businesses, regardless of size, when those businesses are subject to the rules pursuant to either a collective bargaining agreement or by voluntary consent. It would be inappropriate in this instance to apply a separate set of rules to small businesses, in that the chapter contains uniform rules for the conduct of arbitrations before the board of mediation. This arbitration process is implemented by choice and is designed to benefit all parties concerned. Furthermore, there would be no need for the use of professional services in order to ensure adherence to the expired rules proposed herein as new rules.

**Housing Affordability Impact Analysis**

The expired rules proposed herein as new rules would have no impact on affordable housing and would not evoke a change in the average costs associated with housing. The basis for this finding is that the expired rules proposed herein as new rules pertain to arbitration agreements between employers and employees and have nothing to do with housing.

**Smart Growth Development Impact Analysis**

The expired rules proposed herein as new rules will have an insignificant impact on smart growth and would not evoke a change in housing production within Planning Areas 1 and 2, or within designated centers, under the State Development and Redevelopment Plan. The basis for this finding is that the expired rules proposed herein as new rules pertain to arbitration agreements between employers and employees and have nothing to do with housing.

Full text of the expired rules proposed herein as new rules may be found in the New Jersey Administrative Code at N.J.A.C. 12:105.

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**LAW AND PUBLIC SAFETY**

**DIVISION OF STATE POLICE**

**Security Officer Companies and Security Officers Proposed Readoption with Amendments: N.J.A.C. 13:55A**


Authorized By: Colonel Joseph Fuentes, Superintendent, Division of State Police.


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

Proposal Number: PRN 2013-090.

Submit comments by August 2, 2013 to:

Colonel Joseph R. Fuentes, Superintendent
C/O Private Detective Unit
New Jersey State Police
PO Box 7068
West Trenton, New Jersey 08628-0068

The agency proposal follows:

**Summary**

The enactment of the Security Officer Registration Act, P.L. 2004, c. 134, (SORA) has revised the law governing the regulation of security officer companies and security officers employed by those companies. Prior to enactment security officer companies and security officers were governed by the Private Detective Act of 1939. While both the Security Officer Registration Act and its predecessor, the Private Detective Act of 1939, grant regulatory power over security officer companies and security officers to the Superintendent of State Police, the former has broadened that regulatory power in order to ensure greater accountability and integrity within the security officer industry and to further public welfare and safety.

The Security Officer Registration Act empowers the Superintendent, among other things, to:

1. Establish minimum requirements for the owners and operators of security officer companies and security officers;
2. Establish procedures for the registration, licensing, and certification, of both security officer companies and security officers employed by those companies;
3. Investigate and conduct criminal history background checks on the owners and operators of security officer companies and security officers employed by those companies;
4. Establish educational and training requirements for security officers;
5. Establish recordkeeping and reporting requirements for security officer companies; and
6. Create and maintain an electronic registry, which shall list all registered security officers within the State.

The Security Officer Registration Act, and the rules proposed for readoption with amendments and a new rule, apply only to security officer companies and security officers employed by those companies. Security officers hired for proprietary or internal purposes by a company not engaged in the security officer business are not covered by this chapter and are not subject to the rules.

The Security Officer Registration Act and the rules proposed for readoption with amendments and a new rule apply to law enforcement officers performing the functions of security officers outside the scope of their employment with a law enforcement agency. Law enforcement officers performing the functions of security officers, where such functions fall within the scope of his or her law enforcement employment, are not subject to the rules proposed for readoption with amendments and a new rule.

Pursuant to N.J.S.A. 52:14B-5.1.b, the Security Officers and Security Officer Companies rules, N.J.A.C. 13:55A, expires on May 1, 2013. As the Division of State Police (Division) has filed this notice of readoption with the Office of Administrative Law before May 1, 2013, the expiration date is extended 180 days to October 28, 2013, pursuant to N.J.S.A. 52:14B-5.1(c)(2). The Division has reviewed the rules proposed for readoption with amendments and a new rule and determined them to be necessary, reasonable, adequate, efficient, understandable, and responsive to the purpose for which they were originally promulgated. Therefore, the Division is proposing to readopt the rules with amendments and a new rule in accordance with its statutory responsibility pursuant to N.J.S.A. 45:19A-12.

