

**LAW AND PUBLIC SAFETY**

**DIVISION OF GAMING ENFORCEMENT**

**GAMING OPERATION ACCOUNTING CONTROLS AND STANDARDS;**

**INTERNET WAGERING**

Proposed New Rules: N.J.A.C. 13:69F-2.27; N.J.A.C. 13:69O-1.10; -3.1

Proposed Amended Rules: N.J.A.C. 13:69D-1.11; -2.5; N.J.A.C. 13:69O-1.1; -1.2;  
-1.3; -1.4; -1.5; -1.9

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

Authority: N.J.S.A. 5:12-69a, -69e, -70a, b, 74.1, -95.17, -100b,h

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

Proposal Number: PRN 2017-

Submit written comments by , to:

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The agency proposal follows:

### **Summary**

The Division of Gaming Enforcement (Division) is proposing new rules and amendments to N.J.A.C. 13:69F, N.J.A.C. 13:69O, and N.J.A.C. 13:69D.

Proposed new rule N.J.A.C. 13:69F-2.27 would authorize a "bet behind" wager for Internet gaming when live blackjack is available. A live dealer blackjack game has limited seats at each table. A "bet behind" wager allows an unlimited number of players to wager on whether or not one of the players at the blackjack table will win against the live dealer. Such wagering is common in European online casinos. Proposed new rule N.J.A.C. 13:69O-1.10 authorizes progressive wagers over the Internet, including multi-website progressive systems. Such progressive wagering systems are treated in the same manner as land-based progressive systems. Proposed new rule N.J.A.C. 13:69O-3.1 sets forth requirements for remote gaming systems, the entities which provide game content to Internet gaming operators. These entities must ensure the security of their systems as well as provide revenue reports to the Division for purposes of reconciling revenue figures from casino operators.

Proposed amendments to N.J.A.C. 13:69D-1.11 require casinos to employ an information security officer ("ISO") who is responsible for the integrity and

security of all casino computer systems, including the protection against data breaches. The ISO must be separate and independent from the Information Technology Department. The ISO sets all computer security policies. The ISO may be employed by a New Jersey casino licensee or its corporate holding company. The ISO must report to the audit committee of the board of directors unless a different reporting line is proposed to and accepted by the Division. A proposed amendment to N.J.A.C. 13:69O-2.5 clarifies that casino computer system clocks must be synchronized across divergent systems to ensure the integrity of Division investigations. Proposed amendments to N.J.A.C. 13:69O-1.1 add two definitions. “Remote gaming system” is defined as a game provider to online gaming systems, while a “restricted Internet gaming credit” is defined as funds which cannot be cashed out until a specified wagering or other requirement is met.

Proposed amendments to N.J.A.C. 13:69O-1.2 ~~clarify~~ requirements for a Responsible Gaming page, including the requirement of a logo so customers can easily link to the page. The amendments also delete the provision authorizing Internet gaming only until 2020 and leave any expiration date to the iGaming statute. Such statute currently sets an expiration date for the authorization of Internet wagering at ten years from its initial authorization. See, N.J.S.A. 5:12-95.33. The amendments further allow Internet gaming operators to permit certain employees to be located outside of New Jersey upon a showing of compelling

need. An additional amendment, N.J.A.C. 13:69O-1.2(aa), will require each Internet gaming operator to employ personnel that perform the same functions as a casino IT Department performs for a casino.

Proposed amendments to N.J.A.C. 13:69O-1.3 authorize ACH transfer (electronic) from a patron's bank as a method of funding and Internet gaming account and sets the requirements for using such a method. Casinos must block the account after 5 failed attempts to use an ACH transfer as a funding method. Such a measure will help prevent fraud. Further, the amendments require online gaming operators to provide an easy and conspicuous method to close an online gaming account. Additionally, the proposed amendment clarifies that in order to establish an online gaming account, a patron must provide an actual residential address. A Post Office Box is not sufficient in order to establish an online wagering account.

