

LAW AND PUBLIC SAFETY

DIVISION OF GAMING ENFORCEMENT

Casino Licenses

Proposed Amendments: N.J.A.C. 13:69C-1.1, 2.1, 2.2, 2.3, 2.4, 2.5, 2.8, 2.9, 3.2, 5.1, 5A.1, 5B.1, 8, 9.3, and 11.1

Proposed New Rule: N.J.A.C. 13:69C-2.10

Authorized By: Mary Jo Flaherty, Interim Director, Division of Gaming Enforcement.

Authority: N.J.S.A. 5:12-69, 70, and 76 and 5:12A-13a.

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

Proposal Number: PRN 2024-128.

Submit written comments by January 3, 2025, to:

Jordan Hollander, Deputy Attorney General

Division of Gaming Enforcement

140 E. Front Street

PO Box 047

Trenton, New Jersey 08625

or email to: RuleComments@njdge.gov

The agency proposal follows:

Summary

The proposed amendments and new rule at N.J.A.C. 13:69C would revise, clarify, and modernize certain licensing requirements for casinos and racetracks that host sports wagering facilities and activities pursuant to the Casino Control Act (Act), N.J.S.A. 5:12-1 et seq., and the Sports Wagering Act (SW Act), N.J.S.A. 5:12A-10 et seq.

In order to operate as an approved casino hotel facility in Atlantic City, a casino license must be obtained. The Division of Gaming Enforcement (DGE) investigates applications for casino licenses and reports thereon to the Casino Control Commission. Additionally, the DGE maintains extensive ongoing regulatory oversight over the operations and continued licensure of casino licensees. Similarly, in order for a New Jersey racetrack to host sports wagering facilities and activities, a sports wagering license must be obtained, as provided for in the SW Act. Pursuant to Section 13a of the SW Act, the DGE has the authority to regulate racetrack sports wagering licensees to the same extent the DGE regulates casino licensees pursuant to the Act.

Although intervening minor amendments to these rules have occurred, the last large-scale revision and update to these requirements occurred in 2011, and the DGE has undertaken a review and submits these proposed amendments in order to revise, provide clarity, and otherwise modernize certain of the rules pertaining to casino license requirements. The rulemaking amends N.J.A.C. 13:69C-1.1, 2.1, 2.2, 3.2, 5.1, 5A.1, 5B.1, and 11.1 and adds proposed new N.J.A.C. 13:69C-2.10 to reflect DGE's authority, pursuant to Section 13a of the SW Act, to impose casino licensing requirements, as appropriately determined by DGE, upon racetrack sports wagering licensees and applicants for sports wagering licenses. Specifically, proposed new N.J.A.C. 13:69C-2.2(e), (f), (g), and (h) set forth the requirements for persons required to be qualified in connection with a racetrack sports wagering license, which codify existing practice and follow from casino licensing requirements. The rulemaking amends N.J.A.C. 13:69C-2.3, 2.4, 2.5, 2.8, 2.9, and 8 to codify existing DGE practice and to explicitly provide for electronic submission of certain required filings pertaining to notifications of anticipated or actual changes in directors, officers, or equivalent qualifiers, notifications of new financial sources, notifications of new qualifiers of holding companies and new qualifying entities, notifications of the issuance or

transfer of interests, notifications of the formation, dissolution, or transfer of a nonpublicly traded interest of certain entities, minutes of meetings of boards and committees, meeting schedules, governing documents, tax return filings, securities filings, and annual reports. Throughout the rulemaking, proposed amendments provide for the electronic submission of these types of information to the DGE by the regulated community. Moreover, the rulemaking amends N.J.A.C. 13:69C-2.5(a) to modernize the beneficial ownership reporting requirement by requiring notification to DGE immediately upon receipt of an electronic form filing, such as a Schedule 13G filed with the Securities and Exchange Commission. The rulemaking adds N.J.A.C. 13:69C-2.8(b), which will impose the same restrictions on the issuance or transfer of any security or ownership interest in a casino licensee or any nonpublicly traded subsidiary or holding company thereof to a racetrack sports wagering licensee or any nonpublicly traded subsidiary or holding company thereof. Moreover, proposed new N.J.A.C. 13:69C-2.10 similarly codifies existing practices and imposes upon the directors, officers, and other qualifying individuals of a racetrack sports wagering licensee or holding company thereof, the same qualification requirements and process as those for a casino licensee or holding company thereof.

N.J.A.C. 13:69C-8.1(b) is proposed for amendment to require a casino licensee or racetrack sports wagering licensee or applicant or holding company thereof to submit, on an annual basis, a schedule for its board and committee meetings in advance of the first meeting of the applicable year to which it pertains.

The rulemaking amends N.J.A.C. 13:69C-8.3 to require any casino licensee or racetrack sports wagering licensee in the event that it does not maintain a profit-sharing agreement to attest, in writing, to DGE on an annual basis that no such agreement is maintained, in addition to providing such agreement if one exists.