N.J.A.C. 13:55A currently contains eight subchapters. A description of the subchapters and proposed amendments follows.

Subchapter 1 sets forth the general provisions of the chapter. Specifically, N.J.A.C. 13:55A-1.1 states the scope and application of the chapter; and N.J.A.C. 13:55A-1.2 states the scope of those functions within the Division of State Police. New N.J.A.C. 13:55A-1.4 is a proposed waiver rule, consistent with Executive Order No. 2 (2010), and the Superintendent’s authority under N.J.S.A. 45:19A-12. The Division proposes the new waiver rule to provide the Superintendent with the ability to waive a regulatory requirement of the chapter for reasons of undue hardship, economic or otherwise. The waiver shall not unduly burden any affected parties, and shall be consistent with the underlying purposes of the chapter.

Subchapter 2 establishes minimum requirements for the owners and operators of security officer companies and sets out procedures for licensing of security officer companies. N.J.A.C. 13:55A-2.1 contains the minimum qualifications for owners and operators of a security officer company. The Division proposes a minor technical amendment to the language of paragraph (b)(2), by changing “Detective’s” to “Detective” to correct the name of the statute. N.J.A.C. 13:55A-2.2 describes the application for a security officer company license that must be filed by each owner or operator. The Division proposes a minor technical amendment to the language of subsection (c), by deleting “the Superintendent or” from the original language, thereby just requiring the submitted information in the manner prescribed by the Superintendent.
Additionally, the Division proposes an amendment to subsection (e) in order to remove references to civil penalties, since the enabling statute does not grant such authority. N.J.A.C. 13:55A-2.3 describes the approval process and fees. N.J.A.C. 13:55A-2.4 describes the procedure and fee for filing changes in location or place of business. N.J.A.C. 13:55A-2.6 describes the procedure and fee for filing additional locations. N.J.A.C. 13:55A-2.7 describes the fee for renewal of a security officer company license. N.J.A.C. 13:55A-2.8 prohibits reproduction of a security officer company license. N.J.A.C. 13:55A-2.9 sets forth reasons for which the Superintendent may deny an application for a security officer company license, revoke, or suspend, a current security officer company license, or refuse to renew an expiring security officer company license.

Subchapter 4 contains the requirements for registration and certification of security officers. N.J.A.C. 13:55A-3.1 sets forth the minimum requirements for persons seeking to be employed as, or perform the functions and activities of, a security officer. N.J.A.C. 13:55A-3.2 sets out procedures and fees for the registration and certification of security officers. The Division proposes a minor technical amendment to the language of subsection (c), by deleting “to the Superintendent or” from the original language, thereby just requiring the submission of subsection in the manner prescribed by the Superintendent. Additionally, the Division proposes minor technical amendments to the language of subsections (d) and (e), by replacing “duly sworn” law enforcement officer with an “active” law enforcement officer. A second amendment is proposed to subsection (d), by replacing “submit the required fees in accordance with” with “comply with requirements of (a), (b), and (c) above,” and removal of “A duly sworn law enforcement officer seeking to be employed as, or perform the functions and activities of, a security officer shall be exempt from the requirements of (c) above.” This revision removes the fingerprinting requirement exemption for active law enforcement officers. SORA requires all applicants seeking certification to be fingerprinted. Additionally, fingerprinting for certification is required for all applicants in order to generate a unique numeric identifier (SBI number) utilized as the certification number and necessary for the administrative process. Finally, the Division is proposing an amendment to subsection (i) to remove references to civil penalties, since the enabling statute does not grant such authority. N.J.A.C. 13:55A-3.3 provides for the issuance of a temporary certificate of registration. The Division proposes an amendment to subsection (a) by removing language specific to the law enforcement exemption for fingerprinting. Removal of the law enforcement exemption from the rules ensures uniform standards for security officer applicants, enhances the effectiveness of the application, certification, and registration process, places no additional regulatory burden upon employers, and is in the public’s best interest. N.J.A.C. 13:55A-3.4 describes the training requirements for a security officer. N.J.A.C. 13:55A-3.5 describes the procedure for issuance of a certificate of registration of a security officer and security officer identification card. The Division is proposing an amendment to subsection (g) to remove references to civil penalties, since the enabling statute does not grant such authority. N.J.A.C. 13:55A-3.6 describes the procedure and fee for renewal of a certificate of registration of a security officer. N.J.A.C. 13:55A-3.7 sets forth reasons for which the Superintendent may deny an application for a security officer certificate of registration, revoke or suspend a current security officer certificate of registration, or refuse to renew an expiring security officer certificate of registration.

