

CHAPTER 27

AN ACT authorizing Internet gaming at Atlantic City casinos under certain circumstances and amending and supplementing the "Casino Control Act", P.L.1977, c.110 (C.5:12-1 et seq.), amending P.L.1981, c.142, and repealing section 11 of P.L.2011, c.18.

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

C.5:12-95.17 Findings, declarations relative to Internet gaming at Atlantic City casinos.

1. The Legislature finds and declares that:

a. The 1976 amendment to the New Jersey Constitution that amended Article IV, Section VII, paragraph 2 thereof, and the "Casino Control Act," P.L.1977, c.110 (C.5:12-1 et seq.), that authorized casino gaming in Atlantic City casinos clearly demonstrate, both through their text and their legislative history, that a fundamental goal of these enactments was to achieve the rehabilitation of Atlantic City as a tourist and resort destination; and

b. As recognized in the July 2010 Report of the Governor's Advisory Commission on New Jersey Gaming, Sports, and Entertainment, and as confirmed in subsequent legislative hearings held in Trenton and throughout the State culminating in the enactment of significant bipartisan reform legislation in February of 2011 (P.L.2011, c.18 and P.L.2011, c.19), legalized casino gaming in New Jersey presently stands at a crossroads, facing critical regional and global challenges that jeopardize its important role in the State's economy; and

c. The State and New Jersey's general public possess a vital interest in the success of tourism and casino gaming in Atlantic City, having established a limited exception to the general policy of the State concerning gaming for private gain under Article IV, Section VII, paragraph 2 of the New Jersey Constitution within Atlantic City, which by reason of its location, natural resources, and historical prominence and reputation as a noteworthy tourist destination, has been determined by the people of this State, the Legislature, and the Governor to be a unique and valuable asset that must be preserved, restored, and revitalized; and

d. The tourist, resort, and convention industry in Atlantic City constitutes a critical component of our State's economic infrastructure that, if properly regulated, developed, and fostered, is capable of providing a substantial contribution to the general health, welfare, and prosperity of the State and its residents; and

e. As recognized in the State Constitution and the Casino Control Act, as well as in P.L.2011, c.18 and P.L.2011, c.19, an important component of the State's historical and ongoing commitment to Atlantic City involves creating and maintaining a robust casino gaming industry that is capable of competing regionally, nationally, and internationally at the highest levels of quality while, at the same time, fully retaining strict State regulatory oversight to ensure the integrity of all casino gaming operations conducted in this State; and

f. Since the development of the Internet, millions of people have chosen to gamble online through illegal off-shore operators, and such gambling is conducted without oversight, regulation, enforcement, or consumer protections, all of which raise significant concerns for the protection of individuals and consumers in this State; and

g. In October 2006, the United States Congress passed the Unlawful Internet Gambling Enforcement Act, 31 U.S.C. 5361 et seq., which generally prohibits the use of banking instruments, including credit cards, checks, and fund transfers, for interstate Internet gambling, essentially prohibiting online gambling by United States citizens, but which includes exceptions that permit individual states to create a regulatory framework to enable intrastate Internet gambling, provided that the bets or wagers are made exclusively within a single state under certain circumstances; and

h. An effective State regulatory and licensing system for participating in online gaming would increase public trust and confidence in legalized gambling, inhibit wagering by underage or otherwise vulnerable individuals, ensure that any games offered through the Internet are fair and safe, end the practice of sending much-needed jobs and tax revenue overseas to illegal operators while creating jobs and economic development in Atlantic City, and ensure that only those of good character and fitness who meet strict criteria may participate in Internet gaming operations in New Jersey; and

i. Moreover, providing regulators and law enforcement with the tools to restrict and stop the illegal Internet gambling market that takes place via the Internet in foreign jurisdictions and authorizing strict controls over how Atlantic City casinos may accept wagers placed over the Internet for games conducted in Atlantic City casinos will assist and enhance the rehabilitation and redevelopment of existing tourist and convention facilities in Atlantic City consistent with the original intent of the Casino Control Act and will further assist in marketing Atlantic City to customers that now have the convenience of gambling in jurisdictions closer to their homes through the legalization of gambling in states throughout the United States over the past three decades; and

j. Internet gaming, as defined and strictly limited in P.L.2013, c.27 (C.5:12-95.17 et al.), is unlike pari-mutuel wagering and other forms of remote gambling and will take place entirely on the servers and computer equipment located in the casino based in Atlantic City. By contrast, in off-track pari-mutuel simulcast wagering, the customer places a wager at an off-track facility, the wager is accepted by the off-track facility, as evidenced by issuance of a ticket, and any amounts paid on a winning wager are paid out and received at the off-track facility. Any rights on the part of a customer in the event of a dishonored, misdirected or other frustrated pari-mutuel wager arise against the off-track facility where the wager is placed and received, not against the remote track at which the race is run; and

k. Internet gaming as authorized and limited under this act, on the other hand, requires that all hardware, software, and other equipment that is involved with Internet gaming will be located in casino facilities in Atlantic City. All that is needed by a customer is a computing or similar device of general application and a communications connection through a common carriage or similar medium. For example, in an online poker or other card game, the “table” is the server hosted by the operator in the casino premises in Atlantic City. The “cards” are played on that table in Atlantic City, and the wager is placed on and accepted at that table. No activity other than the transmission of information to and from the players along common carriage lines takes place outside of the casino premises; and

l. Pursuant to the 1976 amendment to the New Jersey State Constitution and the express authorization to the Legislature to determine the type of gambling games that may be conducted in casinos under regulation and control by the State, the Legislature hereby declares that in furtherance of the goals of the Casino Control Act and in recognition that the technologies necessary to support Internet gaming can be prescribed and implemented in a manner that ensures all such gambling activity occurs within casinos located in Atlantic City, it is appropriate that the Casino Control Act be amended and supplemented to authorize licensed casino operators to conduct such games within the casino premises with all wagering to be conducted solely within the casinos.

2. Section 5 of P.L.1977, c.110 (C.5:12-5) is amended to read as follows:

C.5:12-5 “Authorized game” or “authorized gambling game”

5. "Authorized Game" or "Authorized Gambling Game"-- Roulette, baccarat, blackjack, craps, big six wheel, slot machines, minibaccarat, red dog, pai gow, and sic bo; any variations or composites of such games, provided that such variations or composites are found by the division suitable for use after an appropriate test or experimental period under such terms and conditions as the division may deem appropriate; and any other game which is determined by the division to be compatible with the public interest and to be suitable for casino use after such appropriate test or experimental period as the division may deem appropriate. "Authorized game" or "authorized gambling game" includes gaming tournaments in which players compete against one another in one or more of the games authorized herein or by the division or in approved variations or composites thereof if the tournaments are authorized by the division.

"Authorized game" or "Authorized gambling game" shall also include any game that the division may determine by regulation to be suitable for use for wagering through the Internet.

3. Section 6 of P.L.1977, c.110 (C.5:12-6) is amended to read as follows:

C.5:12-6 "Casino" or "casino room" or "licensed casino."

6. "Casino" or "casino room" or "licensed casino" -- One or more locations or rooms in a casino hotel facility that have been approved by the division for the conduct of casino gaming in accordance with the provisions of this act, including any part of the facility where Internet gaming is conducted, pursuant to rules established by the division. "Casino" or "casino room" or "licensed casino" shall not include any casino simulcasting facility authorized pursuant to the "Casino Simulcasting Act," P.L.1992, c.19 (C.5:12-191 et seq.).

4. Section 12 of P.L.1977, c.110 (C.5:12-12) is amended to read as follows:

C.5:12-12 "Casino service industry enterprise."

12. "Casino Service Industry Enterprise" -- Any vendor offering goods or services which directly relate to casino or gaming activity or Internet gaming activity, including gaming equipment and simulcast wagering equipment manufacturers, suppliers, repairers and independent testing laboratories, or any vendor providing to casino licensees or applicants goods and services ancillary to gaming activity, including, without limitation, junket enterprises and junket representatives, holders of casino hotel alcoholic beverage control licenses, lessors of casino property not required to hold a casino license pursuant to section 82 of P.L.1977, c.110 (C.5:12-82), licensors of authorized games, and suppliers of Internet gaming software or systems, and vendors who manage, control or administer the Internet games or the bets or wagers associated with the games. Notwithstanding the foregoing, any form of enterprise engaged in the manufacture, sale, distribution, testing or repair of slot machines within New Jersey, other than antique slot machines as defined in N.J.S.2C:37-7, shall be considered a casino service industry enterprise for the purposes of this act regardless of the nature of its business relationship, if any, with casino applicants and licensees in this State.

For the purposes of this section, "casino applicant" includes any person required to hold a casino license pursuant to section 82 of P.L.1977, c.110 (C.5:12-82) who has applied to the division for a casino license or any approval required under P.L.1977, c.110 (C.5:12-1 et seq.).

C.5:12-28.1 "Internet gaming."

5. "Internet gaming" means the placing of wagers with a casino licensee at a casino located in Atlantic City using a computer network of both federal and non-federal interoperable packet switched data networks through which the casino licensee may offer authorized games to individuals who have established a wagering account with the casino licensee and who are physically present in this State, as authorized by rules established by the division.

C.5:12-28.2 "Internet gaming gross revenue."

6. "Internet gaming gross revenue" means the total of all sums actually received by a casino licensee from Internet gaming operations, less only the total of all sums actually paid out as winnings to patrons.

7. Section 70 of P.L.1977, c.110 (C.5:12-70) is amended to read as follows:

C.5:12-70 Required regulations.

70. Required Regulations. a. The division shall, without limitation include the following specific provisions in its regulations in accordance with the provisions of this act:

(1) Prescribing the methods and forms of application and registration which any applicant or registrant shall follow and complete;

(2) Prescribing the methods, procedures and form for delivery of information concerning any person's family, habits, character, associates, criminal record, business activities and financial affairs;

(3) Prescribing such procedures for the fingerprinting of an applicant, employee of a licensee, or registrant, and methods of identification which may be necessary to accomplish effective enforcement of restrictions on access to the casino floor, the simulcasting facility, and other restricted areas of the casino hotel complex;

(4) Prescribing the method of notice to an applicant, registrant or licensee concerning the release of any information or data provided to the commission or division by such applicant, registrant or licensee;

(5) Prescribing the manner and procedure of all hearings conducted by the division or any hearing examiner, including special rules of evidence applicable thereto and notices thereof;

(6) Prescribing the manner and method of collection of payments of taxes, fees, and penalties;

(7) Defining and limiting the areas of operation, the rules of authorized games, including games played upon and wagered through the Internet, odds, and devices permitted, and the method of operation of such games and devices;

(8) Regulating the practice and procedures for negotiable transactions involving patrons, including limitations on the circumstances and amounts of such transactions, and the establishment of forms and procedures for negotiable instrument transactions, redemptions, and consolidations;

(9) Prescribing grounds and procedures for the revocation or suspension of operating certificates, licenses and registrations;

(10) Governing the manufacture, distribution, sale, deployment, and servicing of gaming devices and equipment;

(11) Prescribing for gaming operations the procedures, forms and methods of management controls, including employee and supervisory tables of organization and responsibility, and

minimum security and surveillance standards, including security personnel structure, alarm and other electrical or visual security measures; provided, however, that the division shall grant an applicant for a casino license or a casino licensee broad discretion concerning the organization and responsibilities of management personnel who are not directly involved in the supervision of gaming or simulcast wagering operations;