N.J.A.C. 13:69C-8.4, 8.5, 8.6, and 8.7 are proposed to be amended by replacing “or” with “and” to remove any potential ambiguity as to whether an applicant or licensee or a respective holding company, intermediary company, qualifying subsidiary, and entity qualifier thereof must file financial statements and projections, tax returns, securities filings, and annual reports with DGE. Existing N.J.A.C. 13:69C-8.8(a) is proposed for relocation as new N.J.A.C. 13:69C-8.7A, as the definitions in this subsection apply to all of Subchapter 8, not just N.J.A.C. 13:69C-8.8. The proposed amendments make a number of changes to existing N.J.A.C. 13:69C-8.8, which sets forth the requirements for compliance systems for casino licensees and racetrack sports wagering licensees and which were provisions first and newly promulgated in 2011. First, the rulemaking adds a definition of “material litigation.” The proposed definition does not include a monetary threshold and instead provides for a determination on a case-by-case basis as to whether a litigation or other regulatory agency investigation matter or notice of violation is material and may impact upon an applicant’s or licensee’s suitability for licensure pursuant the Act. The rulemaking also adds a definition of “foreign gaming” and modifies the reporting requirements pertaining to commencement, cessation, and expansion of foreign gaming. The rulemaking also clarifies that certain matters of note, such as the receipt of a criminal grand jury subpoena by a casino or racetrack sports wagering licensee, must be reported within a set time to DGE. The amendments also streamline reporting requirements and mandate licensees to provide an initial written compliance plan and any material amendments thereto to DGE for prior approval before they take effect. Nonmaterial amendments are required to be provided to DGE within five days of implementation. In addition, the rulemaking would effectuate several other changes at N.J.A.C. 13:69C-8.8, including amending N.J.A.C. 13:69C-8.8(d)2 to prohibit any compliance officer and internal audit manager from holding both of those positions simultaneously; amending subsection

(e) to require a majority of the compliance committee members to be independent, unless such requirement is specifically waived by the DGE Director, and requiring the chair of the compliance committee to be independent; prescribing certain voting options for the compliance committee to consider, set, and follow (at proposed new paragraph (e)5); and prohibiting certain individuals, including the chief executive officer, from serving on the compliance committee (at proposed new paragraphs (h)3 and 4).

Finally, the rulemaking amends N.J.A.C. 13:69C-9.3 to bring racetrack sports wagering licensees into alignment with casino licensees with respect to employee reporting and recordkeeping requirements and to require casino licensees holding Casino Hotel Alcoholic Beverage (CHAB) licenses to specify to DGE whether any employee's duties and responsibilities include the handling, service, delivery, purchase, control, or storage of alcoholic beverages. These changes to update such rules are necessary in order to maintain the public confidence in the integrity of gaming operations in New Jersey.

The DGE has provided a 60-day comment period on this notice of proposal. Therefore, this notice is excepted from the rulemaking calendar requirement pursuant to N.J.A.C. 1:30-3.3(a)5.

Social Impact

The proposed amendments and new rule codify many already existing DGE practices and do not impose any more of a social impact on the regulated casino licensees, casino license applicants, and racetracks that host sports wagering facilities and activities than already exist. An essential and integral element of the regulation and control of the gaming industry in New Jersey, including casinos and racetracks that host sports wagering facilities and activities rests on the public confidence and trust in the credibility and integrity of the regulatory process. Consistent with this salutary policy goal, the licensing and regulatory system provided for by the Act and the

SW Act is extraordinary, pervasive, and intensive and includes the exclusion from participation of persons with known criminal records, habits, or associations from the industry through comprehensive law enforcement supervision. The electronic filing of information is a favored submission approach in that it is efficient and effective and streamlines and serves as an enhancement to already-required filing system requirements, thus allowing DGE to be in a position to receive critical information on a timely basis. By updating and modernizing the DGE's licensing rules, casino licensees and racetrack sports wagering licensees will have flexibility that the DGE believes will help them maintain and enhance the public confidence of gaming operations in New Jersey. Moreover, the proposed changes to the compliance committee requirements are necessary to preserve the independence of, and prevent management from exerting undue influence over, the compliance committee. DGE has long prioritized and emphasized strict compliance requirements to maintain the integrity of the gaming industry.

Economic Impact

The DGE expends extensive time and resources on the investigation of casino licensees and racetracks that host sports wagering facilities and on the ongoing regulation of such operations. As these functions are already performed by the DGE, the proposed amendments and new rule do not impose substantially different regulatory oversight requirements upon the DGE or, therefore, upon the regulated entities. Any such costs are necessary to effectuate the public policy of maintaining public confidence and trust in the credibility and integrity of the regulatory process of the New Jersey gaming industry.

Federal Standards Statement

The proposed new rule and amendments are not proposed pursuant to the authority of, or in order to implement, comply with, or participate in, any program established pursuant to Federal law or a State statute that incorporates or refers to Federal law, standards, or requirements. The DGE's proposed amendments and proposed new rule concern the requirements for licensed casino facilities and racetracks that host sports wagering facilities and activities within the New Jersey casino gaming industry.

Jobs Impact

The proposed amendments and new rule are not expected to have any impact on the number of jobs, both construction and permanent, in the State of New Jersey.

Agriculture Industry Impact

The proposed amendments and new rule will have no impact on agriculture in New Jersey.

Regulatory Flexibility Statement

The proposed amendments and new rule will affect the operations of New Jersey casino license applicants and casino licensees and racetracks that host sports wagering facilities and activities, all of which significantly benefit from the ability to operate in the New Jersey regulated gaming industry and none of which qualifies 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 amendments and new rule will have no impact on the affordability of housing

in New Jersey and it is very unlikely that they would evoke a change in the average costs associated with housing because the proposed amendments and new rule concern the requirements for licensed casino facilities and racetracks that host sports wagering facilities.

