



State of New Jersey

Chris Christie
Governor

Office of the Attorney General
Department of Law and Public Safety
Division of Gaming Enforcement
1300 Atlantic Avenue
Atlantic City, NJ 08401

John J. Hoffman
Acting Attorney General

Kim Guadagno
Lt. Governor

David Rebuck
Director

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N.J.A.C. 13:69O-1.8(g) states "Unless otherwise exempted by the Division, a gaming system shall record all promotional offers (Promotions Log) issued through the system. Such log shall provide the information necessary to audit compliance with the terms and conditions of current and previous offers." *N.J.A.C. 13:69D-1.9* sets forth additional requirements for complimentary services or items. *N.J.S.A. 5:12-100e* and *-100h* grant the Division of Gaming Enforcement (Division) broad authority to regulate gaming operations and the equipment used to conduct gaming, including Internet gaming. *N.J.S.A. 5:12-75* grants the Division power to carry out its duties under the statute even if no specific power is enumerated.

Several casino licensees and casino service industry enterprises which intend to offer Internet wagering to the public have inquired about any limitations regarding marketing, bonus, or complimentary programs. The Division interprets the above-referenced sections of the statutes and regulations to allow it to prohibit certain types of marketing, bonus or complimentary programs which it deems unfair to the gaming public. In addition, the Director has determined to exercise his power under *N.J.S.A. 5:12-75* to impose a time restriction on the commencement of certain types of bonus programs.

At this juncture, the Division advises that bonus and complimentary programs approved by it in the context of brick and mortar operations are acceptable and can be



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implemented. This Advisory Bulletin is directed toward Internet-centric programs which are unlike those offered by physical casino operations.

The Division has specifically been asked to determine the permissibility of certain Internet-unique bonus programs that offer funds to a patron which are restricted from being cashed out and further restrict the cashing out of any winnings attained by wagering such funds. Such programs are often offered in the form of requiring a deposit by the patron of his or her own cash with an additional amount of funds being credited to the patron's Internet wagering account by the operator, with all funds being restricted until a certain wagering threshold is reached.

In general, offers which restrict cash out until a wagering requirement is met by the patron are permitted. Any winnings obtained by wagering such restricted funds can themselves be restricted until a wagering requirement is met, but winnings cannot be capped once the requirement is achieved. Further, if a patron decides to walk away from an offer which he initially accepted, he is entitled to the funds remaining from his own deposit, if any. The rules and requirements of such bonus programs must be conspicuously displayed to patrons so that they can understand all the parameters of any bonus program which they decide to accept. Requirements and restrictions are detailed in the following statements and examples.

For example, the offer might be that if a patron deposits \$100 in his account, the operator will also deposit \$100, with a \$1,000 wagering requirement imposed. The patron would wager his own funds ahead of the funds provided by the operator. Any winnings would also be wagered and could not be cashed out until the wagering requirement of \$1,000 was reached. If the patron loses all funds before the threshold is reached, the promotion ends. If the patron reaches the \$1,000 wagering threshold, all funds become unrestricted and the patron may cash them out. If the patron initially accepts the offer, and then subsequently changes his mind and decides to cancel the offer, the patron is permitted to cash out any of the \$100 which he initially deposited, should any such funds remain. Once the wagering threshold is reached, all funds are unrestricted, and no cap is placed on winnings.

The Division would not object to a program which followed the above-stated procedures so long as complete and clear disclosure was made to the patron, including the restrictions on cashing out winnings prior to reaching the wagering threshold. It is acceptable for the patron's deposit to be utilized ahead of other funds which might be wagered. In that this type of bonus and marketing program differs in its requirements from those offered by physical casino operators in New Jersey, they should be introduced over time.

However, the Division has determined that bonus programs which place a wagering-based restriction on funds available to a patron may not commence until at least thirty days

after Internet wagering is available to the general public. Even at the end of the thirty day wait period, a proponent of such programs must be able to demonstrate the ability to generate accurate revenue reports. Once Internet gaming has had some period of operation, the types of marketing programs available can be expanded. Again, brick and mortar type promotions are acceptable.

However, the Division will object to, and prohibit, any program in which the amount of winnings are capped even after the wagering threshold is accomplished. If in the above example, the patron wins \$5,000 and then has \$4,000 left in his account when he reaches the wagering threshold of \$1,000, all \$4,000 must be unrestricted and able to be cashed out. It would not be permissible for the operator to cap the winnings at \$1,000 and keep any funds above that amount even though the wagering threshold is met.

The Division will also object to, and prohibit, any program in which an operator retains any money the patron deposited and has not lost if the patron decides to cancel acceptance of the offer. For instance, if in the above example, the patron deposits \$100 and the operator matches the deposit but imposes a wagering requirement of \$1,000; the patron wagers \$50, wins nothing, and decides to forfeit the bonus and cancel acceptance of the offer, the patron must be able to withdraw the remaining \$50 from his own deposit. The \$100 credited by the operator can be forfeited to the operator. Since the operator in such case has not lost anything, as the patron has wagered only his own deposited money before determining to terminate the offer, the patron must be able to recover the funds remaining from his own deposit. It would be unfair in such circumstances for the operator to keep the patron's \$50 in remaining funds. By way of further example, if the patron wagers \$50 and wins \$100, so that his account now contains \$250 (\$50 remaining of his own deposit, \$100 of the operator's funds, and \$100 in winnings) and the patron then decides to terminate the program and cash out, the patron is entitled to \$50. The operator's funds and any winnings are permitted to be restricted. However, the patron shall be entitled to his own deposit back, less the funds already wagered.

Please note that this Advisory Bulletin addresses only the permitted and prohibited bonus program restrictions on patron deposits as specified in the examples set forth above, subject to full and complete disclosure to patrons. This Advisory Bulletin does not address any consumer protection matters implicated by any bonus programs offered through Internet gaming, or the fairness or viability of such programs. The casino licensee, as the Internet gaming permit holder, is responsible for the programs offered, their legality and the protection of consumers as required by law.

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Date



David Rebeck
Director