Proposed amendments to N.J.A.C. 13:69O-1.4 set forth the manner in which a patron may self-suspend his account without self-excluding. The amendments also set forth grounds for an Internet gaming operator to remove funds from a patron account for cheating, collusion or to recover amounts charged back following a failed deposit. Internet gaming operators must file a monthly report with the Division listing the amount removed in this manner. Requirements that an online gaming system prevent certain persons from wagering are repealed because they are duplicative to N.J.A.C. 13:69O-1.3(b). The amendments also clarify the

requirements for offering patrons incentives or bonuses, including the requirement of a clear and conspicuous method for canceling participation in a bonus and the consequences of such cancelation.

The proposed amendment to N.J.A.C. 13:69O-1.5 repeals the requirements to notify patrons via the client terminal when software has been revoked by the Division. Such notification has proven to be difficult on certain client terminals and has provided almost no benefit to patrons. The proposed amendments to N.J.A.C. 13:69O-1.9 clarify the required revenue reports which must be submitted to the Division. After three years of iGaming, the Division's Revenue Certification Unit has experience is obtaining the type of reports it needs to ensure accurate reporting of revenue and collection of gaming taxes.

This notice of proposal is not required to be referenced in a rulemaking calendar since a public comment period of 60 days is being provided. See N.J.A.C. 1:30-3.3(a)5.

### **Social Impact**

The proposed new rules and amendments will create more opportunities for Internet gaming providers to present new content to the public while ensuring the State has the ability to correctly certify revenue and collect gaming tax. The proposed changes will also result in additional Internet security measures by

requiring an ISO who will be responsible for the security and integrity of all casino computer systems. These changes could produce a more robust Internet gaming experience for the public, increasing tax revenues for the State.

### **Economic Impact**

The proposed new rules and amendments will cost the casinos an amount equal to the salary and benefits for the newly-required ISO position. This should be offset by cost savings in the form of regulatory relief. Accordingly, the overall economic effect should be minimal.

### **Federal Standards Statement**

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

### **Jobs Impact**

The proposed new rules and amendments will not have any impact on the number of jobs in the state of New Jersey.

### **Agriculture Industry Impact**

The proposed new rules and amendments will have no impact on the agriculture industry in New Jersey.

### **Regulatory Flexibility Analysis**

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

### **Housing Affordability Impact Analysis**

The proposed new rules and amendments will have an insignificant impact on affordable housing in New Jersey and there is an extreme unlikelihood that the proposed amendment would evoke a change in the average costs associated with housing because the proposed amendments and new rules concern operational requirements for Internet gaming operators and the companies that provide such operators with game content. The proposed amendments and new rules do not in any way address issues pertinent to affordable housing.

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

The proposed new rules and amendments will not have an impact on smart growth and there is an extreme unlikelihood that the proposed amendments and new 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 proposed amendments and new rules concern operational requirements for Internet gaming operators and the companies that provide such operators with game content. The proposed amendments and new rules do not in any way address issues pertinent to housing production in the state or in any New Jersey municipality

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

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. (No change.)
2. An internal audit department, which may perform functions and fulfill responsibilities for multiple but affiliated casino licensees, supervised by a person, who shall be located in New Jersey, referred to in this section as an audit department executive. The audit department executive shall be subject to the reporting requirements specified in (c) below. The internal audit department shall be responsible for, without limitation, the following:

- i. – iii. (No change.)
- iv. The reporting to the Division of any material weaknesses in the system of internal control; **and**
- v. The recommendation of procedures to eliminate any material weaknesses in the system of internal control[; and
- vi. A quarterly review of information technology (IT) data security of the gaming systems if the casino offers Internet or mobile gaming;].

**3. An Information Security Officer (ISO) responsible for compliance with all IT security related regulations and statutes and licensed as a casino key employee. The ISO may be employed by the casino licensee, or alternatively,**

by a qualified holding or intermediary company of the casino licensee. The ISO shall report to the audit committee of the board of directors unless otherwise approved by the Division. The ISO shall:

i. Serve as the primary liaison to executive management and the Division for all matters regarding all aspects of information security;

ii. Have responsibility for all aspects of the licensee's investigation and response to IT security related incidents. The ISO shall immediately inform the Division and executive management, including the IT Director, about all incidents concerning:

a. Unauthorized access to, or disclosure of, critical data or confidential patron data;

b. Unauthorized system modification by a third party;

c. Unauthorized destruction of regulated IT assets or data; and

d. Any attack which compromises the availability or operation of any controlled computer system.

iii. Establish policies and procedures for monitoring employee access and ensuring deactivation of accounts assigned to terminated or suspended employees.