Smart Growth Development Impact Analysis

The proposed amendments and new rule will not have an impact on smart growth and it is extremely unlikely that they would evoke a change in housing production in Planning Areas 1 or 2, or within designated centers, pursuant to the State Development and Redevelopment Plan in New Jersey because the proposed amendments and new rule concern the requirements for licensed casino facilities and racetracks that host sports wagering facilities and activities.

Racial and Ethnic Community Criminal Justice and Public Safety Impact

The proposed amendments and new rule will not have an impact on pretrial detention, sentencing, probation, or parole policies concerning adults and juveniles in the State of New Jersey because the proposed amendments concern the requirements for licensed casino facilities and racetracks that host sports wagering facilities and activities. Accordingly, no further analysis is required.

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

CHAPTER 69C

CASINO LICENSEES AND RACETRACK SPORTS WAGERING LICENSEES

SUBCHAPTER 1. GENERAL PROVISIONS

13:69C-1.1 Applicability of rules to noncorporate entities **and racetrack sports wagering licensees**

The rules set forth in this chapter shall apply to the extent appropriate with the same force and effect with regard to casino license applicants and casino licensees that have a legal existence other than corporate, and all noncorporate entities shall comply with all relevant requirements applicable to corporate entities. **Moreover, the rules set forth in this chapter shall apply, as appropriately determined by the Division, to racetrack sports wagering license applicants and racetrack sports wagering licensees that are regulated to the same extent as casino license applicants and casino licensees pursuant to the Sports Wagering Act (SW Act), N.J.S.A. 5:12A-10 et seq.**

SUBCHAPTER 2. PERSONS REQUIRED TO BE LICENSED OR QUALIFIED

13:69C-2.1 Persons required to be licensed

(a) No person shall own or operate a casino unless a casino license shall have first been issued to every person eligible and required to apply for a casino license pursuant to the provisions [of] **at N.J.S.A. 5:12–82.**

(b) **No person shall own or operate a racetrack sports wagering lounge, as defined at N.J.S.A. 5:12A-10, unless a racetrack sports wagering license shall have first been issued to every person eligible and required to apply for a racetrack sports wagering license pursuant to the provisions at N.J.S.A. 5:12A-11.**

13:69C-2.2 Persons required to be qualified

(a)-(d) (No change.)

(e) No racetrack sports wagering license shall be issued or remain in full force and effect unless the individual qualifications of every person required by the Sports Wagering Act (SW Act), N.J.S.A. 5:12A-10 et seq., and the Director to qualify as part of the application for the issuance or retention of the racetrack sports wagering license shall have been established in accordance with all relevant standards set forth in the Act, SW Act, and the rules of the Division.

(f) The following persons shall be required to qualify as part of the application for the issuance or retention of a racetrack sports wagering license:

1. All persons eligible and required to apply for a racetrack sports wagering license pursuant to the provisions at N.J.S.A. 5:12A-11; and

2. All persons required to qualify pursuant to the provisions at N.J.S.A. 5:12A-12.

(g) The Director may, at any time, require an applicant or racetrack sports wagering licensee to establish the qualification of any person that the Director may deem appropriate for qualification pursuant to N.J.S.A. 5:12A-11 and 12. Any person deemed appropriate for qualification shall promptly file the required application form.

(h) It shall be the affirmative responsibility of each applicant or racetrack sports wagering licensee to ensure that all persons required pursuant to the SW Act and the rules of the Division to establish their qualifications in connection with an initial application for a racetrack sports wagering license, or the retention thereof, have filed any required application forms in accordance with this subchapter.

13:69C-2.3 Notification of anticipated or actual changes in directors, officers, or equivalent qualifiers [of casino licensees and holding companies]

(a) Each casino licensee or applicant or holding company shall immediately notify the Division, in writing, as soon as is practicable, of the proposed appointment, appointment, proposed nomination, nomination, election, intended resignation, resignation, incapacitation, or death of any member of, or partner in, its board of directors or partnership, as applicable, or of any officer or other person required to qualify pursuant to N.J.S.A. 5:12-85 and 85.1. Such notice shall be **either printed and** addressed to the Intake Unit, attention casino licensing bureau, of the Division at its address set forth [in] **at N.J.A.C. 13:69-3.5(a) or by electronic submission to its electronic mailbox at qualifiers@njdge.gov**, with a copy, either printed or electronic, to the Commission at its address set forth [in] **at N.J.A.C. 13:69-3.5(a)**.

(b) Each **racetrack sports wagering licensee or applicant or holding company** shall immediately notify the Division, in writing, as soon as is practicable, of the proposed appointment, appointment, proposed nomination, nomination, election, intended resignation, resignation, incapacitation, or death of any member of, or partner in, its board of directors or partnership, as applicable, or of any officer or other person required to qualify pursuant to N.J.S.A. 5:12-85, 85.1, and 5:12A-12. Such notice shall be either printed and addressed to the Intake Unit, attention Casino Licensing Bureau, of the Division at its address set forth at N.J.A.C. 13:69-3.5(a) or by electronic submission to its electronic mailbox at **qualifiers@njdge.gov**.