Subchapter 5 contains rules for security officer training instructors. N.J.A.C. 13:55A-5.1 establishes minimum requirements for persons seeking to become security officer instructors. The Division proposes minor technical amendments to the language of subsection (b) by replacing the word “Detective’s” with “Detective” to correct the name of the statute. N.J.A.C. 13:55A-5.2 sets out procedures and the fee for the registration and certification of security officer instructors. N.J.A.C. 13:55A-5.3 sets forth instructor training requirements. N.J.A.C. 13:55A-5.4 describes the procedure for issuance of security officer instructor identification cards and establishes fees for the cards. The Division proposes an amendment to subsection (g) to remove references to civil penalties, since the enabling statute does not grant such authority. N.J.A.C. 13:55A-5.5 describes the procedure and fee for renewal of a security officer instructor certification. N.J.A.C. 13:55A-5.6 requires an instructor refresher course. The Division proposes an amendment to this section, reducing the training course duration from 16 hours to eight hours. The Superintendent has determined that all necessary refresher course training can be provided and completed in an eight-hour training session. N.J.A.C. 13:55A-5.7 sets forth reasons for which the Superintendent may deny an application for a security officer instructor certificate of registration, revoke or suspend a current security officer instructor certificate of registration, or refuse to renew an expiring security officer instructor certificate of registration.

Subchapter 6 sets forth additional administrative limitations and requirements for a licensed security officer company. N.J.A.C. 13:55A-6.1 describes limitations on the use of security officer company badges and uniforms. N.J.A.C. 13:55A-6.2 requires that a security officer company provide security officers with a company identification card, which shall be affixed to a security officer’s uniform while employed as, or performing the functions and activities of, a security officer. The Division proposes to delete subsection (b) regarding having to display an identification card on the outside of a uniform in the interest of practicality. Subsection (c), recodified as subsection (b), requires a security officer to have in his or her possession a company identification card, which is sufficient. N.J.A.C. 13:55A-6.3 establishes recordkeeping for a licensed security officer company. N.J.A.C. 13:55A-6.4 describes record retention requirements for security officer companies. N.J.A.C. 13:55A-6.5 provides for the inspection of security officer company records by the Superintendent.

Subchapter 7 sets forth additional administrative requirements for a certified security officer instructor. N.J.A.C. 13:55A-7.1 mandates that a security officer instructor forward monthly training schedules to the Superintendent. N.J.A.C. 13:55A-7.2 establishes recordkeeping, record retention, and reporting requirements for a certified security officer instructor and provides for the inspection of training records by the Superintendent. N.J.A.C. 13:55A-7.3 provides that the Superintendent, or a designee, may attend any security officer training in order to assure the content and quality of instruction being provided to security officers. Subchapter 8 describes implementation and administration of the Security Officer Registration Act. N.J.A.C. 13:55A-8.1 mandates that all application and registry fees collected pursuant to this chapter are to be used solely for implementation and administration of the Security Officer Registration Act, including maintenance of an electronic registry of security officers. N.J.A.C. 13:55A-8.2 provides the address to which all applications and correspondence concerning security officer companies, security officers, and instructors are to be sent. N.J.A.C. 13:55A-8.3 describes the procedure for administrative hearings on denial, suspension, and revocation of certificates of registration.

The Division has provided a 60-day comment period for this notice of proposal. Therefore, this notice is excepted from the rulemaking calendar requirement pursuant to N.J.A.C. 1:30-3.6(a).5.

Social Impact

The rules proposed for readoption with amendments and a new rule will continue to have a positive social impact by ensuring that all security officers employed by security officer companies receive education and training prior to being certified. The rules proposed for readoption with
amendments mandate education and training in a broad range of subject areas relating to public safety, including, but not limited to, homeland security, counter-terrorism, emergency response, and first aid. The proposed new rule provides the Superintendent the opportunity to waive a regulatory requirement of the chapter for reasons of undue hardship, economic or otherwise. The waiver shall not unduly burden any affected parties, and shall be consistent with the underlying purposes of these rules.