(12) Prescribing the qualifications of, and the conditions pursuant to which, engineers, accountants, and others shall be permitted to practice before the division or to submit materials on behalf of any applicant or licensee; provided, however, that no member of the Legislature, nor any firm with which said member is associated, shall be permitted to appear or practice or act in any capacity whatsoever before the commission or division regarding any matter whatsoever, nor shall any member of the family of the Governor or of a member of the Legislature be permitted to so practice or appear in any capacity whatsoever before the commission or division regarding any matter whatsoever;

(13) Prescribing minimum procedures for the exercise of effective control over the internal fiscal affairs of a licensee, including provisions for the safeguarding of assets and revenues, the recording of cash and evidence of indebtedness, and the maintenance of reliable records, accounts, and reports of transactions, operations and events, including reports to the division;

(14) Providing for a minimum uniform standard of accountancy methods, procedures and forms; a uniform code of accounts and accounting classifications; and such other standard operating procedures, including those controls listed in subsection a. of section 99 of P.L.1977, c.110 (C.5:12-99), as may be necessary to assure consistency, comparability, and effective disclosure of all financial information, including calculations of percentages of profit by games, tables, gaming devices and slot machines;

(15) Requiring quarterly financial reports and the form thereof, and an annual audit prepared by a certified public accountant licensed to do business in this State, attesting to the financial condition of a licensee and disclosing whether the accounts, records and control procedures examined are maintained by the licensee as required by this act and the regulations promulgated hereunder;

(16) Governing the gaming-related advertising of casino licensees, their employees and agents, with the view toward assuring that such advertisements are in no way deceptive; provided, however, that such regulations shall require the words "Bet with your head, not over it," or some comparable language approved by the division, to appear on all billboards, signs, and other on-site advertising of a casino operation and shall require the words "If you or someone you know has a gambling problem and wants help, call 1-800 GAMBLER," or some comparable language approved by the division, which language shall include the words "gambling problem" and "call 1-800 GAMBLER," to appear legibly on all print, billboard, and sign advertising of a casino operation; and

(17) (Deleted by amendment, P.L.1991, c.182).

(18) Concerning the distribution and consumption of alcoholic beverages on the premises of the licensee, which regulations shall be insofar as possible consistent with Title 33 of the Revised Statutes, and shall deviate only insofar as necessary because of the unique character of the hotel casino premises and operations;

(19) (Deleted by amendment, P.L.1991, c.182).

b. The commission shall, in its regulations, prescribe the manner and procedure of all hearings conducted by the commission, including special rules of evidence applicable thereto and notices thereof.

C.5:12-95.18 Reports regarding the impact of gaming through the Internet.

8. Reports regarding the impact of gaming through the Internet.

The division shall annually cause a report to be prepared and distributed to the Governor on the impact of Internet gaming on problem gamblers and gambling addiction in New Jersey. The report shall be prepared by a private organization or entity with expertise in serving the needs of persons with gambling addictions, which organization or entity shall be selected by the division. The report shall be prepared and distributed under the supervision of, and in coordination with, the division. Any costs associated with the preparation and distribution of the report shall be borne by casino licensees who have been authorized by the division to conduct Internet gaming and the division shall be authorized to assess a fee against such licensees for these purposes. The division may also report periodically to the Governor on the effectiveness of the statutory and regulatory controls in place to ensure the integrity of gaming operations through the Internet.

9. Section 43 of P.L.2011, c.19 (C.5:12-74.1) is amended to read as follows:

C.5:12-74.1 Information, data deemed confidential; exceptions.

43. a. Except as otherwise provided in this act, all information and data required by the division or commission to be furnished pursuant to this act or the regulations promulgated hereunder, or which may otherwise be obtained, relative to the internal controls specified in subsection a. of section 99 of P.L.1977, c.110 (C.5:12-99) or to the earnings or revenue of any applicant, registrant, or licensee shall be considered to be confidential and shall not be revealed in whole or in part except in the course of the necessary administration of this act, or upon the lawful order of a court of competent jurisdiction, or, with the approval of the Attorney General, to a duly authorized law enforcement agency.

b. All information and data pertaining to an applicant's criminal record, family, and background furnished to or obtained by the division or the commission from any source shall be considered confidential and shall be withheld in whole or in part, except that any information shall be released upon the lawful order of a court of competent jurisdiction or, with the approval of the Attorney General, to a duly authorized law enforcement agency.

c. Notice of the contents of any information or data released, except to a duly authorized law enforcement agency pursuant to subsection a. or b. of this section, shall be given to any applicant, registrant, or licensee in a manner prescribed by the rules and regulations adopted by the division.

d. The following information to be reported periodically to the division by a casino licensee shall not be considered confidential and shall be made available for public inspection:

(1) A licensee's gross revenue from all authorized games as defined herein, and the licensee's gross revenue from simulcast wagering;

(2) (i) The dollar amount of patron checks initially accepted by a licensee, (ii) the dollar amount of patron checks deposited to the licensee's bank account, (iii) the dollar amount of such checks initially dishonored by the bank and returned to the licensee as uncollected, and (iv) the dollar amount ultimately uncollected after all reasonable efforts;

(3) The amount of gross revenue tax or investment alternative tax actually paid and the amount of investment, if any, required and allowed, pursuant to section 144 of P.L.1977, c.110 (C.5:12-144) and section 3 of P.L.1984, c.218 (C.5:12-144.1);

(4) A list of the premises and the nature of improvements, costs thereof and the payees for all such improvements, which were the subject of an investment required and allowed pursuant to section 144 of P.L.1977, c.110 (C.5:12-144) and section 3 of P.L.1984, c.218 (C.5:12-144.1);

(5) The amount, if any, of tax in lieu of full local real property tax paid pursuant to section 146 of P.L.1977, c.110 (C.5:12-146), and the amount of profits, if any, recaptured pursuant to section 147 of P.L.1977, c.110 (C.5:12-147);

(6) A list of the premises, nature of improvements and costs thereof which constitute the cumulative investments by which a licensee has recaptured profits pursuant to section 147 of P.L.1977, c.110 (C.5:12-147);

(7) All quarterly and annual financial statements presenting historical data which are submitted to the division, including all annual financial statements which have been audited by an independent certified public accountant licensed to practice in the State of New Jersey; and

(8) The identity and nature of services provided by any person or firm receiving payment in any form whatsoever for professional services in connection with the authorization or conduct of games conducted via the Internet by an entity holding any license, permit or registration pursuant to P.L.1977, c.110 (C.5:12-1 et seq.).

Nothing in this subsection shall be construed to limit access by the public to those forms and documents required to be filed pursuant to Article 11 of this act.

10. Section 76 of P.L.1977, c.110 (C.5:12-76) is amended to read as follows:

C.5:12-76 General duties and powers.

76. General Duties and Powers.

The Division of Gaming Enforcement shall have the general responsibility for the implementation of P.L.1977, c.110 (C.5:12-1 et seq.), and to issue any approvals necessary as hereinafter provided, including without limitation, the responsibility to:

- a. Enforce the provisions of this act and any regulations promulgated hereunder;
- b. Promptly and in reasonable order investigate all applications for licensure and all registrations under this act;
- c. Issue reports and recommendations to the commission with respect to all entities and natural persons required to qualify for a casino license, an application for interim casino authorization or a petition for a statement of compliance;
- d. Promptly and in reasonable order review and approve or deny all casino service industry enterprise license applications;
- e. Accept and maintain registrations for all casino employee and vendor registrants;
- f. Revoke any registration or casino service industry enterprise license upon findings pursuant to the disqualification criteria in section 86 of P.L.1977, c.110 (C.5:12-86);
- g. Promulgate such regulations as may be necessary to fulfill the policies of this act;
- h. Initiate and decide any actions against licensees or registrants for violation of this act or regulations promulgated hereunder, and impose sanctions and levy and collect penalties upon finding violations;
- i. Provide the commission with all information that the director deems necessary for any action to be taken by the commission under Article 6 of P.L.1977, c.110 (C.5:12-80 through 95);
- j. Initiate, prosecute and defend appeals, as the director may deem appropriate;

k. Conduct continuing reviews of casino operations through on-site observation and other reasonable means to assure compliance with this act and regulations promulgated hereunder, subject to subsection h. of section 63 of P.L.1977, c.110 (C.5:12-63);

l. Receive and take appropriate action on any referral from the commission relating to any evidence of a violation of P.L.1977, c.110 (C.5:12-1 et seq.) or the regulations promulgated thereunder;

m. Exchange fingerprint data with, and receive criminal history record information from, the Federal Bureau of Investigation for use in considering applicants for any license or registration issued pursuant to the provisions of P.L.1977, c.110 (C.5:12-1 et seq.);

n. Conduct audits of casino operations at such times, under such circumstances, and to such extent as the director shall determine, including reviews of accounting, administrative and financial records, and management control systems, procedures and records utilized by a casino licensee;

o. Request and receive information, materials and any other data from any licensee or registrant, or applicant for a license or registration under this act; and

p. Report to the Attorney General recommendations that promote more efficient operations of the division.

q. Receive complaints from the public relating to the conduct of gaming and simulcasting operations, examine records and procedures, and conduct periodic reviews of operations and facilities for the purpose of evaluating current or suggested provisions of P.L.1977, c.110 (C.5:12-1 et seq.) and the regulations promulgated thereunder, as the director deems appropriate;

r. Certify the revenue of any casino or simulcasting facility in such manner as the director deems appropriate;

s. Create and maintain a list of all excluded patrons;

t. Initiate and decide all actions for involuntary exclusion of patrons pursuant to section 71 of P.L.1977, c.110 (C.5:12-71);

u. Issue an operation certificate upon the commission's grant of an application for a casino license;

v. Recommend that the commission issue or revoke statements of compliance pursuant to section 81 of P.L.1977, c.110 (C.5:12-81) and the regulations promulgated thereunder;

w. Accept impact statements submitted by an applicant for a casino license pursuant to section 84 of P.L.1977, c.110 (C.5:12-84);

x. Utilize, in its discretion, the services of a private entity for the purpose of expediting criminal history record background checks required to be performed by the division pursuant to the provisions of P.L.1977, c.110 (C.5:12-1 et seq.), provided that the private entity has been awarded a contract in accordance with the public contracting laws of this State; and

y. License, regulate, investigate and take any other action regarding all aspects of authorized games conducted through the Internet.

11. Section 85 of P.L.1977, c.110 (C.5:12-85) is amended to read as follows:

C.5:12-85 Additional requirements.