13:69C-2.4 Notification of new financial sources

Each casino licensee or applicant **and racetrack sports wagering licensee or applicant or holding company thereof** shall immediately notify the Division, in writing, as soon as it becomes aware that it intends to enter into a transaction bearing any relation to its casino **or**

racetrack sports wagering project [which] **that** may result in any new financial backers, investors, mortgagees, bondholders, or holders of indentures, notes, or other evidences of indebtedness who may be subject to the provisions [of] **at** N.J.S.A. 5:12-85.1e and Article 6B of the Act. Such notice shall be **either printed and** addressed to the Intake Unit, attention Casino Licensing Bureau, of the Division at the address set forth [in] **at** N.J.A.C. 13:69-3.5(a) **or by electronic submission to its electronic mailbox at entitydocs@njdge.gov** and, in the instance of a casino license applicant, in compliance with the rules of the Commission, with a copy, either printed or electronic, to the Commission at its address set forth [in] **at** N.J.A.C. 13:69-3.5(a).

13:69C-2.5 Notification concerning certain new qualifiers of holding companies and new qualifying entities

(a) A casino licensee, **racetrack sports wagering licensee**, or applicant shall immediately notify the Division if the casino licensee, **racetrack sports wagering licensee**, or applicant becomes aware that, with regard to any holding company of the casino licensee, **racetrack sports wagering licensee**, or applicant, any person has acquired[:] **the provisions at (a)1, 2, and/or 3 below. In the event the entity is a public company and there is a security filing, a copy of the security filing shall be due immediately to the Division upon the filing of the applicable form with the Securities and Exchange Commission.**

1.-3. (No change.)

(b) If any holding company of a casino licensee, **racetrack sports wagering licensee**, or applicant either files or is served with any [schedule] **Schedule** 13D, Schedule 13G, or Form 13F filing [under] **pursuant to** the Securities Exchange Act of 1934, copies of any such filing shall be

immediately submitted to the Division by the casino licensee, **racetrack sports wagering licensee**, or applicant or the **applicable** holding company **thereof**.

(c) If any new entity is formed in the organizational structure of any casino licensee, **racetrack sports wagering licensee**, or applicant [which] **that** would be a holding company, an intermediary company, an entity qualifier, or a subsidiary of the casino licensee, **racetrack sports wagering licensee**, or applicant, the casino licensee, **racetrack sports wagering licensee**, or applicant or such affiliate shall immediately notify the Division.

(d) Notice **provided** pursuant to (a), (b), and (c) above shall be **either printed and** addressed to the Intake Unit, attention Casino Licensing Bureau, of the Division at its address set forth [in] **at** N.J.A.C. 13:69-3.5(a) **or by electronic submission to its electronic mailboxes at qualifiers@njdge.gov, sec@njdge.gov, or entitydocs@njdge.gov, as applicable,** and, in the instance of [an] **a casino license** applicant, with a copy, either printed or electronic, to the Commission at its address set forth [in] **at** N.J.A.C. 13:69-3.5(a).

13:69C-2.8 Issuance or transfer of interests

(a) The issuance or transfer of any security or ownership interest in a casino licensee or any nonpublicly traded subsidiary or holding company thereof shall not be effective unless five business days prior written notice, **either printed or electronic**, of the issuance or transfer has been provided to the Commission at its address set forth [in] **at** N.J.A.C. 13:69-3.5(a) and such issuance or transfer has not been disapproved by the Commission within such five days. A copy of such notice also shall be provided **simultaneously** to the Division [at] **either printed and delivered to** its address set forth [in] **at** N.J.A.C. 13:69-3.5(a) **or by electronic submission to its electronic mailbox at entitydocs@njdge.gov.**

(b) The issuance or transfer of any security or ownership interest in a racetrack sports wagering licensee or any nonpublicly traded subsidiary or holding company thereof shall not be effective unless five business days' prior written notice of the issuance or transfer has been provided to the Division either printed and delivered to its address set forth at N.J.A.C. 13:69-2.5(a) or by electronic submission to its electronic mailbox at entitydocs@njdge.gov and such issuance or transfer has not been disapproved by the Division within such five days.

13:69C-2.9 Holding companies, intermediary companies, entity qualifiers, and subsidiaries

(a) Each casino licensee or applicant or holding company thereof and racetrack sports wagering licensee or applicant or holding company thereof shall report immediately, in writing, to the Division, [at] either printed and delivered to its address set forth [in] at N.J.A.C. 13:69-3.5(a) or by electronic submission to its electronic mailbox at entitydocs@njdge.gov, the formation or dissolution of, or any transfer of a nonpublicly traded interest in, any holding company, intermediary company, an entity qualifier, or a subsidiary of the casino licensee, racetrack sports wagering licensee, or applicant or any subsidiary of any holding company of the casino licensee, racetrack sports wagering licensee, or applicant [which] that bears any financing relationship to the casino project and, in the instance of a casino license applicant, with a copy to the Commission at its address set forth [in] at N.J.A.C. 13:69-3.5(a).

(b) (No change.)

13:69C-2.10 Qualification of new directors, officers, or other qualifiers of a racetrack sports wagering licensee or holding company thereof

(a) The Director of the Division shall designate persons that must qualify in connection with a racetrack sports wagering licensee or holding company thereof in accordance with N.J.S.A. 5:12-85.1 and 5:12A-12, and any natural person so required to qualify by virtue of the position held with a racetrack sports wagering licensee or holding company thereof shall not perform any duties or exercise any powers relating to such position until qualified temporarily or plenary by the Division.