**iv. Coordinate the development of a Business Continuity Plan with all of the licensee's business units, continually review the plan to ensure it remains current and compliant with National Institute of Standards and Technology (NIST) standards, and review the results of any test of the plan to ensure it is properly executed.**

**v. Approve the scope and review the results of any vulnerability scans and penetration tests. Review and approve resulting corrective action plans.**

**vi. Develop, document, audit, and enforce an information security plan consisting of policies, guidelines, standards, processes, and procedures in accordance with NIST standards. The ISO shall be responsible for continual evaluation of all areas of the plan described by this subsection in order to ensure the plan is responsive to new security threats, laws, or regulations. These areas include:**

**(1) Risk Management. The ISO shall create a risk management framework for all IT systems. In developing this framework, the ISO shall:**

**(A) Utilize quantitative and qualitative based analysis to identify and rank all IT systems based upon risk;**

**(B) Document the criteria used to determine risk for each system; and**

**(C) Establish minimum security standards for all systems based upon risk.**

**(2) Personnel. The ISO shall be responsible for the:**

**(A) Evaluation of the licensee's IT staffing levels and recommend any changes needed to ensure protection of the IT infrastructure;**

**(B) Creation of a standard for the proper segregation of IT job duties including appropriate levels of account privileges;**

**(C) Evaluation of compliance with IT job segregation standards; and**

**(D) Development of IT security training for employees.**

**(3) Systems and Data. The ISO shall ensure the information security plan addresses:**

**(A) Protection of confidential patron data from unauthorized access;**

**(B) Creation of required logs, with controls to prevent unauthorized modification; and**

**(C) Existence of proper controls and documentation for changes and updates and patches to IT systems.**

**4. 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. The IT department manager shall be responsible for the integrity of all data, as well as the quality, reliability, and accuracy of all computer systems and software used by the casino licensee **in accordance with the framework established by the Information Security Officer. This shall apply to** [in] the conduct of casino and casino simulcasting facility operations, whether such data and software are located within or outside the casino hotel facility, including, without limitation, specification of appropriate computer software, hardware, and maintenance of:

(1) - (5) (No change.)

[ ii. The IT security officer shall report to the IT department manager and be responsible for:

(1) Maintaining access codes and other computer security controls used to insure appropriately limited access to computer software and data; and

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

(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 rules;
- (6) Preparing and maintaining security-related reports and data;
- (7) Working with internal and external audit personnel 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) Remaining current with the latest IT security and privacy legislation, rules, advisories, alerts, and vulnerabilities to ensure the licensee's security program and security software is effective; and ]

**ii.[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;

Recodify existing 4. - 6 as 5. - 7. (No change in text.)

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

#### 13:69D-2.5 Official time

All controlled computer systems and critical computer systems shall be synchronized [to Coordinated Universal Time (UTC) as determined by the U.S. Department of Commerce's National Institute of Standards and Technology (NIST)] **with each other**. All transactions shall be adjusted to display and report in Eastern Standard and Daylight Savings Time.

#### **13:69F-2.27 Bet behind wager**

**(a) A casino licensee may, in its discretion, offer players on an approved Internet gaming system the option to place a wager based on the result of the hand played by a patron seated at a live-dealer blackjack table (“bet behind wager”).**

**(b) All bet behind wagers shall be made prior to the first card being dealt for each round of play.**

**(c) A bet behind wager shall only win if the hand of seated patron on whom the wager is made wins.**

**(d) A casino licensee offering the bet behind wager shall clearly describe the rules for the bet behind wager, including rules for pushes and split or double down wagers.**

#### 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:

....

**“Remote gaming system” (“RGS”) means hardware and software used to provide authorized games to patrons in conjunction with an Internet or mobile gaming system which may be a standalone system or integrated within another part of the Internet or mobile gaming system.**

**“Restricted Internet gaming credit” means Internet gaming funds which cannot be cashed out until a wagering requirement or other restriction**



**associated with those funds are met in accordance with disclosed terms and conditions.**

....