85. Additional Requirements.

a. In addition to other information required by this act, a corporation or other form of business organization applying for a casino license shall provide the following information, in such form as may be established by regulation:

(1) The organization, financial structure and nature of all businesses operated by the applicant; the names and personal employment and criminal histories of all officers, directors and such other employees of the applicant as the division may require; the names of all holding, intermediary and subsidiary companies of the applicant; and the organization, financial structure and nature of all businesses operated by such of its holding, intermediary and subsidiary companies as the division may require, including the names and personal employment and criminal histories of such corporate officers, directors and other employees of such holding, intermediary and subsidiary companies as the division may require;

(2) The rights and privileges acquired by the holders of different classes of authorized securities of the applicant and such companies as the division may require, including the names, addresses and amounts held by all holders of such securities;

(3) The terms upon which securities have been or are to be offered;

(4) The terms and conditions of all outstanding loans, mortgages, trust deeds, pledges or any other indebtedness or security devices utilized by the applicant;

(5) The extent of the equity security holding in the applicant of all officers, directors and underwriters, and their remuneration in the form of salary, wages, fees or otherwise;

(6) Names of persons other than directors and officers who occupy positions specified by the division or whose compensation exceeds an amount determined by the division, and the amount of their compensation;

(7) A description of all bonus and profit-sharing arrangements;

(8) Copies of all management and service contracts;

(9) A listing of stock options existing or to be created; and

(10) Documentation establishing that it is qualified to do business in the State of New Jersey.

b. Each holding, intermediary and subsidiary company of an applicant for or holder of a casino license shall be required to qualify to do business in the State of New Jersey; and

(1) If it is a corporation, register with the division and furnish the division with all the information required of a corporate licensee as specified in subsection a. (1), (2) and (3) of this section and such other information as the division may require; or

(2) If it is not a corporation, register with the division and furnish the division with such information as the division may prescribe.

c. (Deleted by amendment, P.L.2011, c.19)

d. (Deleted by amendment, P.L.2011, c.19)

e. (Deleted by amendment, P.L.2011, c.19)

f. (Deleted by amendment, P.L.2011, c.19)

g. (Deleted by amendment, P.L.2011, c.19)

h. Each applicant for or holder of a casino license, or any holding, intermediary and subsidiary company of an applicant for or holder of a casino license, and any affiliate thereof, and any other licensee, permit holder or vendor under P.L.1977, c.110 (C.5:12-1 et seq.), including but not limited to an applicant or holder of any license, permit, or other approval to conduct Internet gaming, or any Internet gaming affiliate in accordance with the regulations of the division, shall provide to the division on a quarterly basis the following information with respect to games conducted through the internet:

(1) The name of any person, entity or firm to whom any payment, remuneration or other benefit or thing of value has been made or conferred for professional services, including but not limited to legal, consulting and lobbying services;

(2) The amount or value of such payments, remuneration, benefit, or thing of value;

(3) The date on which such payments, remuneration, benefit, or thing of value were made; and

(4) The reason or purpose for the procurement of such services.

12. Section 92 of P.L.1977, c.110 (C.5:12-92) is amended to read as follows:

C.5:12-92 Licensing of casino service industry enterprises.

92. Licensing of casino service industry enterprises. a. (1) Any business to be conducted with a casino applicant or licensee by a vendor offering goods or services which directly relate to casino or gaming activity or Internet gaming activity, including gaming equipment and simulcast wagering equipment manufacturers, suppliers, repairers, and independent testing laboratories, shall require licensure as a casino service industry enterprise in accordance with the provisions of this act prior to conducting any business whatsoever with a casino applicant or licensee, its employees or agents; provided, however, that upon a showing of good cause by a casino applicant or licensee, the director may permit an applicant for a casino service industry enterprise license to conduct business transactions with such casino applicant or licensee prior to the licensure of that casino service industry enterprise applicant under this subsection for such periods as the division may establish by regulation. Companies providing services to casino licensees regarding Internet gaming shall, notwithstanding any other provision of P.L.1977, c.110 (C.5:12-1 et seq.), be responsible for the full cost of their licensure, including any investigative costs.

(2) In addition to the requirements of paragraph (1) of this subsection, any casino service industry enterprise intending to manufacture, sell, distribute, test or repair slot machines within New Jersey, other than antique slot machines as defined in N.J.S.2C:37-7, shall be licensed in accordance with the provisions of this act prior to engaging in any such activities; provided, however, that upon a showing of good cause by a casino applicant or licensee, the director may permit an applicant for a casino service industry enterprise license to conduct business transactions with the casino applicant or licensee prior to the licensure of that casino service industry enterprise applicant under this subsection for such periods as the division may establish by regulation; and provided further, however, that upon a showing of good cause by an applicant required to be licensed as a casino service industry enterprise pursuant to this paragraph, the director may permit the casino service industry enterprise applicant to initiate the manufacture of slot machines or engage in the sale, distribution, testing or repair of slot machines with any person other than a casino applicant or licensee, its employees or agents, prior to the licensure of that casino service industry enterprise applicant under this subsection.

(3) Vendors providing goods and services to casino licensees or applicants ancillary to gaming, including, without limitation, junket enterprises and junket representatives, and any person employed by a junket enterprise or junket representative in a managerial or supervisory position, non-casino applicants or licensees required to hold a casino hotel alcoholic beverage license pursuant to section 103 of P.L.1977, c.110 (C.5:12-103), lessors of casino property not required to hold a casino license pursuant to section 82 of P.L.1977, c.110 (C.5:12-82), and licensors of authorized games shall be required to be licensed as an ancillary casino service industry enterprise and shall comply with the standards set forth in paragraph (4) of subsection c. of this section.

b. Each casino service industry enterprise required to be licensed pursuant to paragraph (1) of subsection a. of this section, as well as its owners; management and supervisory

personnel; and employees if such employees have responsibility for services to a casino applicant or licensee, must qualify under the standards, except residency, established for qualification of a casino key employee under this act.

c. (1) Any vendor that offers goods or services to a casino applicant or licensee that is not included in subsection a. of this section including, but not limited to casino site contractors and subcontractors, shopkeepers located within the approved hotels, gaming schools that possess slot machines for the purpose of instruction, and any non-supervisory employee of a junket enterprise licensed under paragraph (3) of subsection a. of this section, shall be required to register with the division in accordance with the regulations promulgated under this act, P.L.1977, c.110 (C.5:12-1 et seq.).

(2) Notwithstanding the provisions of paragraph (1) of this subsection, the director may, consistent with the public interest and the policies of this act, direct that individual vendors registered pursuant to paragraph (1) of this subsection be required to apply for either a casino service industry enterprise license pursuant to paragraph (1) of subsection a. of this section, or an ancillary casino service industry enterprise license pursuant to paragraph (3) of subsection a. of this section, as directed by the division, including, without limitation, in-State and out-of-State sending tracks as defined in section 2 of the "Casino Simulcasting Act," P.L.1992, c.19 (C.5:12-192); shopkeepers located within the approved hotels; and gaming schools that possess slot machines for the purpose of instruction. The director may also order that any enterprise licensed as or required to be licensed as an ancillary casino service industry enterprise pursuant to paragraph (3) of subsection a. of this section be required to apply for a casino service industry enterprise license pursuant to paragraph (1) of subsection a. of this section. The director may also, in his discretion, order that an independent software contractor not otherwise required to be registered be either registered as a vendor pursuant to subsection c. of this section or be licensed pursuant to either paragraph (1) or (3) of subsection a. of this section.

(3) (Deleted by amendment, P.L.2011, c.19)

(4) Each ancillary casino service industry enterprise required to be licensed pursuant to paragraph (3) of subsection a. of this section, as well as its owners, management and supervisory personnel, and employees if such employees have responsibility for services to a casino applicant or licensee, shall establish their good character, honesty and integrity by clear and convincing evidence and shall provide such financial information as may be required by the division. Any enterprise required to be licensed as an ancillary casino service industry enterprise pursuant to this section shall be permitted to transact business with a casino licensee upon filing of the appropriate vendor registration form and application for such licensure.

d. Any applicant, licensee or qualifier of a casino service industry enterprise license or of an ancillary casino service industry enterprise license under subsection a. of this section, and any vendor registrant under subsection c. of this section shall be disqualified in accordance with the criteria contained in section 86 of this act, except that no such ancillary casino service industry enterprise license under paragraph (3) of subsection a. of this section or vendor registration under subsection c. of this section shall be denied or revoked if such vendor registrant can affirmatively demonstrate rehabilitation as provided in subsection d. of section 91 of P.L.1977, c.110 (C.5:12-91).

e. No casino service industry enterprise license or ancillary casino service industry enterprise license shall be issued pursuant to subsection a. of this section to any person

unless that person shall provide proof of valid business registration with the Division of Revenue in the Department of the Treasury.

f. (Deleted by amendment, P.L.2011, c.19)

g. For the purposes of this section, each applicant shall submit to the division the name, address, fingerprints and a written consent for a criminal history record background check to be performed, for each person required to qualify as part of the application. The division is hereby authorized to exchange fingerprint data with and receive criminal history record information from the State Bureau of Identification in the Division of State Police and the Federal Bureau of Investigation consistent with applicable State and federal laws, rules and regulations. The applicant shall bear the cost for the criminal history record background check, including all costs of administering and processing the check. The Division of State Police shall promptly notify the division in the event a current or prospective qualifier, who was the subject of a criminal history record background check pursuant to this section, is arrested for a crime or offense in this State after the date the background check was performed.

h. (1) Subsequent to the licensure of any entity pursuant to subsection a. of this section, including any finding of qualification as may be required as a condition of licensure, or the registration of any vendor pursuant to subsection c. of this section, the director may revoke, suspend, limit, or otherwise restrict the license, registration or qualification status upon a finding that the licensee, registrant or qualifier is disqualified on the basis of the criteria set forth in section 86 of P.L.1977, c.110 (C.5:12-86).

(2) A hearing prior to the suspension of any license, registration or qualification issued pursuant to this section shall be a limited proceeding at which the division shall have the affirmative obligation to demonstrate that there is a reasonable possibility that the licensee, registrant or qualifier is disqualified on the basis of the criteria set forth in section 86 of P.L.1977, c.110 (C.5:12-86).

13. Section 100 of P.L.1977, c.110 (C.5:12-100) is amended to read as follows:

C.5:12-100 Games and gaming equipment.

100. a. This act shall not be construed to permit any gaming except the conduct of authorized games in a casino room or through Internet gaming in accordance with this act and the regulations promulgated hereunder and in a simulcasting facility to the extent provided by the "Casino Simulcasting Act," P.L.1992, c.19 (C.5:12-191 et al.). Notwithstanding the foregoing, if the division approves the game of keno as an authorized game pursuant to section 5 of P.L.1977, c.110 (C.5:12-5), as amended, keno tickets may be sold or redeemed in accordance with division regulations.

b. Gaming equipment shall not be possessed, maintained or exhibited by any person on the premises of a casino hotel except in a casino room, in the simulcasting facility, or in restricted casino areas used for the inspection, repair or storage of such equipment and specifically designated for that purpose by the casino licensee with the approval of the division. Gaming equipment which supports the conduct of gaming in a casino or simulcasting facility or through Internet gaming but does not permit or require patron access, such as computers, or gaming software or other gaming equipment used to conduct Internet gaming may be possessed and maintained by a casino licensee or a qualified holding or intermediary company of a casino licensee in restricted areas specifically approved by the division. No gaming equipment shall be possessed, maintained, exhibited, brought into or

removed from a casino room or simulcasting facility by any person unless such equipment is necessary to the conduct of an authorized game, has permanently affixed, imprinted, impressed or engraved thereon an identification number or symbol authorized by the division, is under the exclusive control of a casino licensee or casino licensee's employees, or of any individually qualified employee of a holding company or casino licensee and is brought into or removed from the casino room or simulcasting facility following 24-hour prior notice given to an authorized agent of the division.

