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June 8, 2010

VIA E-MAIL

The Honorable Ronald R. Carpenter  
Supreme Court Clerk  
Washington State Supreme Court  
P.O. Box 40929  
Olympia, WA 98504

Re: *Lee H. Rousso, Petitioner v. State of Washington, Respondent*  
Supreme Court No. 83040-1

Dear Mr. Carpenter:

Pursuant to RAP 10.8, we write to inform the Court of the passage from committee, with revisions and an accompanying report, of New Jersey Senate Bill S.490. Those materials are enclosed. We attach the amended bill and report as additional authority relevant to the questions whether (i) it is feasible for a state with brick-and-mortar gaming to license and regulate Internet poker, and (ii) federal law prohibits Internet poker.

Respectfully submitted,



Thomas Goldstein  
*Counsel to the Poker Players Alliance*

cc: All Counsel

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SUPREME COURT  
STATE OF WASHINGTON  
10 JUN -8 PM 3:28  
BY RONALD R. CARPENTER  
CLERK

SENATE STATE GOVERNMENT, WAGERING, TOURISM &  
HISTORIC PRESERVATION COMMITTEE

STATEMENT TO

**SENATE, No. 490**

with committee amendments

**STATE OF NEW JERSEY**

DATED: JUNE 3, 2010

The Senate State Government, Wagering, Tourism & Historic Preservation Committee reports favorably and with committee amendments Senate Bill No. 490.

This bill authorizes Internet wagering at Atlantic City casinos which would enable New Jersey residents to place wagers on casino games via the Internet.

Specifically, as amended by the committee, the bill provides:

- all games, including poker, which may be played at a casino, as well as variations or composites thereof, may be offered through Internet wagering;
- all equipment used by a licensee to conduct Internet wagering, including but not limited to computers, servers, monitoring rooms, and hubs, must be located either in a restricted area on the premises of the 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 City and all Internet wagers will be deemed to be placed when received in Atlantic City by the licensee regardless of the player's physical location within this State; any intermediate routing of electronic data in connection with a wager will not affect the fact that the wager is placed in Atlantic City;
- Internet wagering in this State will be subject to the provisions of, and preempted and superseded by, any applicable federal law;
- there is imposed an annual tax on Internet wagering gross revenues in the amount of 20% of such gross revenues which will be paid into the casino revenue fund; the 8% tax on casino gross revenues will not apply to Internet wagering gross revenues; and the investment alternative tax will apply to Internet wagering gross revenues, except that the investment alternative tax on these revenues will be 5% and the investment alternative will be 2.5%, with the proceeds thereof

used as provided in that section, and except that the Legislature, by law, will annually appropriate a percentage of the amount of tax generated by Internet wagering to the New Jersey Racing Commission to be used for the benefit of the horse racing industry, including but not limited to the augmentation of purses;

- the Casino Control Commission may establish a Division of Internet Wagering to which it may delegate authority for the administration of Internet wagering conducted by casino licensees; the division would be responsible for recommending regulations concerning Internet wagering for consideration and possible adoption by the commission; this would not affect the authority of the Division of Gaming Enforcement with respect to all casino gaming activities, including Internet wagering;
- the application process for a licensed casino to obtain a permit to establish Internet wagering, with the permit valid for one year and subject to renewal. As part of the application process, a casino licensee must submit to the commission for its approval a description of its system of internal procedures (including security procedures) and administrative and accounting controls for Internet wagering, including provisions that provide for real time monitoring of all games. A casino licensee must also submit its gaming software and other Internet wagering equipment to the Division of Gaming Enforcement for testing to ensure compliance with technical standards for such equipment set by the commission;
- procedures for the crediting and debiting of a wagering account;
- it will be lawful for a casino licensee to provide marketing information by means of the Internet to players engaged in Internet wagering and to offer those players incentives to visit the licensee's casino in Atlantic City;
- required features of Internet wagering to assist the wagering account holder;
- required features to assist problem gamblers and potential problem gamblers;
- penalties for violations of the provisions of the bill;
- an annual fee for Internet wagering permit holders for the initial permit and permit renewal to cover the costs of regulation by the commission and the division, with the initial fee to be at least \$200,000 and the renewal fee to be at least \$100,000; and
- an annual fee for Internet wagering permit holders of \$100,000 to be allocated to programs to prevent compulsive gambling and to assist compulsive gamblers.

Except as otherwise provided in the bill, a licensed casino's

Internet wagering operation would be subject to the existing provisions of the Casino Control Act and the regulations of the commission, including, but not limited to:

- the licensure of all employees with gaming-related duties or responsibilities;
- penalties for a violation of the act; and
- supplemental sanctions deemed appropriate by the commission for violations.

The commission and the division will adopt regulations for the implementation and conduct of Internet wagering that are consistent with regulations governing casino gambling generally.