13:69O-1.2 General requirements for Internet and mobile gaming

(a.) - (k) (No change.)

(l) All terms and conditions for Internet or mobile gaming shall be included as an appendix to the internal controls of the licensee addressing all aspects of the operation, including the following:

1. - 7. (No change.)

8. [Notification that if the patron's Internet gaming account remains dormant for a period of one year any funds remaining on deposit and any pending wagers shall be forfeited] **Full explanation of all rules applicable to dormant Internet gaming accounts;**

9. - 13. (No change.)

14. Information to be displayed on a patron protection page. The patron protection page shall be accessible to a patron during a patron session. The patron protection page shall contain, at a minimum, the following:

i. [A prominent message, which states "If you or someone you know has a

gambling problem and wants help, call 1-800-Gambler";

ii. A direct link to the Council on Compulsive Gambling New Jersey, Inc. and one other organization based in the United States dedicated to helping people with potential gambling problems; and

iii. The following responsible gaming information:

(1) A clear statement of the Internet gaming operator's policy and commitment to responsible gaming;

(2) Information regarding the subjects in (l)14iii(2)(A) through (D) below, or a direct link to information regarding the following subjects, if available, from an organization based in the United States dedicated to helping people with potential gambling problems:

(A) Practical tips to stay within safe limits;

(B) Myths associated with gambling;

(C) Information regarding the risks associated with gambling; and

(D) The potential signs of a gambling problem;

(3) Rules governing self-imposed responsible gaming limits;

iv.] Method for changing or retrieving a password or other approved access security feature and the ability to choose "strong authentication" log in protection;

Recodify existing v. – xiii. as ii. – x. (No change to text).

(m) - (t) (No change.)

(u) [If a patron is prohibited by the permit holder or the Internet gaming intermediary from engaging in Internet wagering for reasons other than those enumerated in (i) above, the casino licensee shall notify the Division within 24 hours of the patron's prohibited status and suspend the Internet gaming account of that patron and prohibit such patron from creating an Internet gaming account. If an account suspended pursuant to this section is reinstated, the casino licensee shall notify the Division within 24 hours of the reinstatement.]

[(v)] An Internet or mobile gaming system shall allow patrons to access a player protection page at all times while logged into their Internet or mobile gaming account. The player protection page shall include all features listed in (l)14 above.

[(w)] **(v)** 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 and that require access to confidential patron account information shall be physically present in New Jersey **absent a showing of compelling need by the Internet gaming operator that the employee should be located elsewhere. Such need shall be documented by filing a written notice to the Division detailing the employee's location, job function and information access rights.**

Recodify existing x. - y. as w. - x. (No change in text.)

[(z)] (y) [The authorization to conduct Internet gaming shall expire on October 21, 2020] **Internet gaming operators shall promptly notify all affected Internet games managers of any issues impacting the integrity of Internet gaming operations.**

**(z) Each Internet gaming site shall display a responsible gaming logo in a manner approved by the Division to direct a patron to the site's responsible gaming page. The responsible gaming page shall be accessible to a patron during a patron session and shall contain, at a minimum, the following:**

- 1. A prominent message, which states "If you or someone you know has a gambling problem and wants help, call 1-800-Gambler";**
- 2. A direct link to the Council on Compulsive Gambling New Jersey, Inc. and one other organization based in the United States dedicated to helping people with potential gambling problems;**
- 3. A clear statement of the Internet gaming operator's policy and commitment to responsible gaming;**
- 4. Information regarding the subjects in i. through iv. below, or a direct link to information regarding the following subjects, if available, from an organization based in the United States dedicated to helping people with potential gambling problems:**
  - i. Practical tips to stay within safe limits;**

- ii. **Myths associated with gambling;**
  - iii. **Information regarding the risks associated with gambling; and**
  - iv. **The potential signs of a gambling problem;**
- 5. Rules governing self-imposed responsible gaming limits and the ability for the patron to establish those limits.**

**(aa.) Internet gaming operators shall employ personnel responsible for the duties of an IT Department as detailed by 13:69D-1.11(b)3 and 2.1 et.seq.**

13:69O-1.3 Internet or mobile gaming accounts

(a) (No change.)