Economic Impact
The rules proposed for readoption with amendments will have an economic impact on security officer companies and their owners and operators, who will have to file applications for registration and pay fees for registration and for a criminal history record check. The Division proposes the new waiver rule to provide the Superintendent the ability to waive a regulatory requirement of the chapter for reasons of undue hardship, economic or otherwise. The waiver shall not unduly burden any affected parties, and shall be consistent with the underlying purposes of these rules.

The rules proposed for readoption with amendments require security officer companies to: provide security officers with photographic identification cards; record and maintain detailed work records of each person they employ as security officers; submit detailed and updated lists of all security officers in their employ to the Superintendent; and retain security officer records for five years after a security officer’s employment has ended. The rules proposed for readoption with amendments also require security officers to receive training, submit an application and pay a fee for registration, and undergo criminal history background check and fingerprinting. These costs are borne directly by the security officer or may be absorbed by the security officer’s employer. The rules proposed for readoption with amendments may have a minimal economic impact on the general public if these costs are passed on to consumers in the form of higher costs for security officer services. The rules proposed for readoption with amendments have an economic impact on persons seeking to be certified as a security officer instructor.

The rules proposed for readoption with amendments require security officer companies to: provide security officers with photographic identification cards; record and maintain detailed work records of each person they employ as security officers; submit detailed and updated lists of all security officers in their employ to the Superintendent; and retain security officer records for five years after a security officer’s employment has ended. The rules proposed for readoption with amendments require security officer companies to: provide security officers with photographic identification cards; record and maintain detailed work records of each person they employ as security officers; submit detailed and updated lists of all security officers in their employ to the Superintendent; and retain security officer records for five years after a security officer’s employment has ended.

The economic effect of the non-refundable application and location fees is proportional to the size of the security officer company seeking to be licensed. For example, the sole proprietor of a security officer company with a single place of business would have to submit a $300.00 application fee and a $500.00 location fee. Thereafter, additional owners or operators of a company would each submit a $300.00 application fee and additional locations or places of business would require an additional $500.00 location fee. The total biennial renewal fees are similarly proportional to the size of a security officer company seeking to continue operations.

The compliance requirements for security officer companies implemented by the rules proposed for readoption with amendments do not provide a lesser standard for small businesses. Therefore, these requirements apply uniformly to all security officer companies and security officers. However, proposed new N.J.A.C. 13:55A-1.4 authorizes the Superintendent of State Police to waive a requirement of the chapter, on request of a security officer company or security officer, for reasons of undue hardship, economic or otherwise, if the waiver would not unduly burden the affected parties and is consistent with the underlying purpose of the chapter. This rule could enure to the benefit of security officer companies that are small businesses.

For the aforementioned reasons, small businesses may experience only minimally negative economic effects, which should be proportionate to those experienced by larger security officer companies.

Housing Affordability Impact Analysis
The rules proposed for readoption with amendments and a new rule will have an insignificant impact on affordable housing in New Jersey and there is an extreme unlikelihood that the rules would evoke a change in the average costs associated with housing because the rules concern the regulation of security officer companies and security officers.

Smart Growth Development Impact Analysis
The rules proposed for readoption with amendments and a new rule will not have an impact on 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 New Jersey because the rules concern the regulation of security officer companies and security officers.

Full text of the rules proposed for readoption may be found in the New Jersey Administrative Code at N.J.A.C. 13:55A.

Full text of the proposed amendments and new rule follows (additions indicated in boldface thus; deletions indicated in brackets [thus]):

SUBCHAPTER 1. GENERAL PROVISIONS
13:55A-1.3 Definitions
The following words and terms, as used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise.
“Law enforcement officer” means any person who is employed as [a permanent full-time] an active member of any state, county, or municipal law enforcement agency, department, or division of those governments who is statutorily empowered to act for the detection, investigation, arrest, conviction, detention, or rehabilitation of persons violating the criminal laws of this State and statuteorily required to successfully complete a training course approved by, or certified as being substantially equivalent to such an approved course, by the Police Training Commission pursuant to P.L. 1961, c. 56 (N.J.S.A. 52:17B-66 et seq.).