This bill was pre-filed for introduction in the 2010-2011 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

#### COMMITTEE AMENDMENTS

The committee amended the bill to:

(1) provide that all equipment used by a licensee to conduct Internet wagering, when not located within a restricted area on the premises of the casino hotel but located off such premises in a secure facility, must be located within the territorial limits of Atlantic City, rather than Atlantic County;

(2) include the Lieutenant Governor in the list of persons who would be prohibited from maintaining an Internet wagering account;

(3) delete the provision in the bill that permits the Casino Control Commission and the New Jersey Racing Commission to jointly authorize casino licensees to enter into agreements with racetrack permit holders for the operation of Internet wagering terminals at racetracks; and

(4) conform a reference in the bill to "casino service industry" to the correct use of the term "casino service industry enterprise" in the statutes.

[First Reprint]

**SENATE, No. 490**

**STATE OF NEW JERSEY**

**214th LEGISLATURE**

PRE-FILED FOR INTRODUCTION IN THE 2010 SESSION

**Sponsored by:**  
**Senator RAYMOND J. LESNIAK**  
**District 20 (Union)**

**SYNOPSIS**

Permits Internet wagering at Atlantic City casinos under certain circumstances.

**CURRENT VERSION OF TEXT**

As reported by the Senate State Government, Wagering, Tourism & Historic Preservation Committee on June 3, 2010, with amendments.



1 AN ACT permitting Internet wagering at Atlantic City casinos under  
2 certain circumstances and amending and supplementing the  
3 "Casino Control Act", P.L.1977, c.110 (C.5:12-1 et seq.).  
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State  
6 of New Jersey:  
7

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

10 5. "Authorized Game" or "Authorized Gambling Game"--  
11 **[Roulette] Poker, roulette,** baccarat, blackjack, craps, big six  
12 wheel, slot machines, minibaccarat, red dog, pai gow, and sic bo;  
13 any variations or composites of such games, provided that such  
14 variations or composites, and any above listed game or variation or  
15 composite of such game to be offered through Internet wagering,  
16 are found by the commission suitable for use after an appropriate  
17 test or experimental period under such terms and conditions as the  
18 commission may deem appropriate; and any other game which is  
19 determined by the commission to be compatible with the public  
20 interest and to be suitable for casino use after such appropriate test  
21 or experimental period as the commission may deem appropriate.  
22 "Authorized game" or "authorized gambling game" includes gaming  
23 tournaments in which players compete against one another in one or  
24 more of the games authorized herein or by the commission or in  
25 approved variations or composites thereof if the tournaments are  
26 authorized by the commission.  
27 (cf: P.L.1993, c.292, s.1)  
28

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

31 6. "Casino" or "casino room" or "licensed casino" -- One or  
32 more locations or rooms in a casino hotel facility that have been  
33 approved by the commission for the conduct of casino gaming in  
34 accordance with the provisions of this act, including any part of the  
35 facility where Internet wagering is conducted. "Casino" or "casino  
36 room" or "licensed casino" shall not include any casino  
37 simulcasting facility authorized pursuant to the "Casino  
38 Simulcasting Act," P.L.1992, c.19 (C.5:12-191 et seq.).  
39 (cf: P.L.1996, c.84, s.1)  
40

41 3. (New section) "Internet wagering" means the placing of  
42 wagers with a casino licensee at a casino located in Atlantic City  
43 using a computer network of both federal and non-federal  
44 interoperable packet switched data networks through which the

**EXPLANATION** – Matter enclosed in bold-faced brackets **[thus]** in the above bill is  
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:  
<sup>1</sup>Senate SSG committee amendments adopted June 3, 2010.

1 casino licensee may offer authorized games to residents of this State  
2 who have established a wagering account with the casino licensee.

3  
4 4. (New section) "Internet wagering gross revenue" means the  
5 total of all sums actually received by a casino licensee from Internet  
6 wagering operations, less only the total of all sums actually paid out  
7 as winnings to patrons; provided, however, that the cash equivalent  
8 value of any merchandise or thing of value included in a jackpot or  
9 payout shall not be included in the total of all sums paid out as  
10 winnings to players for purposes of determining Internet wagering  
11 gross revenue.

12  
13 5. Section 3 of P.L.1987, c.353 (C.5:12-43.1) is amended to  
14 read as follows:

15 3. "Restricted Casino Areas"--The cashier's cage, the soft count  
16 room, the hard count room, the slot cage booths and runway areas,  
17 the interior of table game pits, the surveillance room and catwalk  
18 areas, the slot machine repair room, any room or area related to  
19 Internet wagering operations and any other area specifically  
20 designated by the commission as restricted in a licensee's operation  
21 certificate.

22 (cf: P.L.1987, c.353, s.3)

23  
24 6. Section 100 of P.L.1977, c.110 (C.5:12-100) is amended to  
25 read as follows:

26 100. a. This act shall not be construed to permit any gaming  
27 except the conduct of authorized games in a casino room or through  
28 Internet wagering in accordance with this act and the regulations  
29 promulgated hereunder and in a simulcasting facility to the extent  
30 provided by the "Casino Simulcasting Act," P.L.1992, c.19 (C.5:12-  
31 191 et al.). Notwithstanding the foregoing, if the commission  
32 approves the game of keno as an authorized game pursuant to  
33 section 5 of P.L.1977, c.110 (C.5:12-5), as amended, keno tickets  
34 may be sold or redeemed in accordance with commission  
35 regulations at any location in a casino hotel approved by the  
36 commission for such activity.