Notwithstanding any other provision of this section, computer equipment used by the slot system operator of a multi-casino progressive slot system to link and communicate with the slot machines of two or more casino licensees for the purpose of calculating and displaying the amount of a progressive jackpot, monitoring the operation of the system, and any other purpose that the division deems necessary and appropriate to the operation or maintenance of the multi-casino progressive slot machine system may, with the prior approval of the division, be possessed, maintained and operated by the slot system operator either in a restricted area on the premises of a casino hotel or in a secure facility inaccessible to the public and specifically designed for that purpose off the premises of a casino hotel but within the territorial limits of Atlantic County, New Jersey.

Notwithstanding the foregoing, a person may, with the prior approval of the division and under such terms and conditions as may be required by the division, possess, maintain or exhibit gaming equipment in any other area of the casino hotel, provided that such equipment is used for nongaming purposes.

Notwithstanding any other provision of this act to the contrary, the division may, by regulation, authorize the linking of slot machines of one or more casino licensees and slot machines located in casinos licensed by another state of the United States. Wagering and account information for a multi-state slot system shall be transmitted by the operator of such multi-state slot system to either a restricted area on the premises of a casino hotel or to a secure facility inaccessible to the public and specifically designed for that purpose off the premises of a casino hotel but within the territorial limits of Atlantic County, New Jersey, and from there to slot machines of New Jersey casino licensees, provided all locations are approved by the division.

Notwithstanding any other provision of this act to the contrary, the division may authorize electronic versions of authorized games to be played within an approved hotel facility on mobile gaming devices to be approved by the division, provided the player has established an account with the casino licensee, the wager is placed by and the winnings are paid to the patron in person within the approved hotel facility, the mobile gaming device is inoperable outside the approved hotel facility, and the division authorizes the device for mobile gaming; provided that the division may establish any additional or more stringent licensing and other regulatory requirements necessary for the proper implementation and conduct of mobile gaming as authorized herein. For the purposes of this provision, the approved hotel facility shall include any area located within the property boundaries of the casino hotel facility, including the swimming pool area and an outdoor recreation area, where mobile gaming devices may be used by patrons in accordance with this provision, but excluding parking garages or parking areas of a casino hotel facility, provided that the division shall ascertain and ensure, pursuant to rules and regulations issued by it to implement mobile gaming pursuant to this provision, that mobile gaming shall not extend outside of the property boundaries of the casino hotel facility.

c. Each casino hotel shall contain a count room and such other secure facilities as may be required by the division for the counting and storage of cash, coins, tokens, checks, plaques, gaming vouchers, coupons, and other devices or items of value used in wagering and approved by the division that are received in the conduct of gaming and for the inspection, counting and storage of dice, cards, chips and other representatives of value. The division shall promulgate regulations for the security of drop boxes and other devices in which the foregoing items are deposited at the gaming tables or in slot machines, and all areas wherein such boxes and devices are kept while in use, which regulations may include certain locking devices. Said drop boxes and other devices shall not be brought into or removed from a casino room or simulcasting facility, or locked or unlocked, except at such times, in such places, and according to such procedures as the division may require.

d. All chips used in gaming shall be of such size and uniform color by denomination as the division shall require by regulation.

e. All gaming shall be conducted according to rules promulgated by the division. All wagers and pay-offs of winning wagers shall be made according to rules promulgated by the division, which shall establish such limitations as may be necessary to assure the vitality of casino operations and fair odds to patrons. Each slot machine shall have a minimum payout of 83%.

f. Each casino licensee shall make available in printed form to any patron upon request the complete text of the rules of the division regarding games and the conduct of gaming, pay-offs of winning wagers, an approximation of the odds of winning for each wager, and such other advice to the player as the division shall require. Each casino licensee shall prominently post within a casino room and simulcasting facility, as appropriate, according to regulations of the division such information about gaming rules, pay-offs of winning wagers, the odds of winning for each wager, and such other advice to the player as the division shall require.

g. Each gaming table shall be equipped with a sign indicating the permissible minimum and maximum wagers pertaining thereto. All gaming and wagering offered through Internet gaming shall display online the permissible minimum and maximum wagers pertaining thereto. It shall be unlawful for a casino licensee to require any wager to be greater than the stated minimum or less than the stated maximum; provided, however, that any wager actually made by a patron and not rejected by a casino licensee prior to the commencement of play shall be treated as a valid wager.

h. (1) Except as herein provided, no slot machine shall be used to conduct gaming unless it is identical in all electrical, mechanical and other aspects to a model thereof which has been specifically tested and licensed for use by the division. The division shall also test any other gaming device, gaming equipment, gaming-related device, hardware and software by which authorized gambling games are offered through the Internet, or gross-revenue related device, such as a slot management system, electronic transfer credit system or gaming voucher system as it deems appropriate. In its discretion and for the purpose of expediting the approval process, the division may utilize the services of a private testing laboratory that has obtained a plenary license as a casino service industry enterprise pursuant to subsection a. of section 92 of P.L.1977, c.110 (C.5:12-92) to perform the testing, and may also utilize applicable data from any such private testing laboratory or from a governmental agency of a state other than New Jersey authorized to regulate slot machines and other gaming devices, gaming equipment, gaming-related devices and gross-revenue related devices used in casino gaming, if the private testing laboratory or governmental agency uses a testing methodology

substantially similar to the methodology utilized by the division. The division, in its discretion, may rely upon the data provided by the private testing laboratory or governmental agency and adopt the conclusions of such private testing laboratory or governmental agency regarding any submitted device.

(2) Except as otherwise provided in paragraph (5) of subsection h. of this section, the division shall, within 60 days of its receipt of a complete application for the testing of a slot machine or other gaming equipment model, approve or reject the slot machine or other gaming equipment model. In so doing, the division shall specify whether and to what extent any data from a private testing laboratory or governmental agency of a state other than New Jersey was used in reaching its conclusions and recommendation. If the division is unable to complete the testing of a slot machine or other gaming equipment model within this 60-day period, the division may conditionally approve the slot machine or other gaming equipment model for test use by a casino licensee provided that the division represents that the use of the slot machine or other gaming equipment model will not have a direct and materially adverse impact on the integrity of gaming or the control of gross revenue. The division shall give priority to the testing of slot machines or other gaming equipment which a casino licensee has certified it will use in its casino in this State.

(3) The division shall, by regulation, establish such technical standards for licensure of slot machines, including mechanical and electrical reliability, security against tampering, the comprehensibility of wagering, and noise and light levels, as it may deem necessary to protect the player from fraud or deception and to insure the integrity of gaming. The denominations of such machines shall be set by the licensee; the licensee shall simultaneously notify the division of the settings.

(4) The division shall, by regulation, determine the permissible number and density of slot machines in a licensed casino so as to:

- (a) promote optimum security for casino operations;
- (b) avoid deception or frequent distraction to players at gaming tables;
- (c) promote the comfort of patrons;
- (d) create and maintain a gracious playing environment in the casino; and
- (e) encourage and preserve competition in casino operations by assuring that a variety of gaming opportunities is offered to the public.

Any such regulation promulgated by the division which determines the permissible number and density of slot machines in a licensed casino shall provide that all casino floor space and all space within a casino licensee's casino simulcasting facility shall be included in any calculation of the permissible number and density of slot machines in a licensed casino.

(5) Any new gaming equipment or simulcast wagering equipment that is submitted for testing to the division or to an independent testing laboratory licensed pursuant to subsection a. of section 92 of P.L.1977, c.110 (C.5:12-92) prior to or simultaneously with submission of such new equipment for testing in a jurisdiction other than New Jersey, may, consistent with regulations promulgated by the division, be deployed by a casino licensee on the casino floor 14 days after submission of such equipment for testing. If the casino or casino service industry enterprise licensee has not received approval for the equipment 14 days after submission for testing, any interested casino licensee may, consistent with division regulations, deploy the equipment on a field test basis, unless otherwise directed by the director.

(6) A casino's primary equipment used to conduct Internet gaming shall be located, with the prior approval of the division, in a restricted area on the premises of the casino hotel

within the territorial limits of Atlantic City, New Jersey. Backup equipment used on a temporary basis pursuant to rules established by the division to conduct Internet gaming may be located outside the territorial limits of Atlantic City, provided no Internet gaming shall occur unless a wager is accepted by a casino within the territorial limits of Atlantic City, New Jersey. All Internet wagers shall be deemed to be placed when received in Atlantic City by the licensee. Any intermediate routing of electronic data in connection with a wager shall not affect the fact that the wager is placed in Atlantic City

No software, computer or other gaming equipment shall be used to conduct Internet gaming unless it has been specifically tested by the division. The division may, in its discretion, and for the purpose of expediting the approval process, refer testing to any testing laboratory with a plenary license as a casino service industry enterprise pursuant to subsection a. of section 92 of P.L.1977, c.110 (C.5:12-92). The division shall give priority to the testing of software, computers or other gaming equipment which a casino licensee has certified it will use to conduct Internet gaming in this State. The division shall, by regulation, establish such technical standards for approval of software, computers and other gaming equipment used to conduct Internet gaming, including mechanical, electrical or program reliability, security against tampering, the comprehensibility of wagering, and noise and light levels, as it may deem necessary to protect the player from fraud or deception and to insure the integrity of gaming. When appropriate, the licensee shall set the denominations of Internet games and shall simultaneously notify the division of the settings.

No software, computer or other gaming equipment shall be used to conduct Internet gaming unless it is able to verify that a player placing a wager is physically present in this State. The division shall require by regulation that the equipment used by every licensee to conduct Internet gaming is, in fact, verifying every player's physical presence in this State each time a player logs onto a new playing session.

i. (Deleted by amendment, P.L.1991, c.182).

j. (Deleted by amendment, P.L.1991, c.182).

k. It shall be unlawful for any person to exchange or redeem chips for anything whatsoever, except for currency, negotiable personal checks, negotiable counter checks, other chips, coupons, slot vouchers or complimentary vouchers distributed by the casino licensee, or, if authorized by regulation of the division, a valid charge to a credit or debit card account. A casino licensee shall, upon the request of any person, redeem that licensee's gaming chips surrendered by that person in any amount over \$100 with a check drawn upon the licensee's account at any banking institution in this State and made payable to that person.

l. It shall be unlawful for any casino licensee or its agents or employees to employ, contract with, or use any shill or barker to induce any person to enter a casino or simulcasting facility or play at any game or for any purpose whatsoever.

m. It shall be unlawful for a dealer in any authorized game in which cards are dealt to deal cards by hand or other than from a device specifically designed for that purpose, unless otherwise permitted by the rules of the division.

n. (1) It shall be unlawful for any casino key employee licensee to wager in any casino or simulcasting facility in this State.

(2) It shall be unlawful for any other employee of a casino licensee who, in the judgment of the division, is directly involved with the conduct of gaming operations, including but not limited to dealers, floor persons, box persons, security and surveillance employees, to wager in any casino or simulcasting facility in the casino hotel in which the employee is employed

or in any other casino or simulcasting facility in this State which is owned or operated by an affiliated licensee.

(3) The prohibition against wagering set forth in paragraphs (1) and (2) of this subsection shall continue for a period of 30 days commencing upon the date that the employee either leaves employment with a casino licensee or is terminated from employment with a casino licensee.

o. (1) It shall be unlawful for any casino key employee or boxman, floorman, or any other casino employee who shall serve in a supervisory position to solicit or accept, and for any other casino employee to solicit, any tip or gratuity from any player or patron at the casino hotel or simulcasting facility where he is employed.