(b) Each person subject to (a) above shall file a PHD-MJ as set forth at N.J.A.C. 13:69A-5.2 and a New Jersey Supplemental Form as set forth at N.J.A.C. 13:69A-5.2A or a PHD-1 as set forth at N.J.A.C. 13:69A-5.2, upon application for qualification.

(c) The Director of the Division, upon the written petition of a racetrack sports wagering licensee or holding company thereof, may permit a person otherwise subject to (a) above to perform any duties or exercise any powers relating to the position held pending qualification.

(d) Notwithstanding the provisions at (a) above, any person permitted to perform duties or exercise powers pursuant to (c) above shall:

1. Be immediately removed from the position held if, at any time, the Division has reasonable cause to believe that such person may not be qualified; and

2. Only be permitted to perform duties or exercise powers without having been qualified for a period of nine months from the date on which permission to assume duties was first granted, which may be extended by a period of three months by the Director of the Division upon a showing of good cause.

(e) All persons who have been found qualified by the Division shall, not later than five years after obtaining qualification, and every five years thereafter, file consistent with N.J.S.A. 5:12-87.1 and N.J.A.C. 13:69C-11.2 either a completed PHD-MJ, as set forth at N.J.A.C.

13:69A-5.2 with a New Jersey Supplemental Form, as set forth at N.J.A.C. 13:69A-5.2A, or a PHD-1 Resubmission Form, as set forth at N.J.A.C. 13:69A-5.5A.

SUBCHAPTER 3. STANDARDS FOR LICENSURE OR QUALIFICATION

13:69C-3.2 Applicable standards

Each person seeking casino licensure, **racetrack sports wagering licensure**, or qualification or connection with such licensure shall establish by clear and convincing evidence the criteria set forth [in] **at N.J.S.A. 5:12-80 through 87.1, as applicable.**

SUBCHAPTER 5. INVESTIGATION REQUIREMENTS

13:69C-5.1 General investigative standards

(a) The Division shall conduct an investigation of a casino license applicant, and each person required to be qualified as part of the application. The casino license applicant and each such person shall provide all information, documentation, and assurances required [by] **pursuant to** N.J.S.A. 5:12-80, 80.1, 80.2, 82, 83, 84, 85, 85.1, 85.2, 86, 87, and 87.1, or as otherwise may be required for the Division's investigation pursuant to the Act and the rules of the Division.

(b) The provisions of this subchapter shall apply, as appropriate, and in the discretion of the Division Director, to the investigations of racetrack sports wagering license applicants.

SUBCHAPTER 5A. DESIGNATION OF QUALIFIERS AND WAIVER FROM QUALIFICATION

13:69C-5A.1 Exceptions to qualification

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

(g) The provisions of this subchapter shall apply, as appropriate and in the discretion of the Division Director, to the designation of qualifiers and waiver from qualification in connection with racetrack sports wagering licenses.

SUBCHAPTER 5B. QUALIFICATION OF FINANCIAL BACKERS

13:69C-5B.1 Qualification of financial backers and others delineated [in] **at N.J.S.A. 5:12-85.1e**

(a) (No change.)

(b) The provisions of this subchapter shall apply, as appropriate, and in the discretion of the Division Director, to the qualification of financial backers in connection with racetrack sports wagering licenses.

SUBCHAPTER 8. CONTINUING OBLIGATIONS OF CASINO [LICENSEES] ENTITIES AND QUALIFIERS AND RACETRACK SPORTS WAGERING ENTITIES AND QUALIFIERS

13:69C-8.1 Minutes of meetings of boards and committees

(a) Each [applicant or] casino licensee **or applicant** or holding company thereof **and racetrack sports wagering licensee or applicant or holding company thereof** shall file, with the Division at its address set forth [in] **at N.J.A.C. 13:69-3.5(a) or by electronic submission to its electronic mailbox at meetingminutes@njdcg.gov**, copies of the minutes of all meetings of its board of directors, or equivalent, governing authority, as applicable, and of all committee meetings including, without limitation, the audit committee, within 45 days of the meeting regardless of their formal adoption and in the instance of a casino license applicant, with a copy to the Commission at its address set forth [in] **at N.J.A.C. 13:69-3.5(a)**. Upon formal adoption of

[previously-submitted] **previously submitted** board and committee minutes, a copy of such final minutes shall be filed with the Division [at] **either printed and delivered to** its address set forth [in] **at N.J.A.C. 13:69-3.5(a) or by electronic submission to its electronic mailbox at meetingminutes@njdge.gov** and, if the final minutes relate to a casino license applicant, with a copy to the Commission at its address set forth [in] **at N.J.A.C. 13:69-3.5(a).**

(b) Each [applicant or] casino licensee **or applicant** or holding company thereof **and racetrack sports wagering licensee or applicant or holding company thereof** shall file, with the Division [at] **either printed and delivered to** its address set forth [in] **at N.J.A.C. 13:69-3.5(a) or by electronic submission to its electronic mailbox at meetingminutes@njdge.gov**, a schedule for its board and committee meetings on an annual basis. **The schedule shall be filed in advance of the first meeting of the upcoming applicable year to which it pertains.** If the schedule relates to a casino license applicant, a copy of the schedule shall be provided to the Commission at its address set forth [in] **at N.J.A.C. 13:69-3.5(a).**

13:69C-8.2 Governing documents

(a) Each [applicant or] casino licensee **or applicant** or holding company thereof **and racetrack sports wagering licensee or applicant or holding company thereof** shall file, with the Division [at] **either printed and delivered to** its address set forth [in] **at N.J.A.C. 13:69-3.5(a) or by electronic submission to its electronic mailbox at entitydocs@njdge.gov**, copies of any amendments to, restatements of, or superseding versions of the governing documents of the business entity, within seven days of their formal adoption and in the instance of a casino license applicant, with a copy, **either printed or electronic**, to the Commission at its address set forth [in] **at N.J.A.C. 13:69-3.5(a).**

(b) (No change.)