13:55A-1.4 Waiver of regulatory requirements
The Superintendent may waive a requirement of this chapter for reasons of undue hardship, economic or otherwise, provided that the waiver of the requirement would not unduly burden any affected parties, and that the waiver is consistent with the underlying purposes of this chapter. A licensee or an applicant shall submit a...
request for a waiver in writing, which shall include documentation that supports the licensee’s or applicant’s request.

SUBCHAPTER 2. LICENSING OF SECURITY OFFICER COMPANIES

13:55A-2.1 Owners and operators; minimum qualifications
(a) (No change.)
(b) All owners and operators of a security officer company seeking to be licensed shall have the following:

1. (No change.)
2. Five years of experience working in a supervisory or management capacity for a security officer company licensed under this chapter, the Private Detective’s Act of 1939, or the laws of any other jurisdiction.

13:55A-2.2 Application for a security officer company license
(a)-(b) (No change.)
(c) Each owner and operator of a security officer company seeking to be licensed shall submit fingerprints and a written consent for a criminal history background check [to the Superintendent or] in a manner prescribed by the Superintendent. All owners or operators of a security officer company seeking a license shall bear the cost for the criminal history background check, including all costs of administering and processing the check, as required by N.J.A.C. 13:59.

(d) (No change.)
(e) Any owner and operator of a security officer company seeking to be licensed who makes a false statement in, or knowingly omits any material information from, an application as required by [these rules] this chapter, shall be subject to [civil and/or] criminal penalties as specified by the Security Officer Registration Act.

SUBCHAPTER 3. REGISTRATION AND CERTIFICATION OF SECURITY OFFICERS

13:55A-3.2 Application for a certificate of registration as a security officer
(a)-(b) (No change.)
(c) Any person seeking to be employed as, or perform the functions and activities of, a security officer shall submit fingerprints and a written consent for a criminal history background check [to the Superintendent or] in a manner prescribed by the Superintendent. Applicants for registration as a security officer shall bear the cost for the criminal history background check, including all costs of administering and processing the check, as required by N.J.A.C. 13:59.

(d) Any [duly sworn] active law enforcement officer seeking to be employed as, or perform the functions and activities of, a security officer, who will be receiving compensation for [his/her] his or her services directly from a licensed security officer company, shall submit an application for registration as a security officer and [submit the required fees in accordance with] comply with the requirements of (a), (and) (b), and (c) above. [A duly sworn law enforcement officer seeking to be employed as, or perform the functions and activities of, a security officer shall be exempt from the requirements of (c) above.]

(e) Any [duly sworn] active law enforcement officer who performs the functions and activities of a security officer pursuant to an agreement between a law enforcement agency and a private contractor, and receives compensation from the law enforcement agency, shall be deemed to be employed within the scope of his or her employment with the law enforcement agency and shall be exempt from the requirements of (a) through (c) above.

(f) Any applicant who shall knowingly make a false statement in, or knowingly omit any material information from, an application as required by [these rules] this chapter, shall be denied a certificate and shall be subject to [civil and/or] criminal penalties as specified by the Security Officer Registration Act.

13:55A-3.3 Issuance of a temporary certificate of registration as a security officer
(a) (No change.)
(b) The Superintendent shall issue a temporary certificate of registration as a security officer to an applicant who has complied with N.J.A.C. 13:55A-3.2(a) and (b), and who[, unless exempted under N.J.A.C. 13:55A-3.2(d)], has provided proof of being fingerprinted or proof of being scheduled for fingerprinting as required by N.J.A.C. 13:55A-3.2(c).

13:55A-3.5 Issuance of a certificate of registration and a security officer identification card
(a)-(f) (No change.)
(g) A security officer whose certificate of registration has been revoked, suspended, or not renewed, shall immediately surrender the identification card to the Superintendent. Any person who fails to surrender an identification card and/or misuses an identification card, as described in (c) through (e) above or as described in the Security Officer Registration Act, shall be subject to [civil and/or] criminal penalties as specified in N.J.S.A. 45:19A-1 et seq.