(2) A dealer may accept tips or gratuities from a patron at the table at which such dealer is conducting play, subject to the provisions of this subsection. All such tips or gratuities shall be immediately deposited in a lockbox reserved for that purpose, unless the tip or gratuity is authorized by a patron utilizing an automated wagering system approved by the division. All tips or gratuities shall be accounted for, and placed in a pool for distribution pro rata among the dealers, with the distribution based upon the number of hours each dealer has worked, except that the division may, by regulation, permit a separate pool to be established for dealers in the game of poker, or may permit tips or gratuities to be retained by individual dealers in the game of poker.

(3) Notwithstanding the provisions of paragraph (1) of this subsection, a casino licensee may require that a percentage of the prize pool offered to participants pursuant to an authorized poker tournament be withheld for distribution to the tournament dealers as tips or gratuities as the division by regulation may approve.

p. Any slot system operator that offers an annuity jackpot shall secure the payment of such jackpot by establishing an annuity jackpot guarantee in accordance with the requirements of P.L.1977, c.110 (C.5:12-1 et seq.), and the rules of the division.

14. Section 104 of P.L.1977, c.110 (C.5:12-104) is amended to read as follows:

C.5:12-104 Casino licensees, leases and contracts

104. a. Unless otherwise provided in this subsection, no agreement shall be lawful which provides for the payment, however defined, of any direct or indirect interest, percentage or share of: any money or property gambled at a casino or simulcasting facility; any money or property derived from casino gaming activity or wagering at a simulcasting facility; or any revenues, profits or earnings of a casino or simulcasting facility. Notwithstanding the foregoing:

(1) Agreements which provide only for the payment of a fixed sum which is in no way affected by the amount of any such money, property, revenues, profits or earnings shall not be subject to the provisions of this subsection; and receipts, rentals or charges for real property, personal property or services shall not lose their character as payments of a fixed sum because of contract, lease, or license provisions for adjustments in charges, rentals or fees on account of changes in taxes or assessments, cost-of-living index escalations, expansion or improvement of facilities, or changes in services supplied.

(2) Agreements between a casino licensee and a junket enterprise or junket representative licensed, qualified or registered in accordance with the provisions of P.L.1977, c.110 (C.5:12-1 et seq.) and the regulations of the division which provide for the compensation of the junket enterprise or junket representative by the casino licensee based upon the actual

casino gaming or simulcast wagering activities of a patron procured or referred by the junket enterprise or junket representative shall be lawful if filed with the division prior to the conduct of any junket that is governed by the agreement.

(3) Agreements between a casino licensee and its employees which provide for casino employee or casino key employee 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 any relevant provision of P.L.1977, c.110 (C.5:12-1 et seq.).

(4) Agreements to lease an approved casino hotel or the land thereunder and agreements for the complete management of all casino gaming operations in a casino hotel shall not be subject to the provisions of this subsection but shall rather be subject to the provisions of subsections b. and c. of section 82 of this act.

(5) Agreements which provide for percentage charges between the casino licensee and a holding company or intermediary company of the casino licensee shall be in writing and filed with the division but shall not be subject to the provisions of this subsection.

(6) Agreements relating to simulcast racing and wagering between a casino licensee and an in-State or out-of-State sending track licensed or exempt from licensure in accordance with section 92 of P.L.1977, c.110 (C.5:12-92) shall be in writing, be filed with the division, and be lawful and effective only if expressly approved as to their terms by the division and the New Jersey Racing Commission, except that any such agreements which provide for a percentage of the parimutuel pool wagered at a simulcasting facility to be paid to the sending track shall not be subject to the provisions of this subsection.

(7) Agreements relating to simulcast racing and wagering between a casino licensee and a casino service industry enterprise licensed pursuant to the provisions of subsection a. of section 92 of P.L.1977, c.110 (C.5:12-92) as a hub facility, as defined in joint regulations of the Division of Gaming Enforcement and the New Jersey Racing Commission, shall be in writing, be filed with the commission, and be lawful and effective only if expressly approved as to their terms by the commission and the New Jersey Racing Commission, except that any such agreements which provide for a percentage of the casino licensee's share of the parimutuel pool wagered at a simulcasting facility to be paid to the hub facility shall not be subject to the provisions of this subsection.

(8) Agreements relating to simulcast racing and wagering between a casino licensee and a casino service industry enterprise licensed pursuant to the provisions of subsection a. of section 92 of P.L.1977, c.110 (C.5:12-92) to conduct casino simulcasting in a simulcasting facility shall be in writing, be filed with the commission, and be lawful and effective only if expressly approved as to their terms by the commission, except that any such agreements which provide for a percentage of the casino licensee's share of the parimutuel pool wagered at a simulcasting facility to be paid to the casino service industry enterprise shall not be subject to the provisions of this subsection.

(9) Written agreements relating to the operation of multi-casino or multi-state progressive slot machine systems between one or more casino licensees and a casino service industry enterprise licensed pursuant to the provisions of subsection a. of section 92 of P.L.1977, c.110 (C.5:12-92), or an eligible applicant for such license, which provide for an interest, percentage or share of the casino licensee's revenues, profits or earnings from the operation of such multi-casino or multi-state progressive slot machines to be paid to the casino service industry enterprise licensee or applicant shall not be subject to the provisions of this subsection if the agreements are filed with and approved by the division.

(10) A written agreement between a casino licensee and a casino service industry enterprise licensed pursuant to subsection a. of section 92 of P.L.1977, c.110 (C.5:12-92), or an eligible applicant for such license, relating to the construction, renovation or operation of qualifying sleeping units, as defined in section 27 of P.L.1977, c.110 (C.5:12-27), or of non-gaming amenities, as defined by the division, within the limits of the city of Atlantic City, regardless of whether such qualifying sleeping units or non-gaming amenities are connected to a casino hotel facility, which provides for an interest, percentage or share of the casino licensee's revenues, profits or earnings, not to exceed 5% of the casino licensee's revenues, to be paid to the casino service industry enterprise licensee or applicant in return for the construction, renovation or operation of such qualifying sleeping units or non-gaming amenities shall not be subject to the provisions of this subsection provided that: (i) the agreement requires a capital investment, at least 10% of which shall be made by the casino service industry enterprise licensee or applicant over the term of the agreement, of not less than \$30 million, which minimum amount shall be adjusted periodically by the division for inflation; (ii) the division finds that the total amount of casino revenues, profits or earnings that can be paid to the casino service industry enterprise licensee or applicant pursuant to this agreement is commercially reasonable under the circumstances; and (iii) the agreement is filed with and approved by the division.

(11) A written agreement between a casino licensee holding an Internet gaming permit and a casino service industry enterprise licensed pursuant to subsection a. of section 92 of P.L.1977, c.110 (C.5:12-92), or an eligible applicant for such a license, in connection with the conduct of Internet gaming under P.L.2013, c.27 (C.5:12-95.17 et al.), which provides for a percentage of the casino licensee's Internet gaming gross revenue to be paid to the casino service industry enterprise licensee shall not be subject to the provisions of this subsection, provided that the agreement shall be in writing, filed with the division, and shall be lawful and effective only if the terms thereof are expressly approved by the division.

b. Each casino applicant or licensee shall maintain, in accordance with the rules of the division, a record of each written or unwritten agreement regarding the realty, construction, maintenance, or business of a proposed or existing casino hotel or related facility. The foregoing obligation shall apply regardless of whether the casino applicant or licensee is a party to the agreement. Any such agreement may be reviewed by the division on the basis of the reasonableness of its terms, including the terms of compensation, and of the qualifications of the owners, officers, employees, and directors of any enterprise involved in the agreement, which qualifications shall be reviewed according to the standards enumerated in section 86 of P.L.1977, c.110 (C.5:12-86). If the division disapproves such an agreement or the owners, officers, employees, or directors of any enterprise involved therein, the division may require its termination.

Every agreement required to be maintained, and every related agreement the performance of which is dependent upon the performance of any such agreement, shall be deemed to include a provision to the effect that, if the commission shall require termination of an agreement pursuant to its authority under P.L.1977, c.110 (C.5:12-1 et seq.), such termination shall occur without liability on the part of the casino applicant or licensee or any qualified party to the agreement or any related agreement. Failure expressly to include such a provision in the agreement shall not constitute a defense in any action brought to terminate the agreement. If the agreement is not maintained or presented to the commission in accordance with division regulations, or the disapproved agreement is not terminated, the division may pursue any remedy or combination of remedies provided in this act.

For the purposes of this subsection, "casino applicant" includes any person required to hold a casino license pursuant to section 82 of P.L.1977, c.110 (C.5:12-82) who has applied to the division for a casino license or any approval required under P.L.1977, c.110 (C.5:12-1 et seq.).

c. Nothing in this act shall be deemed to permit the transfer of any license, or any interest in any license, or any certificate of compliance or any commitment or reservation.

15. Section 109 of P.L.1977, c.110 (C.5:12-109) is amended to read as follows:

C.5:12-109 Emergency orders.

109. Notwithstanding any provisions of this article, the director may issue an emergency order for the suspension, limitation or conditioning of any operation certificate or any license, other than a casino license, or any registration, or any permit to conduct Internet gaming, or may issue an emergency order requiring the licensed casino to keep an individual from the premises of such licensed casino or from using or maintaining an Internet gaming account, or not to pay such individual any remuneration for services or any profits, income or accruals on his investment in such casino, in the following manner:

a. An emergency order shall be issued only when the director finds that:

(1) There has been charged a violation of any of the criminal laws of this State by a licensee or registrant, or

(2) Such action is necessary to prevent a violation of any such provision, or

(3) Such action is necessary immediately for the preservation of the public peace, health, safety, morals, good order and general welfare or to preserve the public policies declared by this act.

b. An emergency order shall set forth the grounds upon which it is issued, including the statement of facts constituting the alleged emergency necessitating such action.

c. The emergency order shall be effective immediately upon issuance and service upon the licensee, registrant, or resident agent of the licensee. The emergency order may suspend, limit, condition or take other action in relation to the approval of one or more individuals who were required to be approved in any operation, without necessarily affecting any other individuals or the licensed casino establishment. The emergency order shall remain effective until further order of the director.

d. Within 5 days after issuance of an emergency order, the division shall cause a complaint to be filed and served upon the person or entity involved in accordance with the provisions of this act.

e. Thereafter, the person or entity against whom the emergency order has been issued and served shall show cause before the director why the emergency order should not remain in effect in accordance with the provisions of this act and the regulations promulgated hereunder.

16. Section 1 of P.L.1999, c.352 (C.5:12-129.1) is amended to read as follows:

C.5:12-129.1 Report of suspicious transaction.

1. The holder of any license issued under P.L.1977, c.110 (C.5:12-1 et seq.), or any person acting on behalf thereof, shall file a report of any suspicious transaction with the Director of the Division of Gaming Enforcement. For the purposes of P.L.1999, c.352 (C.5:12-129.1 et al.), "suspicious transaction" means the acceptance of cash, the redeeming

of chips or markers or other cash equivalents, or a payment to establish credits in an Internet gaming account involving or aggregating \$5,000 if the licensee or person knows or suspects that the transaction:

a. involves funds derived from illegal activities or is intended or conducted in order to conceal or disguise funds or assets derived from illegal activities;

b. is part of a plan to violate or evade any law or regulation or to avoid any transaction reporting requirement under the law or regulations of this State or the United States, including a plan to structure a series of transactions to avoid any transaction reporting requirement under the laws or regulations of this State or the United States; or

c. has no business or other apparent lawful purpose or is not the sort of transaction in which a person would normally be expected to engage and the licensee or person knows of no reasonable explanation for the transaction after examining the available facts, including the background and possible purpose of the transaction.