13:69C-8.3 Profit sharing agreements

(a) Agreements between a casino licensee and its employees [which] **or between a racetrack sports wagering licensee and its employees that** provide for casino employee registrant or casino key employee license profit sharing shall be lawful if the agreement is in writing and filed with the Division prior to its effective date. Such agreements may be reviewed by the Division [under] **pursuant to** any relevant provision of the Act.

(b) Payments by a casino licensee [under] **or racetrack sports wagering licensee pursuant to** a profit sharing agreement shall only be made to properly registered casino employees or licensed casino key employees.

(c) Concurrent with the filing of a profit sharing agreement, casino licensees **and racetrack sports wagering licensees** shall submit the following information to the Division:

1.-2. (No change.)

(d) (No change.)

(e) On an annual basis, each casino licensee **or racetrack sports wagering licensee** shall submit the [following] information regarding profit sharing agreements to the Division no later than March 31[:] **at either (a)1 and 2 below or at (a)3 below.**

1. For casino licensees that maintain such profit sharing agreements, an attestation that the casino licensee **or racetrack sports wagering licensee** has complied with N.J.A.C. 13:69-8.3(b)[; and].

2. (No change.)

3. If no profit sharing agreement is maintained, an attestation that the casino licensee or racetrack sports wagering licensee does not maintain a profit sharing agreement subject to this section.

(f) (No change.)

(g) Nothing [herein] **in this section** shall be construed to require casino licensees to file reports stating that the casino licensee does not maintain a profit sharing agreement with any employee.

13:69C-8.4 Financial statements and projections

(a) Each [applicant or] casino licensee or **applicant and** holding company thereof **and racetrack sports wagering licensee or applicant and holding company thereof** shall, **as applicable**, file, with the Division's Office of Financial Investigations, its financial projections for its upcoming fiscal year in accordance with N.J.A.C. 13:69C-4.4.

(b) Each [applicant or] casino licensee or **applicant and** holding company thereof **and racetrack sports wagering licensee or applicant and holding company thereof** shall, **as applicable**, file, with the Division's Office of Financial Investigations, its audited financial statement for the prior fiscal year when it is prepared in accordance with N.J.S.A. 5:12-70a(15).

(c) Each [applicant or] casino licensee or **applicant and** holding company thereof **and racetrack sports wagering licensee and holding company thereof** shall, **as applicable**, file, with the Division's Office of Financial Investigations, its quarterly unaudited financial statement when it is prepared in accordance with N.J.S.A. 5:12-70a(15).

(d) Each [applicant or] casino licensee **applicant and** holding company thereof **and racetrack sports wagering licensee and holding company thereof** shall, **as applicable**, file, with the

Division's Office of Financial Investigations, any other reports prepared by the independent auditors of the **filing** entity in accordance with N.J.A.C. 13:69D-1.7.

13:69C-8.5 Tax return filings

Each [applicant or] casino licensee **or applicant and each** holding company, intermediary company, qualifying subsidiary, and entity qualifier thereof **and racetrack sports wagering licensee or applicant and each holding company, intermediary company, qualifying subsidiary and entity qualifier thereof, as applicable,** shall file, with the Division [at], **either printed and delivered to** its address set forth [in] **at** N.J.A.C. 13:69-3.5(a) **or by electronic submission to its electronic mailbox at ofi@njdge.gov,** copies of its Federal and New Jersey tax returns and related forms, at the time such returns are submitted to the taxing authority.

13:69C-8.6 Securities filings

Each [applicant or] casino licensee **or applicant and each** holding company, intermediary company, qualifying subsidiary or entity qualifier thereof **and each racetrack sports wagering licensee or applicant and each holding company, intermediary company, qualifying subsidiary and entity qualifier thereof** shall, **as applicable,** file **simultaneously,** with the Division [at], **either printed and delivered to** its address set forth [in] **at** N.J.A.C. 13:69-3.5(a) **or by electronic submission to its electronic mailbox at sec@njdge.gov,** copies of all filings submitted to Federal and state regulatory authorities regarding any of its securities, either in existence or proposed. Those filings shall include annual reports prepared on Form 10k, any interim reports, registration statements, and any proxy or information statements filed with the Securities Exchange Commission.

13:69C-8.7 Annual reports

Each [applicant or] casino licensee or **applicant and each** holding company, intermediary company, qualifying subsidiary, or entity qualifier thereof **and racetrack sports wagering licensee or applicant and each holding company, intermediary company, qualifying subsidiary, and entity qualifier thereof** shall file, with the Division [at] **either printed and delivered to** its address set forth [in] **at** N.J.A.C. 13:69-3.5(a) **or by electronic submission to its electronic mailbox at ofi@njdge.gov**, copies of any annual reports when prepared in accordance with N.J.A.C. 13:69D-1.6.

13:69C-[8.8]8.7A [Compliance system] **Definitions**

[(a)] The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

“Act” shall mean the Casino Control Act, N.J.S.A. 5:12-1 et seq.

