notice that the applicable [bad beat] payout display amount is pending adjustment due to a [bad beat] payout; and

2. Notify a representative from the casino security department or casino accounting department to deliver to the poker table the applicable amount of the [bad beat] payout.

(j) The casino accounting department shall prepare a [bad beat] payout distribution in cash, a recognized cash equivalent, or gaming chips in accordance with the casino licensee's internal control procedures. Notwithstanding (f)2 above, a casino licensee may elect to pay a [bad beat] payout at the cashiers' cage.

(k) The official record of the amount of daily contributions to [bad beat] payouts shall be maintained by the casino accounting department. No less than once each gaming day and immediately upon notification of a [bad beat] verification by a poker shift supervisor, a casino accounting department representative shall:

1. In the presence of a poker supervisor, adjust [each bad beat] **the applicable** payout amount displayed in the poker area to reflect the current [bad beat] payout amount; and

2. Verify that the amount of any [bad beat] payout maintained by the casino accounting department corresponds to the amount being displayed to patrons.

(l) No bad beat payout **or high hand payout** shall be offered at a poker table until a casino licensee has submitted procedures to the Division for discontinuing [any bad beat] **the applicable** payout. Such procedures shall address the method by which pot contributions shall be terminated and/or for transferring [bad beat] payout amounts to other [bad beat] payouts, so as to ensure that all payout amounts are paid to poker patrons.

(m) – (n) (No change.)

(o) Once the amount of a bad beat payout **or a high hand payout** has been displayed to the public, the display shall not be reduced to a lesser amount unless the amount has been paid to a winning patron.

(p) A casino licensee may use a percentage of the daily [bad beat] payout contributions to fund a portion of the next [bad beat] payout (["reset amount"]). The percentage of the daily contributions used to fund the reset amount shall be set forth in the internal control submission of the casino licensee and shall also be posted in the poker room of the casino licensee. The casino licensee shall also account for and document all reset amounts in a manner approved by the Division.

(q) (No change.)

13:69F-14.20 Bad beat payout **and high hand payout** interconnected in more than one casino; multi-casino [bad beat] payout system

(a) Two or more casino licensees may jointly offer a bad beat payout **or a high hand payout** that is interconnected in more than one casino (a "multi-casino [bad beat] payout") and is operated by

a multi-casino [bad beat] payout system ("bad beat" **payout** system["]); provided, however, that the applicable rules for the multi-casino [bad beat] payout shall be the same at all participating casinos.

(b) A [bad beat] **payout** system shall be administered by the participating casino licensees in accordance with the terms of a written multi-casino [bad beat] payout system agreement ("bad beat" **payout** system agreement["]), which has been approved in advance by the Division and has been executed by each participating casino licensee.

(c) A [bad beat] **payout** system agreement shall specifically identify and describe the role, authority, and responsibilities of each participating casino licensee in the conduct of the **payout** system, including without limitation:

1. A description of the process by which decisions that affect the rules and conduct of the multi-casino [bad beat] payout and the operation of the [bad beat] **payout** system are approved by the participating casino licensees and are implemented by each casino licensee;

2. The manner in which the funds for all multi-casino [bad beat] payouts and any fees or costs associated with the operation of the [bad beat] **payout** system will be maintained, accounted for, and paid; and

3. The participating casino licensee or licensees responsible for generating and maintaining all records and reports of the [bad beat] **payout** system, as required by the rules of the [Commission] **Division**.

(d) Each and every casino licensee that is a party to a [bad beat] **payout** system agreement shall:

1. Post in each of its poker rooms:

i. The [bad beat] payout information; and



ii. The names of all casino licensees participating in that **payout** system, and the name and address of the host casino for the **payout** system; and

2. Be jointly and severally liable for the payment of all multi-casino [bad beat] payouts and for any acts, omissions, and violations committed by any participating casino licensee in connection with a multi-casino [bad beat] payout or the operation of the [bad beat] **payout** system, regardless of whether they had knowledge of such act, omission, or violation, and notwithstanding any contractual provision to the contrary.

(e) The casino licensees seeking approval to participate in a [bad beat] **payout** system shall maintain internal controls for the operation of a [bad beat] **payout** system, including, at a minimum, procedures for ensuring:

1. – 3. (No change.)

4. Proper operation of all equipment and software associated with the [bad beat] **payout** system; such equipment and software shall, at a minimum, have the capability and responsibility for:

i. Notifying all participating casinos and their patrons immediately and simultaneously of a pending multi-casino [bad beat] payout and a confirmed multi-casino [bad beat] payout; provided, however, that, if such notice cannot be immediately provided by means of the [bad beat] **payout** system, notice shall be provided by such other means but only for the pending [bad beat] payout in question, and no further multi-casino [bad beat] payouts shall be offered at the participating casinos through that [bad beat] **payout** system until the system becomes operational again;

ii. Documenting for each multi-casino [bad beat] payout the date, time, amount, winning and losing hands, casino location, and the name of each casino employee verifying and authorizing the payout; and

iii. Addressing the claims of players at two or more casinos participating in a [bad beat] **payout** system who are claiming the same [bad beat] payout; and

5. Secure installation and modification of the computer system that controls, records, and displays the amount of the multi-casino [bad beat] payout, which installation and modifications shall occur only after advance written notice to the Division.

(f) A casino licensee may designate one or more casino key employees to represent the interests of the casino licensee in the operation and control of a [bad beat] **payout** system.

(g) Each [bad beat] **payout** system shall comply with the rules of the Division for casino computer systems.