C.5:12-95.19 Annual tax on Internet gaming gross revenues.

17. There is hereby imposed an annual tax on Internet gaming gross revenues in the amount of 15% of such gross revenues which shall be paid into the Casino Revenue Fund. The 8% tax on casino gross revenues shall not apply to Internet gaming gross revenues. The investment alternative tax established by section 3 of P.L.1984, c.218 (C.5:12-144.1) shall apply to Internet gaming gross revenues, except that the investment alternative tax on these revenues shall be 5% and the investment alternative shall be 2.5%, with the proceeds thereof used as provided in that section.

C.5:12-95.20 Federal law applicable.

18. Internet gaming in this State shall be subject to the provisions of, and preempted and superseded by, any applicable federal law.

Internet gaming in this State shall be deemed to take place where a casino's server is located in Atlantic City regardless of the player's physical location within this State.

C.5:12-95.21 Permit required to conduct Internet gaming.

19. a. No Internet gaming shall be opened to the public, and no gaming, except for test purposes, may be conducted therein, until a casino licensee with a valid operation certificate, or an Internet gaming affiliate thereof that is licensed pursuant to paragraph (5) of subsection b. of section 82 of P.L.1977, c.110 (C.5:12-82), receives from the division a permit to conduct Internet gaming. Such permit, valid for one year, shall be issued by the division upon a finding that the Internet gaming complies in all respects with the requirements of this act, P.L.2013, c.27 and regulations promulgated by the division.

C.5:12-95.22 Location of primary Internet gaming operation.

20. a. A casino's primary Internet gaming operation, including facilities, equipment and personnel who are directly engaged in the conduct of Internet gaming activity, shall be located within a restricted area on the premises of the casino hotel within the territorial limits of Atlantic City, New Jersey. Backup equipment used on a temporary basis pursuant to rules established by the division to conduct Internet gaming may, with the approval of the division, be located outside the territorial limits of Atlantic City, provided no internet gaming shall occur unless a wager is accepted by a casino within the territorial limits of Atlantic City, New Jersey.

b. Facilities used to conduct and support Internet gaming shall:

- (1) be arranged in a manner promoting optimum security for Internet gaming;
- (2) include a closed circuit visual monitoring system according to specifications approved by the division, with access on the licensed premises to the system or its signal provided to the division;
- (3) not be designed in any way that might interfere with the ability of the division to supervise Internet gaming operations; and
- (4) comply in all respects with regulations of the division pertaining thereto.

C.5:12-95.23 Conditions for acceptance of Internet wagers.

21. A casino licensee may accept Internet gaming account wagers only as follows:

- a. The account wager shall be placed directly with the casino licensee by the holder of the wagering account and the casino licensee has verified the account holder's physical presence in this State.
- b. The account holder placing the account wager shall provide the casino licensee with the correct authentication information for access to the wagering account.
- c. A casino licensee may not accept an account wager in an amount in excess of funds on deposit in the wagering account of the holder placing the wager. Funds on deposit include amounts credited under this act, P.L.2013, c.27 (C.5:12-95.17 et al.), and in the account at the time the wager is placed.

C.5:12-95.24 Disposition of inactive, dormant accounts.

22. All amounts remaining in Internet gaming accounts inactive or dormant for such period and under such conditions as established by regulation by the division shall be paid 50% to the casino licensee and 50% to the casino control fund. Before closing a wagering account pursuant to this section, the casino licensee shall attempt to contact the account holder by mail, phone and computer.

C.5:12-95.25 Assistance to people with gambling problem.

23. In order to assist those persons who may have a gambling problem, a casino licensee shall:

- a. cause the words "If you or someone you know has a gambling problem and wants help, call 1-800 GAMBLER," or some comparable language approved by the division, which language shall include the words "gambling problem" and "call 1-800 GAMBLER," to be displayed prominently at log on and log off times to any person visiting or logged onto Internet gaming; and
- b. provide a mechanism by which a holder of a wagering account may establish the following controls on wagering activity through the wagering account:
 - (1) a limit on the amount of money deposited within a specified period of time and the length of time the holder will be unable to participate in gaming if the holder reaches the established deposit limit; and
 - (2) a temporary suspension of gaming through the account for any number of hours or days.

The casino licensee shall not send gaming-related electronic mail to an account holder while gaming through his or her wagering account is suspended, if the suspension is for at least 72 hours. The casino licensee shall provide a mechanism by which an account holder may change these controls, except that while gaming through the wagering account is

suspended, the account holder may not change gaming controls until the suspension expires, but the holder shall continue to have access to the account and shall be permitted to withdraw funds from the account upon proper application therefor.

C.5:12-95.26 Offering of Internet gaming without approval, fourth degree crime; fines.

24. Any person who offers games into play or displays such games through Internet gaming without approval of the division to do so is guilty of a crime of the fourth degree and notwithstanding the provisions of N.J.S.2C:43-3, shall be subject to a fine of not more than \$25,000 and in the case of a person other than a natural person, to a fine of not more than \$100,000 and any other appropriate disposition authorized by subsection b. of N.J.S.2C:43-2.

C.5:12-95.27 Tampering with equipment, third degree crime; fines.

25. a. Notwithstanding section 46 of P.L.1991, c.182 (C.5:12-113.1), any person who knowingly tampers with software, computers or other equipment used to conduct Internet gaming to alter the odds or the payout of a game or disables the game from operating according to the rules of the game as promulgated by the division is guilty of a crime of the third degree and notwithstanding the provisions of N.J.S.2C:43-3, shall be subject to a fine of not more than \$50,000 and in the case of a person other than a natural person, to a fine of not more than \$200,000 and any other appropriate disposition authorized by subsection b. of N.J.S.2C:43-2.

b. In addition to the penalties provided in subsection a., an employee of the casino licensee who violates this section shall have his or her license revoked and shall be subject to such further penalty as the division deems appropriate.

c. In addition to the penalties provided in subsection a., a casino licensee that violates this section shall have its permit to conduct Internet gaming revoked and shall be subject to such further penalty as the division deems appropriate.

C.5:12-95.28 Tampering affecting odds, payout, third degree crime; fines.

26. a. Any person who knowingly offers or allows to be offered any Internet game that has been tampered with in a way that affects the odds or the payout of a game or disables the game from operating according to the rules of the game as promulgated by the division is guilty of a crime of the third degree and notwithstanding the provisions of N.J.S.2C:43-3, shall be subject to a fine of not more than \$50,000 and in the case of a person other than a natural person, to a fine of not more than \$200,000 and any other appropriate disposition authorized by subsection b. of N.J.S.2C:43-2.

b. In addition to the penalties provided in subsection a., an employee of the casino licensee who knowingly violates this section shall have his or her license suspended for a period of not less than 30 days.

c. In addition to the penalties provided in subsection a., a casino licensee that violates this section shall have its permit to conduct Internet gaming suspended for a period of not less than 30 days.

C.5:12-95.29 Annual fees for issuance, renewal of Internet gaming permits.

27. a. The division shall, by regulation, establish annual fees for the issuance or renewal of Internet gaming permits. The issuance fee shall be based upon the cost of investigation and consideration of the license application and shall be not less than \$400,000. The renewal fee shall be based upon the cost of maintaining enforcement, control and regulation of

Internet wagering operations and shall be not less than \$250,000.

b. The Attorney General shall certify to the division actual and prospective costs of the investigative and enforcement functions of the division, which costs shall be the basis, together with the operating expenses of the division, for the establishment of annual permit issuance and renewal fees.

c. A nonrefundable deposit of at least \$100,000 shall be required to be posted with each application for an Internet gaming permit and shall be applied to the initial permit fee if the application is approved.

d. In addition to the permit issuance and renewal fees, a casino licensee with an Internet gaming permit shall pay annually to the division \$250,000 to be deposited into the State General Fund for appropriation by the Legislature to the Department of Human Services, \$140,000 of which shall be allocated to the Council on Compulsive Gambling of New Jersey and \$110,000 of which shall be used for compulsive gambling treatment programs in the State.

C.5:12-95.30 Facilities permitted to conduct Internet gaming; violations, penalties.

28. No organization or commercial enterprise, other than a casino located in Atlantic City or its Internet gaming affiliate that has been issued a permit to conduct Internet gaming and has located all of its equipment used to conduct Internet gaming, including computers, servers, monitoring rooms, and hubs, in Atlantic City, shall make its premises available for placing wagers at casinos using the Internet or advertise that its premises may be used for such purpose. An organization or commercial enterprise that is determined by the division to have violated the provisions of this section shall be subject to a penalty of \$1,000 per player per day for making its premises available for placing wagers at casinos using the Internet and of \$10,000 per violation for advertising that its premises may be used for such purpose.

C.5:12-95.31 Acceptance of certain out-of-State wagers.

29. Notwithstanding any other provision of P.L.2013, c.27 (C.5:12-95.17 et al.), wagers may be accepted thereunder from persons who are not physically present in this State if the Division of Gaming Enforcement in the Department of Law and Public Safety determines that such wagering is not inconsistent with federal law or the law of the jurisdiction, including any foreign nation, in which any such person is located, or such wagering is conducted pursuant to a reciprocal agreement to which this State is a party that is not inconsistent with federal law.

Repealer.

30. Section 11 of P.L.2011, c.18 (C.5:12-225) is repealed.

31. Section 9 of P.L.2011, c.18 (C.5:12-223) is amended to read as follows:

C.5:12-223. Agreements; fees, use.

9. a. If the not-for-profit corporation is unable to perform its obligations under an agreement with the authority, or Convention Center Division, or if the agreement is terminated, as provided under that section, and is not renewed, the authority shall assess a fee payable by each casino licensee for the State fiscal year, for a period of five State fiscal years. The fee assessed under this subsection shall be in proportion to the casino licensee's gross revenues generated in the fiscal year preceding the assessment. The total fees assessed

collectively upon all casino licensees shall be no less than \$30,000,000 for each State fiscal year for which the fees are assessed.

b. Such fees shall be used exclusively to facilitate the development of the tourism district, enhance the cleanliness and safety of the tourism district, and fund the marketing efforts of the authority or of the Convention Center Division, as the case may be, concerning tourism in the district.

32. Section 82 of P.L.1977, c.110 (C.5:12-82) is amended to read as follows:

C.5:12-82 Casino license – applicant eligibility.