(b) In order to establish an Internet or mobile gaming account, a casino licensee shall:

1. Create an electronic patron file, which shall include at a minimum:

i. - iv. (No change.)

v. Patron's **residential** address (**a Post Office box is not acceptable**);

vi. - x. (No change.)

2. - 9. (No change.)

(c) (No change.)

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

of:

1. - 6. (No change.)

7. Adjustments made by the licensee with documented notification to the patron;

[or]

**8. ACH transfer, provided that the operator has security measures and controls to prevent ACH fraud pursuant to (e) below; or**

9. Any other means approved by the Division.

**(e) A failed ACH deposit attempt shall not be considered fraudulent if the patron has successfully deposited funds via an ACH transfer on a previous occasion with no outstanding chargebacks. Otherwise, the operator shall:**

**i. Temporarily block the patron's account for investigation of fraud after 5 consecutive failed ACH deposit attempts within a ten minute time period. If there is no evidence of fraud, the block may be vacated; and**

**ii. Suspend the patron's account pursuant to N.J.A.C. 13:69O-1.4(j) after 5 additional consecutive failed ACH deposit attempts within a ten minute period.**

**(f)** Prior to any withdrawal, if a patron used a credit or debit card to fund an Internet or mobile gaming account, any remaining balance in the account up to the amount of the deposit shall be refunded to the patron's credit or debit card account

used to fund the Internet or mobile gaming account provided that a credit or debit card issuer permits the return of a withdrawal from an Internet or mobile gaming account funded by the credit or debit card of the issuer.

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

1. (No change.)
2. [Cash-out] **A cash-out, regardless of the deposit method used,** at the cashier's cage [immediately upon patron request] **if requested by a known patron;**
3. - 5. (No change.)
6. [Cash-out transfers] **A cash-out transfer** directly to the patron's individual account with a bank or other financial institution (banking account) provided that the licensee verifies the validity of the account with the financial institution; or
7. (No change.)

Recodify existing (g) - (j) as (h - (k) (No change in text.)

[(k)] **(l)** Patron funds held in an Internet gaming account shall not be automatically transferred by a casino licensee nor shall a casino licensee be permitted to require a patron to transfer funds from his or her Internet gaming account in order to circumvent the requirements of [(i)] **(j)** above.

[(l)] **(m)** (No change to text).

**(n) An Internet gaming system shall provide a conspicuous and readily accessible method for a patron to close their account through the account management or similar page. Any balance remaining in a patron's Internet gaming account closed by a patron shall be refunded pursuant to the licensee's internal controls.**

13:69O-1.4 Internet or mobile gaming system standards and operational controls

(a) - (f) (No change.)

(g) The Internet and mobile gaming system shall immediately terminate a patron session whenever:

1. Required by the Division or licensee; **or**
2. The patron ends a session[;
3. The patron fails any authentication during a game or patron session; **or**
4. A system error impacts game play].

(h) - (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. (No change.)
2. When required by the Division; [or]



3. **Upon a determination that a patron is a prohibited person; or**

4. When initiated by a licensee that has evidence that indicates:

i. (No change.)

ii. A negative patron account balance; [or]

iii. **After failed ACH deposit attempts pursuant to N.J.A.C. 13:69O-1.3(e); or**

iv. A violation of the terms of service has taken place on an authorized patron's Internet or mobile gaming account.

(k) When an Internet or mobile gaming account is in a suspended mode, [the licensee shall not remove funds from the account without prior approval from the Division and] the system shall:

1. Prevent the patron from [engaging in Internet or mobile gaming] **wagering;**

2. - 6. (No change.)

(l) [A] **Unless the suspension was a result of a patron's self-exclusion, a**

licensee shall notify the Internet or mobile wagering account holder via electronic mail, regular mail, or other method approved by the Division, whenever his or her account has been closed or placed in a suspended mode. Such notification shall include the restrictions placed on the account and any further course of action needed to remove the restriction.