“Affiliate” is defined [in] at N.J.A.C. 13:69-1.2.

“Compliance committee” means a group of natural persons who are responsible for the review and evaluation of the conduct of the casino licensee or racetrack sports wagering licensee, its holding companies and affiliates in accordance with an approved compliance review and reporting system and this section.

...

“Compliance review and reporting system” means a written plan to be implemented by each casino licensee, racetrack sports wagering licensee, or a holding company thereof in accordance with this subchapter, for purposes of ensuring the good character, honesty, and

integrity of the casino licensee, **racetrack sports wagering licensee**, its holding companies, affiliates, and employees in accordance with the Act **and the SW Act**.

“Executive employee” means an employee who by reason of [his or her] **the** management or policy-making position **held** exercises authority, discretion, or influence over decisions concerning the operations of the company, whether or not such individual is required to be qualified by the Commission.

“Foreign gaming” shall mean the conduct of gaming outside of New Jersey in any country or political subdivision thereof and in any state or political subdivision of the United States, including tribal jurisdictions.

“Gaming authority” shall mean the applicable gaming board, commission, or other governmental gaming regulatory authority, body, or agency of any state of the United States that has an established system of regulation of casino gaming **and sports wagering** activities and responsible for interpreting, administering, and enforcing gaming laws.

“Gaming laws” shall mean all applicable constitutions, treatises, laws, and statutes pursuant to which any gaming authority possesses regulatory, licensing, or permitting authority over gaming, **sports wagering**, gambling, [or] casino, **gaming businesses**, or casino-related activities and all rules, rulings, orders, ordinances, and regulations of any gaming authority applicable to the **gaming, sports wagering**, gambling, casino, gaming businesses, or casino or casino-related activities of a casino licensee, **racetrack sports wagering licensee**, or any of its subsidiaries or affiliates, in any jurisdiction.

“Material litigation” shall mean litigation and certain other regulatory agency investigations or notices of violations against a casino license applicant, casino licensee, racetrack sports wagering license applicant, racetrack sports wagering licensee, or any

executive employee thereof of a material nature that is not covered by insurance and is not routine business litigation, including, but not limited to, litigation involving personal injury, negligence, employment matters, or workers' compensation matters unless such litigation matter could lead to disciplinary action by a gaming authority and including matters that have been disposed of by way of settlement or terminated in any manner other than by litigation. The use of a financial impact threshold should not be the sole determining factor as to whether or not a matter should be reported. Rather, a determination should be made on a case-by-case basis as to whether or not a matter is material and may reflect on an applicant's, licensee's, or executive employee's good character, honesty, or integrity or otherwise impact suitability for licensure or continued licensure or qualification pursuant to the Act or the SW Act, as applicable.

“Public official” with respect to New Jersey means any “person” as defined [in] **at** N.J.S.A. 5:12-102n. With respect to other jurisdictions, “public official” means the governor and lieutenant governor of a state and their chief counsels and chiefs of staff; members of the legislative and judicial branches of state government; any person holding a position or employment as head of any department, division, board, bureau, office, commission, or other instrumentality of the executive, legislative, or judicial branches of state government; any person holding any position or employment in state government or any independent state authority, commission, agency, or instrumentality with responsibility for matters affecting any casino **or racetrack** activity or proposed casino **or racetrack** activity except clerical and non-professional employees; any member of the governing body, or a judge, or an attorney of a municipality or county, or an equivalent political subdivision, wherein a casino **or racetrack** is located or may become located;

and, any member of or attorney or planner or engineer for or consultant to any planning board or other land-use instrumentality wherein a casino **or racetrack** is located or may become located.

“SW Act” shall mean the Sports Wagering Act, N.J.S.A. 5:12A-10 et seq.

13:69C-8.8 Compliance system

[(b)] (a) Each casino licensee, **racetrack sports wagering licensee**, or a holding company thereof shall implement a compliance review and reporting system for the casino licensee, **racetrack sports wagering licensee**, its holding companies and affiliates in accordance with a written plan that meets the requirements of this subchapter.

[(c)] (b) The compliance review and reporting system shall, at a minimum, establish standards and procedures for the following:

1. [The monitoring of] **Monitoring** policies, procedures, material transactions, and proposed transactions for purposes of avoiding impropriety or the appearance thereof;

2. – 3. (No change.)

4. [The conducting of] **Conducting** due diligence reviews and investigations of the following:

i. – ii. (No change.)

5. Requiring prior compliance committee approval or prior compliance officer approval with prompt notice to the compliance committee in such instances, and prompt notice to the Division, of all payments to, business associations with, or provision of services, gifts, or any thing of value to, or on behalf of, any public official of a jurisdiction in which the casino licensee, **racetrack sports wagering licensee**, its holding companies or affiliates conducts gaming, **sports wagering, gambling, casino gaming businesses, casino-related activities**, or new development

or ballot initiative activities. For purposes of this [subchapter] **paragraph**, “thing of value” shall not include any service or item offered to the general public at the usual rate; complimentaries based on gaming activity; lawful political contributions; plaques, certificates, or other ceremonial items; and, other services or items the aggregate value of which does not exceed \$1,000 annually.