13:55A-3.7 Denial, revocation, suspension of, or refusal to renew, a security officer certification of registration
(a) The Superintendent may deny any initial application for a security officer certificate of registration, revoke or suspend any current certificate of registration, or refuse to renew any certificate of registration, for any of the following reasons:
1. -7. (No change.)
8. The Superintendent determines that good cause exists to deny, revoke, suspend, or refuse renewal of a certificate of registration in the interest of public safety.

SUBCHAPTER 4. EDUCATION AND TRAINING OF SECURITY OFFICERS

13:55A-4.1 Security officer training course
(a) (No change.)
(b) The course of instruction shall include, but not be limited to, a minimum of two hours of instruction in each of the following general subject areas:
1.-3. (No change.)
4. Limits on the use of force/detention of suspects;
5. Detention of suspects;
6. (No change.)

SUBCHAPTER 5. REGISTRATION AND CERTIFICATION OF SECURITY OFFICER INSTRUCTORS

13:55A-5.1 Security officer instructor; minimum qualifications
(a) (No change.)
(b) A person seeking to become a certified security officer instructor must have:
1. A combined 20 years of experience working as a duly sworn law enforcement officer or working in a supervisory or management capacity for a security officer company licensed under this chapter, the Private Detective’s Act of 1939, or the laws of any other jurisdiction;
2. A combined 15 years of experience working as a duly sworn law enforcement officer or working in a supervisory or management capacity for a security officer company licensed under this chapter, the Private Detective’s Act of 1939, or the laws of any other jurisdiction, and an associate’s degree from a fully accredited college or university; or
3. A combined 10 years of experience working as a duly sworn law enforcement officer or working in a supervisory or management capacity for a security officer company licensed under this chapter, the Private Detective’s Act of 1939, or the laws of any other jurisdiction, and a bachelors degree from a fully accredited college or university.

13:55A-5.4 Issuance of a security officer instructor certificate of registration and a security officer instructor identification card
(a)-(f) (No change.)
(g) A security officer instructor whose certificate of registration has been revoked, suspended, or not renewed, shall immediately surrender the certificate of registration to the Superintendent. Any person who fails to surrender an identification card and/or misuses an identification card, as described in (c) through (e) above, or as described in the Security Officer Registration Act, shall be subject to [civil and/or] criminal penalties as specified in N.J.S.A. 45:19A-1 et seq.

13:55A-5.6 Security officer instructor refresher course

All licensed security officer instructors must complete an approved [16-hour] eight-hour refresher course of instruction entitled “Security Officer Instructor Refresher Course,” approved by and administered in a manner prescribed by the Superintendent, prior to having their certification renewed pursuant to N.J.A.C. 13:55A-5.5.

SUBCHAPTER 6. IDENTIFICATION CARDS AND INSIGNIA; RECORDKEEPING AND REPORTING

13:55A-6.2 Issuance of licensed security officer company identification card required

(a) (No change.)

(b) A licensed security officer shall attach his/her company identification card to the outside of his/her uniform while employed as, or performing the functions of, a security officer, except where doing so would compromise the security officer’s safety and/or assignment.

(c) (No change in text.)

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(a)

DIVISION OF GAMING ENFORCEMENT

Internet and Mobile Gaming

Applications

Forms; Information; Fees

Casino Licensees

Maintaining Agreements; Filing of Agreements

Casino Operation Accounting Controls and Standards

Casino Licensee’s Organization; Standard Financial and Statistical Reports; Network Security for Internet, Mobile, or Server-Based Gaming Systems

Exclusion of Persons

Persons Required to be Excluded; Self-Exclusion; Forfeiture of Winnings by Prohibited Person

Persons Doing Business with Casino Licensees

Definitions; Gaming-Related Casino Service Industry Enterprise License Requirements

Taxes

Gross Revenue Tax; Internet Gaming Gross Revenue Tax

Description of Taxes; Definitions; Tax Year; Tax Payer; Computation of Taxes; Return and Reports; Examination of Accounts and Records; Deduction for Promotional Gaming Credits


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

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:

Proposal Number: PRN 2013-099.

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 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 discontinuation 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.