(m) A suspended account may be restored:

1. (No change.)
2. When permission is granted by the Division; [or]
3. **When the patron is no longer a prohibited person; or**
4. When the licensee has lifted the suspended status.

(n) An Internet or mobile gaming system shall be capable of allowing a patron to establish the following responsible gaming limits. Any decrease to these limits shall be effective no later than the patron's next log in. Any increase to these limits shall become effective only after the time period of the previous limit has expired [and the patron reaffirms the requested increase].

1. - 3. (No change.)

(o) [An Internet or mobile gaming system shall implement automated procedures to identify and prevent the following persons from placing a wager:

1. Persons under the age of 21;
2. Persons on the self-exclusion list;
3. Persons on the Internet self-exclusion list;
4. Persons on the exclusion list;
5. Patrons who have had their account closed;
6. Patrons who have had their account suspended; and

7. Patrons who have exceeded their spend or time-based limit.] **An Internet gaming operator shall not confiscate any funds from a patron's Internet gaming account unless:**

- 1. The patron has a confirmed chargeback, limited to the amount of the chargeback;**
- 2. By court order;**
- 3. The patron has engaged in cheating, collusion, chip dumping or other illegitimate gaming activity; or**
- 4. Otherwise approved by the Division.**

**A monthly report listing the total sum removed from patron accounts pursuant to 1. to 4. above shall be filed with the Division by each Internet gaming operator.**

(p) (no change.)

(q) Unless otherwise approved by the Division, a record of all bonus and promotional wagering offers related to Internet gaming shall be maintained in an electronic file that is readily available to the Division. All bonus and promotional wagering offers shall be stated in clear and unambiguous terms and shall be readily

accessible by the patron **after the offer is accepted and prior to completion.**

Offer terms and the record of all offers shall include at a minimum:

1. (No change.)
2. The date and time the offer is active and expires; [and]
3. Patron eligibility, **including any limitations on patron participation** [redemption requirements.];
4. **Any restriction on withdrawals of funds;**
5. **Wagering requirements and limitations by type of game;**
6. **The order in which funds are used for wagers;**
7. **Eligible games; and**
8. **Rules regarding cancellation.**

(r) **An Internet gaming system shall provide a clear and conspicuous method for a patron to cancel their participation in a bonus or promotional wagering offer that utilizes restricted gaming credits. If the patron elects to proceed with cancellation, unrestricted funds remaining in a patron's Internet gaming account shall be returned according to the terms and conditions.**

**(s) Once a patron has met the terms of a bonus or promotional wagering offer, the licensee or operator shall not cap or limit winnings earned while participating in the offer.**

Recodify existing (r) - (u) as (t) - (w) (No change in text.)

13:69O-1.5 Server-based gaming system; server-based games (table games, slot machines, and peer-to-peer gaming)

(a) - (f) (No change.)

(g) [Server-based gaming systems shall notify patrons, via the client terminal, of software that is scheduled for or ordered to be removed by the Division. Unless otherwise authorized by the Division, the system shall:

1. Immediately disable a game, which has been ordered to be removed by the Division; or
2. Notify the patron that the game will be removed at the conclusion of the round of play.]

Recodify existing (h) - (x) as (g) - (w) (No change to text.)

13:69O-1.9 Required reports; reconciliation; test accounts

(a) The online gaming system shall be designed to generate **the reports required**

by **this section in a format approved** [as specified] by the **Division's Revenue Certification Unit** [Division that shall include at a minimum:

1. The report title;
2. The version number of the current system software and report definition;
3. The date or time period of activity, or description "as of" a point in time;
4. The date and time the report was generated;
5. Page numbering, indicating the current page and total number of pages;
6. Subtotals and grand totals as required by the Division;
7. A description of any filters applied to the data presented in the document;
8. Column and row titles, if applicable; and
9. The name of the casino licensee].

(b) - (c) (No change.)

(d) An Internet gaming system and a mobile gaming system shall generate the following daily reports, at a minimum, for each gaming day in order to calculate the taxable revenue **or to ensure the integrity of operations:**

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

i. – x. (No change.)

xi. [Win] **Patron win** or loss, calculated as the amount of transfers from games and [beginning] **ending** funds on game less the amount of transfers to games and

[ending] **beginning** funds on game; [and]

xii. (No change.)

xiii. **Total amount of adjustments.**

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

i. - v. (No change.)