82. a. No casino shall operate unless all necessary licenses and approvals therefor have been obtained in accordance with law.

b. Only the following persons shall be eligible to hold a casino license; and, unless otherwise determined by the commission with the concurrence of the Attorney General which may not be unreasonably withheld in accordance with subsection c. of this section, each of the following persons shall be required to hold a casino license prior to the operation of a casino in the casino hotel with respect to which the casino license has been applied for:

(1) Any person who either owns an approved casino hotel or owns or has a contract to purchase or construct a casino hotel which in the judgment of the commission can become an approved casino hotel within 30 months or within such additional time period as the commission may, upon a showing of good cause therefor, establish;

(2) Any person who, whether as lessor or lessee, either leases an approved casino hotel or leases or has an agreement to lease a casino hotel which in the judgment of the commission can become an approved casino hotel within 30 months or within such additional time period as the commission may, upon a showing of good cause therefor, establish;

(3) Any person who has a written agreement with a casino licensee or with an eligible applicant for a casino license for the complete management of a casino and, if applicable, any authorized games in a casino simulcasting facility;

(4) Any other person who has control over either an approved casino hotel or the land thereunder or the operation of a casino; and

(5) Any person who is an Internet gaming affiliate of an owner or operator of a licensed casino, and such person is to own or operate an Internet gaming system for such licensed casino.

c. Prior to the operation of a casino and, if applicable, a casino simulcasting facility, every agreement to lease an approved casino hotel or the land thereunder and every agreement for the management of the casino and, if applicable, any authorized games in a casino simulcasting facility, shall be in writing and filed with the commission and the division. No such agreement shall be effective unless expressly approved by the commission. The commission may require that any such agreement include within its terms any provision reasonably necessary to best accomplish the policies of this act. Consistent with the policies of this act:

(1) The commission, with the concurrence of the Attorney General which may not be unreasonably withheld, may determine that any person who does not have the ability to exercise any significant control over either the approved casino hotel or the operation of the casino contained therein shall not be eligible to hold or required to hold a casino license;

(2) The commission, with the concurrence of the Attorney General which may not be unreasonably withheld, may determine that any owner, lessor or lessee of an approved casino

hotel or the land thereunder who does not own or lease a significant portion of an approved casino hotel shall not be eligible to hold or required to hold a casino license;

(3) The commission shall require that any person or persons eligible to apply for a casino license organize itself or themselves into such form or forms of business association as the commission shall deem necessary or desirable in the circumstances to carry out the policies of this act;

(4) The commission may issue separate casino licenses to any persons eligible to apply therefor;

(5) As to agreements to lease an approved casino hotel or the land thereunder, unless it expressly and by formal vote for good cause determines otherwise, the commission shall require that each party thereto hold either a casino license or casino service industry enterprise license and that such an agreement shall include within its terms a buy-out provision conferring upon the casino licensee-lessee who controls the operation of the approved casino hotel the absolute right to purchase for an expressly set forth fixed sum the entire interest of the lessor or any person associated with the lessor in the approved casino hotel or the land thereunder in the event that said lessor or said person associated with the lessor is found by the commission or director, as the case may be, to be unsuitable to be associated with a casino enterprise;

(6) The commission shall not permit an agreement for the leasing of an approved casino hotel or the land thereunder to provide for the payment of an interest, percentage or share of money gambled at the casino or derived from casino gaming activity or of revenues or profits of the casino unless the party receiving payment of such interest, percentage or share is a party to the approved lease agreement; unless each party to the lease agreement holds either a casino license or casino service industry enterprise license, and includes within its terms a buy-out provision conforming to that described in paragraph (5) above;

(7) As to agreements for the management of a casino and, if applicable, the authorized games in a casino simulcasting facility, the commission shall require that each party thereto hold a casino license or a casino service industry enterprise license pursuant to subsection a. of section 92 of P.L.1977, c.110 (C.5:12-92), that the party thereto who is to manage the casino gaming operations own at least 10% of all outstanding equity securities of any casino licensee or of any eligible applicant for a casino license if the said licensee or applicant is a corporation and the ownership of an equivalent interest in any casino licensee or in any eligible applicant for a casino license if same is not a corporation, and that such an agreement be for the complete management of all casino space in the casino hotel and, if applicable, all authorized games in a casino simulcasting facility, provide for the sole and unrestricted power to direct the casino gaming operations of the casino hotel which is the subject of the agreement, and be for such a durational term as to assure reasonable continuity, stability and independence in the management of the casino gaming operations, provided that the provisions of this paragraph shall not apply to a slot system agreement between a group of casino licensees and a casino service industry enterprise licensed pursuant to subsection a. of section 92 of P.L.1977, c.110 (C.5:12-92), or an eligible applicant for such license, and that, with regard to such agreements, the casino service industry enterprise licensee or applicant may operate and administer the multi-casino progressive slot machine system, including, but not limited to, the operation of a monitor room or the payment of progressive, including annuity, jackpots, or both, and further provided that the obligation to pay a progressive jackpot or establish an annuity jackpot guarantee shall be the sole responsibility of the casino licensee or casino service industry

enterprise licensee or applicant designated in the slot system agreement and that no other party shall be jointly or severally liable for the payment or funding of such jackpots or guarantees unless such liability is specifically established in the slot system agreement;

(8) The commission may permit an agreement for the management of a casino and, if applicable, the authorized games in a casino simulcasting facility to provide for the payment to the managing party of an interest, percentage or share of money gambled at all authorized games or derived from casino gaming activity or of revenues or profits of casino gaming operations;

(9) Notwithstanding any other provision of P.L.1977, c.110 (C.5:12-1 et seq.) to the contrary, the commission may permit an agreement between a casino licensee and a casino service industry enterprise licensed pursuant to the provisions of subsection a. of section 92 of P.L.1977, c.110 (C.5:12-92) for the conduct of casino simulcasting in a simulcasting facility or for the operation of a multi-casino progressive slot machine system, to provide for the payment to the casino service industry enterprise of an interest, percentage or share of the money derived from the casino licensee's share of proceeds from simulcast wagering activity or the operation of a multi-casino progressive slot machine system; and

(10) As to agreements to lease an approved casino hotel or the land thereunder, agreements to jointly own an approved casino hotel or the land thereunder and agreements for the management of casino gaming operations or for the conduct of casino simulcasting in a simulcasting facility, the commission shall require that each party thereto, except for a banking or other chartered or licensed lending institution or any subsidiary thereof, or any chartered or licensed life insurance company or property and casualty insurance company, or the State of New Jersey or any political subdivision thereof or any agency or instrumentality of the State or any political subdivision thereof, shall be jointly and severally liable for all acts, omissions and violations of this act by any party thereto regardless of actual knowledge of such act, omission or violation and notwithstanding any provision in such agreement to the contrary. Notwithstanding the foregoing, nothing in this paragraph shall require a casino licensee to be jointly and severally liable for any acts, omissions or violations of this act, P.L.1977, c.110 (C.5:12-1 et seq.), committed by any casino service industry enterprise licensee or applicant performing as a slot system operator pursuant to a slot system agreement.

d. No corporation shall be eligible to apply for a casino license unless:

(1) The corporation shall be incorporated in the State of New Jersey, although such corporation may be a wholly or partially owned subsidiary of a corporation which is organized pursuant to the laws of another state of the United States or of a foreign country;

(2) The corporation shall maintain an office of the corporation in the casino hotel licensed or to be licensed;

(3) The corporation shall comply with all the requirements of the laws of the State of New Jersey pertaining to corporations;

(4) The corporation shall maintain a ledger in the principal office of the corporation in New Jersey which shall at all times reflect the current ownership of every class of security issued by the corporation and shall be available for inspection by the commission or the division and authorized agents of the commission and the division at all reasonable times without notice;

(5) The corporation shall maintain all operating accounts required by the commission in a bank in New Jersey, except that a casino licensee may establish deposit-only accounts in any jurisdiction in order to obtain payment of any check described in section 101 of P.L.1977,

c.110 (C.5:12-101);

(6) The corporation shall include among the purposes stated in its certificate of incorporation the conduct of casino gaming and provide that the certificate of incorporation includes all provisions required by this act;

(7) The corporation, if it is not a publicly traded corporation, shall file with the division and the commission such adopted corporate charter provisions as may be necessary to establish the right of the commission pursuant to subsection a. of section 105 of P.L.1977, c.110 (C.5:12-105) to disapprove transfers of securities, shares, and other interests in the applicant corporation; and, if it is a publicly traded corporation, provide in its corporate charter that any securities of such corporation are held subject to the condition that if a holder thereof is found to be disqualified pursuant to the provisions of this act, such holder shall dispose of his interest in the corporation; provided, however, that, notwithstanding the provisions of N.J.S.14A:7-12 and N.J.S.12A:8-101 et seq., nothing herein shall be deemed to require that any security of such corporation bear any legend to this effect;

(8) The corporation, if it is not a publicly traded corporation, shall establish to the satisfaction of the division that appropriate charter provisions create the absolute right of such non-publicly traded corporations and companies to repurchase at the market price or the purchase price, whichever is the lesser, any security, share or other interest in the corporation in the event that the commission disapproves a transfer in accordance with the provisions of this act;

(9) Any publicly traded holding, intermediary, or subsidiary company of the corporation, whether the corporation is publicly traded or not, shall contain in its corporate charter the same provisions required under paragraph (7) for a publicly traded corporation to be eligible to apply for a casino license; and

(10) Any non-publicly traded holding, intermediary or subsidiary company of the corporation, whether the corporation is publicly traded or not, shall establish to the satisfaction of the commission that its charter provisions are the same as those required under paragraphs (7) and (8) for a non-publicly traded corporation to be eligible to apply for a casino license.

The provisions of this subsection shall apply with the same force and effect with regard to casino license applicants and casino licensees which have a legal existence that is other than corporate to the extent which is appropriate.

e. No person shall be issued or be the holder of a casino license if the issuance or the holding results in undue economic concentration in Atlantic City casino operations by that person. For the purpose of this subsection, "undue economic concentration" means that a person would have such actual or potential domination of the casino gaming market in Atlantic City as to substantially impede or suppress competition among casino licensees or adversely impact the economic stability of the casino industry in Atlantic City. In determining whether the issuance or holding of a casino license by a person will result in undue economic concentration, the commission shall consider the following criteria:

(1) The percentage share of the market presently controlled by the person in each of the following categories:

The total number of licensed casinos in this State;

Total casino and casino simulcasting facility square footage;

Number of guest rooms;

Number of slot machines;

Number of table games;

Net revenue;

Table game win;

Slot machine win;

Table game drop;

Slot machine drop; and

Number of persons employed by the casino hotel;

(2) The estimated increase in the market shares in the categories in (1) above if the person is issued or permitted to hold the casino license;

(3) The relative position of other persons who hold casino licenses, as evidenced by the market shares of each such person in the categories in (1) above;

(4) The current and projected financial condition of the casino industry;

(5) Current market conditions, including level of competition, consumer demand, market concentration, any consolidation trends in the industry and any other relevant characteristics of the market;

(6) Whether the licensed casinos held or to be held by the person have separate organizational structures or other independent obligations;

(7) The potential impact of licensure on the projected future growth and development of the casino industry and Atlantic City;

(8) The barriers to entry into the casino industry, including the licensure requirements of this act, P.L.1977, c.110 (C.5:12-1 et seq.), and whether the issuance or holding of a casino license by the person will operate as a barrier to new companies and individuals desiring to enter the market;

(9) Whether the issuance or holding of the license by the person will adversely impact on consumer interests, or whether such issuance or holding is likely to result in enhancing the quality and customer appeal of products and services offered by casino licensees in order to maintain or increase their respective market shares;

(10) Whether a restriction on the issuance or holding of an additional license by the person is necessary in order to encourage and preserve competition and to prevent undue economic concentration in casino operations; and

(11) Any other evidence deemed relevant by the commission.