[(d)] (c) The **initial** written compliance plan, and any **material** amendments thereto, shall be provided to the Division **for prior approval. Nonmaterial amendments shall be provided to the Division within five days of implementation.**

[(e)] (d) The casino licensee, **racetrack sports wagering licensee**, or holding company, as applicable, shall designate an individual to serve as a compliance officer in accordance with this subchapter. The compliance officer shall be an individual who has been found qualified by the Commission [under] **pursuant to** the Act.

1. (No change.)

2. The compliance officer shall have no functions [which] **that** are incompatible with [his or her] **the** duties and responsibilities **held** as a compliance officer as set forth in this subchapter. Such incompatible functions shall include, without limitation, market development activities **and internal audit activities.**

3. The compliance officer shall:

i. Notify the compliance committee, in writing, of the following:

(1) All efforts by the casino licensee, **racetrack sports wagering licensee**, its holding companies, affiliates, or employees in connection with the development **or expansion** of gaming, **sports wagering, gambling, casino gaming businesses, or casino-related** activities in any **foreign gaming** jurisdiction [not having a distinct system which regulates such activity],

and the names of all individuals and business entities including, but not limited to, consultants, having any material association or proposed association with such efforts; and

(2) All outstanding material litigation involving the casino licensee, **racetrack sports wagering licensee**, its holding companies or affiliates, or any executive employee, which is not routine business litigation, such as, without limitation, negligence, [workers] **workers'** compensation, and employment claims; and

ii. Provide the Division with notice of the information [in (e)3i] **at (d)3i** above at least semi-annually on or before January 1st and July 1st of each year[.] **except that within seven days of:**

(1) **Commencing participation in foreign gaming, a notice indicating that fact must be provided to the Division;**

(2) **Entirely ceasing participation in foreign gaming, a notice indicating that fact must be provided to the Division; and**

(3) **Receipt of a criminal and/or grand jury subpoena, a notice indicating that receipt must be provided to the Division.**

[(f)] (e) The casino licensee, **racetrack sports wagering licensee**, or holding company, as applicable, shall establish a compliance committee consisting of at least three members, each qualified by the Commission [under] **pursuant to** the Act. [At least one] **A majority of the members thereof, and the individual designated as the chair thereof**, shall not hold any employee, officer, executive, or operational position with the casino licensee, **racetrack sports wagering licensee**, its holding companies or affiliates, and one or more members of the committee shall be familiar with the New Jersey gaming regulatory process; **provided, however, that the compliance committee may consist of less than a majority of members who do not hold any**

employee, officer, executive, or operational position with the casino licensee, racetrack sports wagering licensee, its holding companies, or affiliates if granted a waiver by the Division Director, in the discretion of the Director, on terms and conditions deemed appropriate by the Director upon a demonstration of good cause.

1. (No change.)

2. The compliance committee shall not report to any employee, officer, executive, or operational person or entity within the casino licensee, **racetrack sports wagering licensee**, its holding companies or affiliates, and shall file its reports and recommendations with the company's board or directors and the general counsel.

3. (No change.)

4. Any casino licensee, **racetrack sports wagering licensee**, or holding company thereof [which] **that** has a compliance committee constituted in accordance with gaming laws shall be entitled to utilize that committee for purposes of this subchapter[,]; provided that the charter for such committee expressly imposes responsibility for compliance with this subchapter and the committee and its members meet the requirements of this subchapter.

5. The compliance committee shall exercise the following options when voting: yes, no, or proceed with caution.

[(g)] **(f)** (No change in text.)

[(h)] **(g)** Nothing in this subchapter shall be construed to preclude any casino licensee **or racetrack sports wagering licensee** from utilizing:

1. – 2. (No change.)

[(i)] **(h)** No person shall concurrently serve in **more than one of** the following [three] positions of a casino licensee, **racetrack sports wagering licensee**, its holding companies, or affiliates:

1. Compliance officer;
2. Member of the compliance committee; [and]
- [3. Legal officer.]
- 3. General counsel; and**
- 4. Chief executive officer or analogous position.**

SUBCHAPTER 9. EMPLOYMENT REQUIREMENTS

13:69C-9.3 Employee reporting and recordkeeping requirements

(a) Each casino licensee **and racetrack sports wagering licensee** shall maintain a complete, accurate, and current record of each employee including, without limitation, the information at (b) below.

(b) Each casino license **and racetrack sports wagering licensee** shall file the following reports with the Division by electronic data transfer on the first calendar day of each month:

1. For each current employee:

i.-ix. (No change.)

[x. For any CHAB employee who does not hold a valid license or registration, whether such employee has been convicted of a disqualifying offense pursuant to N.J.S.A. 5:12-86c;]

x. For any employee, whether such employee's duties and responsibilities include the handling, service, delivery, purchase, control, or storage of alcoholic beverages.

2.-4. (No change.)

SUBCHAPTER 11. CASINO LICENSE AND RACETRACK SPORTS WAGERING

LICENSE RETENTION

13:69C-11.1 Continuing casino licensure **and continuing racetrack sports wagering licensure**

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

(d) The casino licensee shall file two hard copies of the information and documentation [under] **pursuant to** (c) above and a computer disk of same with the Division at its Intake Unit, [2nd Floor, 1300 Atlantic Avenue,] **Arcade Building, 1325 Tennessee Avenue and the Boardwalk,** Atlantic City, New Jersey, ATTN: Casino Licensing Filing.

(e) (No change.)

(f) Subsections (a) through (e) above, regarding casino license retention, shall apply, as appropriate, and in the discretion of the Division Director, to the retention of racetrack sports wagering licenses.