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[; and].

3. (No change.)

**4. A Forfeited Bonus Winnings Report which shall include, by patron, the amount of winnings removed from a patron's account upon the expiration, cancelation or forfeiture of a bonus.**

(e) -(g) (No change.)

(h) A gaming system shall generate[,] **the following reports related to dormant accounts** 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. 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, at a minimum:**

**i. The patron name and account number;**

**[2] ii. The date of the last [transaction] successful patron log in; [and]**

**[3] iii. The account balance[.]; and**

**iv. The gaming date.**

**2. A Dormant Funds Report which shall include:**

**i. The patron name and account number;**

**ii. The date of the last successful patron log in;**

**iii. The account balance subject to forfeiture; and**

**iv. The gaming date.**

**(i) - (l) (No change.)**

**(m) An Internet gaming system shall be capable of generating the following Pending Transaction [Account Report] Reports, 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]:**



**1. Funds on game transactions; and**

**2. Deposits and withdrawals not yet cleared.**

(n) [In accordance with internal controls] **On a monthly basis**, 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 to N.J.A.C. 13:69O-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. - 4. (No change.)

5. [The ability to withdraw funds from a test account without the Division's prior approval shall be disabled by the Internet gaming system;] **The procedures for authorizing and auditing out of state test activity.**

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

i. A person 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.]

**(p) Peer to peer games may be tested by a user with multiple test accounts provided that no patrons are involved in game play.**

**13:690-1.10 Progressive jackpots**

**(a) An internet or mobile gaming system may offer a progressive jackpot which increases in value based upon an approved rate of progression, and is awarded for a specific outcome or event.**

**(b) The rules governing the award and the value of the progressive award shall be readily available to the patrons.**

**(c) The submission for Division approval of progressive software to be used on an Internet or mobile gaming system shall include the following :**

- 1. Software controlling the Internet or mobile progressive jackpot;**
- 2. A mechanism to authenticate the software; and**
- 3. Rules that will be displayed to the patron that apply to the progressive jackpot.**

**(d) Prior to offering, modifying or transferring a progressive jackpot on software approved by the Division pursuant to (c) above, a casino licensee shall submit an Appendix I in a format prescribed by the Division.**

**(e) Two or more linked Internet or mobile games offering the same progressive jackpot may be of different denominations and/or have different minimum wagers required to win the progressive jackpot, provided that the probability of winning the progressive jackpot is directly proportional to the minimum wager required to win that jackpot. For example, if on the same link, a nickel game requires 20 credits (a \$1.00 wager), a quarter game requires eight credits (a \$2.00 wager), and a dollar game requires three credits (a \$3.00 wager) to win the progressive jackpot, then the probability of a winning wager must be three times more likely on a linked dollar game than on the linked nickel game, and twice more likely on a linked quarter game than on the linked nickel game. Similarly, if among three linked quarter denomination games, the first required two credits (a \$.50 wager), the second required four credits (a \$1.00 wager) and the third required eight credits (a \$2.00 wager) to play for the progressive jackpot, then on each wager, the probability of winning the jackpot would be twice more likely on the second game than on the first game, and four times more likely on the third game than on the first game.**

**(f) Unless otherwise required by the Division, at least once a month, the permit holder shall ensure that progressive jackpot awards that have a reset amount greater than \$5,000 are reconciled in accordance with internal controls. The Internet gaming manager, or his or her designee, shall maintain a detailed record of the monthly reconciliation. The permit holder shall also reconcile a progressive jackpot prior to a transfer or modification.**

**(g) The Internet gaming manager, or other appropriate licensee as determined by the Division, shall investigate the reason for any progressive amount variance exceeding \$100 and file an Incident report with the Division which shall include corrective actions proposed or taken to resolve the variance.**

**(h) In the event of a game malfunction or if required by the Division, a progressive jackpot shall be removed or made unavailable to patrons. If a licensee chooses to restore a progressive jackpot previously made unavailable pursuant to this section, the entire progressive jackpot shall be restored.**