The commission shall, after conducting public hearings thereon, promulgate rules and regulations in accordance with the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) defining any additional criteria the commission will use in determining what constitutes undue economic concentration.

For the purpose of this subsection a person shall be considered the holder of a casino license if such license is issued to such person or if such license is held by any holding, intermediary or subsidiary company thereof, or by any person required to be qualified in conjunction with such casino license.

C.5:12-95.32 "Internet gaming affiliate."

33. As used in P.L.1977, c.110 (C.5:12-1 et seq.), as amended and supplemented, "Internet gaming affiliate" means a business entity licensed under that act that owns or operates an Internet gaming system on the behalf of a licensed casino.

34. Section 1 of P.L.2008, c.12 (C.5:12-38a) is amended to read as follows:

C.5:12-38a "Promotional gaming credit."

1. "Promotional gaming credit" - A slot machine credit or other item approved by the division that is issued by a licensee to a patron for the purpose of enabling the placement of a wager at a slot machine in the licensee's casino or through the licensee's Internet gaming system. No such credit shall be reported as a promotional gaming credit unless the casino licensee can establish that the credit was issued by the casino licensee and received from a patron as a wager at a slot machine in the licensee's casino or Internet gaming system.

35. Section 4 of P.L.1981, c.142 (C.52:13D-17.2) is amended to read as follows:

C.52:13D-17.2 "person" defined; conflict of interest; violations, penalty.

4. a. As used in this section "person" means:

(1) any State officer or employee subject to financial disclosure by law or executive order and any other State officer or employee with responsibility for matters affecting casino activity; any special State officer or employee with responsibility for matters affecting casino activity; the Governor; any member of the Legislature or any full-time member of the Judiciary; any full-time professional employee of the Office of the Governor, or the Legislature; members of the Casino Reinvestment Development Authority; the head of a principal department; the assistant or deputy heads of a principal department, including all assistant and deputy commissioners; the head of any division of a principal department; or

(2) any member of the governing body, or the municipal judge or the municipal attorney of a municipality wherein a casino is located; any member of or attorney for the planning board or zoning board of adjustment of a municipality wherein a casino is located, or any professional planner, or consultant regularly employed or retained by such planning board or zoning board of adjustment.

b. (1) No State officer or employee, nor any person, nor any member of the immediate family of any State officer or employee, or person, nor any partnership, firm or corporation with which any such State officer or employee or person is associated or in which he has an interest, nor any partner, officer, director or employee while he is associated with such partnership, firm, or corporation, shall hold, directly or indirectly, an interest in, or hold employment with, or represent, appear for, or negotiate on behalf of, any holder of, or applicant for, a casino license, or any holding or intermediary company with respect thereto, in connection with any cause, application, or matter, except as provided in section 3 of P.L.2009, c.26 (C.52:13D-17.3), and except that (1) a State officer or employee other than a State officer or employee included in the definition of person, and (2) a member of the immediate family of a State officer or employee, or of a person, may hold employment with the holder of, or applicant for, a casino license if, in the judgment of the State Ethics Commission, the Joint Legislative Committee on Ethical Standards, or the Supreme Court, as appropriate, such employment will not interfere with the responsibilities of the State officer or employee, or person, and will not create a conflict of interest, or reasonable risk of the public perception of a conflict of interest, on the part of the State officer or employee, or person. No special State officer or employee without responsibility for matters affecting casino activity, excluding those serving in the Departments of Education, Health and Senior Services, and Human Services and the Commission on Higher Education, shall hold, directly or indirectly, an interest in, or represent, appear for, or negotiate on behalf of, any holder of, or applicant for, a casino license, or any holding or intermediary company with respect thereto, in connection with any cause, application, or matter. However, a special State officer or employee without responsibility for matters affecting casino activity may hold

employment directly with any holder of or applicant for a casino license or any holding or intermediary company thereof and if so employed may hold, directly or indirectly, an interest in, or represent, appear for, or negotiate on behalf of, his employer, except as otherwise prohibited by law.

(2) No State officer or employee, nor any person, nor any member of the immediate family of any State officer or employee, or person, nor any partnership, firm or corporation with which any such State officer or employee or person is associated or in which he has an interest, nor any partner, officer, director or employee while he is associated with such partnership, firm, or corporation, shall hold, directly or indirectly, an interest in, or hold employment with, or represent, appear for, or negotiate on behalf of, or derive any remuneration, payment, benefit or any other thing of value for any services, including but not limited to consulting or similar services, from any holder of, or applicant for, a license, permit, or other approval to conduct Internet gaming, or any holding or intermediary company with respect thereto, or any Internet gaming affiliate of any holder of, or applicant for, a casino license, or any holding or intermediary company with respect thereto, or any business, association, enterprise or other entity that is organized, in whole or in part, for the purpose of promoting, advocating for, or advancing the interests of the Internet gaming industry generally or any Internet gaming-related business or businesses in connection with any cause, application, or matter, except as provided in section 3 of P.L.2009, c.26 (C.52:13D-17.3), and except that (1) a State officer or employee other than a State officer or employee included in the definition of person, and (2) a member of the immediate family of a State officer or employee, or of a person, may hold employment with the holder of, or applicant for, a license, permit, or other approval to conduct Internet gaming, or any holding or intermediary company with respect thereto, or any Internet gaming affiliate of any holder of, or applicant for, a casino license, or any holding or intermediary company with respect thereto if, in the judgment of the State Ethics Commission, the Joint Legislative Committee on Ethical Standards, or the Supreme Court, as appropriate, such employment will not interfere with the responsibilities of the State officer or employee, or person, and will not create a conflict of interest, or reasonable risk of the public perception of a conflict of interest, on the part of the State officer or employee, or person.

c. No person or any member of his immediate family, nor any partnership, firm or corporation with which such person is associated or in which he has an interest, nor any partner, officer, director or employee while he is associated with such partnership, firm or corporation, shall, within two years next subsequent to the termination of the office or employment of such person, hold, directly or indirectly, an interest in, or hold employment with, or represent, appear for or negotiate on behalf of, any holder of, or applicant for, a casino license in connection with any cause, application or matter, or any holding or intermediary company with respect to such holder of, or applicant for, a casino license in connection with any phase of casino development, permitting, licensure or any other matter whatsoever related to casino activity, except as provided in section 3 of P.L.2009, c.26 (C.52:13D-17.3), and except that:

(1) a member of the immediate family of a person may hold employment with the holder of, or applicant for, a casino license if, in the judgment of the State Ethics Commission, the Joint Legislative Committee on Ethical Standards, or the Supreme Court, as appropriate, such employment will not interfere with the responsibilities of the person and will not create a conflict of interest, or reasonable risk of the public perception of a conflict of interest, on the part of the person;

(2) an employee who is terminated as a result of a reduction in the workforce at the agency where employed, other than an employee who held a policy-making management position at any time during the five years prior to termination of employment, may, at any time prior to the end of the two-year period, accept employment with the holder of, or applicant for, a casino license if, in the judgment of the State Ethics Commission, the Joint Legislative Committee on Ethical Standards, or the Supreme Court, as appropriate, such employment will not create a conflict of interest, or reasonable risk of the public perception of a conflict of interest, on the part of the employee. In no case shall the restrictions of this subsection apply to a secretarial or clerical employee. Nothing herein contained shall alter or amend the post-employment restrictions applicable to members and employees of the Casino Control Commission and employees and agents of the Division of Gaming Enforcement pursuant to subsection e. (2) of section 59 and to section 60 of P.L.1977, c.110 (C.5:12-59 and C.5:12-60); and

(3) any partnership, firm or corporation engaged in the practice of law or in providing any other professional services with which any person included in paragraph (1) of subsection a. of this section, or a member of the immediate family of that person, is associated, and any partner, officer, director or employee thereof, other than that person, or immediate family member, may represent, appear for or negotiate on behalf of any holder of, or applicant for, a casino license in connection with any cause, application or matter or any holding company or intermediary company with respect to such holder of, or applicant for, a casino license in connection with any phase of casino development, permitting, licensure or any other matter whatsoever related to casino activity, and that person or immediate family member shall not be barred from association with such partnership, firm or corporation, if for a period of two years next subsequent to the termination of the person's office or employment, the person or immediate family member (a) is screened from personal participation in any such representation, appearance or negotiation; and (b) is associated with the partnership, firm or corporation in a position which does not entail any equity interest in the partnership, firm or corporation. The exception provided in this paragraph shall not apply to a former Governor, Lieutenant Governor, Attorney General, member of the Legislature, person included in paragraph (2) of subsection a. of this section, or to the members of their immediate families.

d. This section shall not apply to the spouse of a State officer or employee, which State officer or employee is without responsibility for matters affecting casino activity, who becomes the spouse subsequent to the State officer's or employee's appointment or employment as a State officer or employee and who is not individually or directly employed by a holder of, or applicant for, a casino license, or any holding or intermediary company.

e. The Joint Legislative Committee on Ethical Standards and the State Ethics Commission, as appropriate, shall forthwith determine and publish, and periodically update, a list of those positions in State government with responsibility for matters affecting casino activity.

f. No person shall solicit or accept, directly or indirectly, any complimentary service or discount from any casino applicant or licensee which he knows or has reason to know is other than a service or discount that is offered to members of the general public in like circumstance.

g. No person shall influence, or attempt to influence, by use of his official authority, the decision of the commission or the investigation of the division in any application for licensure or in any proceeding to enforce the provisions of this act or the regulations of the

commission. Any such attempt shall be promptly reported to the Attorney General; provided, however, that nothing in this section shall be deemed to proscribe a request for information by any person concerning the status of any application for licensure or any proceeding to enforce the provisions of this act or the regulations of the commission.

h. Any person who willfully violates the provisions of this section is a disorderly person and shall be subject to a fine not to exceed \$1,000, or imprisonment not to exceed six months, or both.

In addition, for violations of subsection c. of this section occurring after the effective date of P.L.2005, c.382, a civil penalty of not less than \$500 nor more than \$10,000 shall be imposed upon a former State officer or employee or former special State officer or employee of a State agency in the Executive Branch upon a finding of a violation by the State Ethics Commission, which penalty may be collected in a summary proceeding pursuant to the "Penalty Enforcement Law of 1999," P.L.1999, c.274 (C.2A:58-10 et seq.).

C.5:12-95.33 Determination of date law becomes operative, expires.

36. a. The Division of Gaming Enforcement shall select the date upon which the provisions of P.L.2013, c.27 (C.5:12-95.17 et al.) shall become operative which shall not be less than three months, nor more than nine months, after the date of enactment, except that upon application by the division, the Casino Control Commission may allow the division, for good cause, to extend the operative date beyond nine months. The division shall provide all casino licensees and applicants with 45 days' notice of the operative date. Notwithstanding this delayed operative date, the division and the commission may take such anticipatory administrative action in advance as may be necessary for the implementation of P.L.2013, c.27 (C.5:12-95.17 et al.).

b. The authorization to conduct games through the Internet as provided for in P.L.2013, c.27 shall expire 10 years following the operative date established pursuant to subsection a. of this section, unless reauthorized by law.

37. This act shall take effect immediately but remain inoperative until the date selected by the Division of Gaming Enforcement pursuant to section 41 of P.L.2013, c.27 (C.5:12-95.17 et al.).

Approved February 26, 2013.