**(i) An Internet gaming operator may remove or transfer a progressive jackpot subsequent to notification to patrons, which shall be, at a minimum, 10 days for a transfer and 30 days for removal.**

**(j) If a WAP (Wide Area Progressive) offered on the Internet is removed, it shall be restored or transferred. The amount restored or transferred shall include the entire jackpot, including the seed amount and all previously collected player contributions.**

### **SUBCHAPTER 3. REMOTE GAMING SYSTEMS**

#### **13:69O-3.1 Remote gaming systems**

**(a) Each RGS that provides game content to another Internet gaming operator shall:**

**1. Maintain internal controls for all aspects of gaming operations prior to implementation and any time a change is made thereafter. The internal controls shall include detailed procedures for system security, operations and accounting;**

**2. Maintain internal controls approved by the Division that address compliance with N.J.A.C. 13:69O-1.5(p);**

**3. At a minimum, employ personnel responsible for:**

**i. The duties of an IT Department as detailed by 13:69D-1.11(b)3 and 2.1 et.seq.;**

**ii. Ensuring the operation and integrity of gaming and reviewing all reports of suspicious behavior; and**

**iii. Ensuring compliance with standards and controls detailed in 13:69D-2.5, 13:69O-1.5, 1.7 and 1.8;**

**4. Perform an annual system integrity and security assessment conducted by an independent professional selected by the licensee, subject to the approval of the Division. The independent professional's report on the assessment shall be submitted to the Division annually and shall include all requirements of 13:69O-1.2(q);**

**5. Install and utilize primary and backup gaming equipment in a restricted area in accordance with 13:69O-1.2(n); and**

**6. Provide the Division with physical and logical access to the RGS to review and collect all data contained therein.**

**(b) An RGS shall only offer to an Internet gaming operator games approved by the Division and shall notify the applicable Internet gaming operator(s) and the Division when a game is disabled, regardless of the reason.**

**(c) An RGS shall only void games via a procedure agreed upon between the RGS and affected Internet gaming operator(s) or after being noticed of the need for a void by the Internet gaming operator.**

**(d) Each RGS shall respond to the Internet gaming operator(s) for any issue received related to a patron or other game issue with a resolution within three calendar days.**

**(e) Any feature that allows a user to manually input or override any game transaction shall be submitted to the Division for approval prior to use.**

**(f) Each RGS shall monitor for and immediately report to the appropriate Internet gaming operator(s) and the Division, any malfunction or security incident that adversely affects the integrity of critical data or system functionality.**

**(g) Each RGS shall obtain approval from the Division for the use of a Content Delivery Network (CDN) prior to implementation or implementation of a change to an approved CDN.**

**(h) Each RGS shall generate and distribute to each casino licensee and the Division the following reports in order to verify the taxable revenue reported pursuant to 13:690-1.9:**

**1. Game Summary Report which shall be generated on a daily basis for each casino and shall include the following by licensee for all completed transactions for each game:**

**i. Internet gaming authorized site name;**

**ii. Game name;**

**iii. Total number of transactions;**

**iv. Total amount wagered;**

**v. Total amount paid out; and**

**vi. Total win/loss;**

**2. Pending Transaction Report, which shall be generated on a monthly basis and separately itemize all outstanding pending transactions for each Internet gaming authorized site and include the following:**

**i. Internet gaming authorized site name;**

**ii. Game name;**

**iii. Transaction date and time;**

**iv. Transaction identifier;**

**v. Unique patron identifier;**

**vi. Status;**

**vii. Amount of the wager; and**

**vii. Amount of the win if known;**

**3. Void Transaction Report, which shall be generated on a daily basis and separately itemize all voided transactions for each Internet gaming authorized site and include the following:**

**i. Internet gaming authorized site name;**

**ii. Game name;**

**iii. Transaction start date and time;**

**iv. Transaction end date and time;**

**v. Transaction identifier;**



- vi. Unique patron identifier;**
- vii. Amount of the wager;**
- viii. Amount of the win if known;**
- ix. Name of the employee or automated process performing the void; and**
- x. Reason for void.**

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David Rebuck  
Director