37 b. Gaming equipment shall not be possessed, maintained or  
38 exhibited by any person on the premises of a casino hotel except in  
39 a casino room, in the simulcasting facility, or in restricted casino  
40 areas used for the inspection, repair or storage of such equipment  
41 and specifically designated for that purpose by the casino licensee  
42 with the approval of the commission. Gaming equipment which  
43 supports the conduct of gaming in a casino or simulcasting facility  
44 or through Internet wagering but does not permit or require patron  
45 access, such as computers, or gaming software or other gaming  
46 equipment used to conduct Internet wagering, may be possessed and  
47 maintained by a casino licensee in restricted casino areas  
48 specifically designated for that purpose by the casino licensee with

1 the approval of the commission. No gaming equipment shall be  
2 possessed, maintained, exhibited, brought into or removed from a  
3 casino room or simulcasting facility by any person unless such  
4 equipment is necessary to the conduct of an authorized game, has  
5 permanently affixed, imprinted, impressed or engraved thereon an  
6 identification number or symbol authorized by the commission, is  
7 under the exclusive control of a casino licensee or his employees,  
8 and is brought into or removed from the casino room or  
9 simulcasting facility following 24-hour prior notice given to an  
10 authorized agent of the commission.

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

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

30 c. Each casino hotel shall contain a count room and such other  
31 secure facilities as may be required by the commission for the  
32 counting and storage of cash, coins, tokens, checks, plaques,  
33 gaming vouchers, coupons, and other devices or items of value used  
34 in wagering and approved by the commission that are received in  
35 the conduct of gaming and for the inspection, counting and storage  
36 of dice, cards, chips and other representatives of value. All drop  
37 boxes and other devices in which the foregoing items are deposited  
38 at the gaming tables or in slot machines, and all areas wherein such  
39 boxes and devices are kept while in use, shall be equipped with two  
40 locking devices, one key to which shall be under the exclusive  
41 control of the commission and the other under the exclusive control  
42 of the casino licensee, and said drop boxes and other devices shall  
43 not be brought into or removed from a casino room or simulcasting  
44 facility, or locked or unlocked, except at such times, in such places,  
45 and according to such procedures as the commission may require.  
46 In the event that a state of emergency is declared due to the failure  
47 to enact a general appropriation law by the deadline prescribed by  
48 Article VIII, Section II, paragraph 2 of the New Jersey Constitution,

1 the commission, in accordance with section 4 of P.L.2008, c.23  
2 (C.5:12-211), may, at its discretion, and as may be necessary to  
3 ensure the continuity of casino operations and the collection and  
4 counting of gross revenue, give temporary custody of its key to a  
5 certified public accountant approved by the commission, who shall  
6 act in the capacity of the commission with respect to the use,  
7 control and security of the key in accordance with internal controls  
8 approved by the commission in accordance with section 5 of  
9 P.L.2008, c.23 (C.5:12-212).

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

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

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

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

38 h. (1) Except as herein provided, no slot machine shall be used  
39 to conduct gaming unless it is identical in all electrical, mechanical  
40 and other aspects to a model thereof which has been specifically  
41 tested by the division and licensed for use by the commission. At  
42 the request of the commission, the division shall also test any other  
43 gaming device, gaming equipment, gaming-related device or gross-  
44 revenue related device, such as a slot management system,  
45 electronic transfer credit system or gaming voucher system. In its  
46 discretion and for the purpose of expediting the approval process,  
47 the division may utilize the services of a private testing laboratory  
48 that has obtained a plenary license as a casino service industry

1 enterprise pursuant to subsection a. of section 92 of P.L.1977, c.110  
2 (C.5:12-92) to perform the testing, and may also utilize applicable  
3 data from any such private testing laboratory or from a  
4 governmental agency of a state other than New Jersey authorized to  
5 regulate slot machines and other gaming devices, gaming  
6 equipment, gaming-related devices and gross-revenue related  
7 devices used in casino gaming, if the private testing laboratory or  
8 governmental agency uses a testing methodology substantially  
9 similar to the methodology utilized by the division.  
10 Notwithstanding the provisions of this paragraph, the division shall  
11 in all instances use the data provided by the private testing  
12 laboratory or governmental agency to conduct its own independent  
13 evaluation, and shall form its own independent conclusions  
14 regarding any submitted device.

15 (2) The division shall, within 60 days of its receipt of a  
16 complete application for the testing of a slot machine or other  
17 gaming equipment model, recommend the approval or rejection of  
18 the slot machine or other gaming equipment model to the  
19 commission. In its report to the commission regarding its  
20 recommendation, the division shall specify whether and to what  
21 extent any data from a private testing laboratory or governmental  
22 agency of a state other than New Jersey was used in reaching its  
23 conclusions and recommendation. If the division is unable to  
24 complete the testing of a slot machine or other gaming equipment  
25 model within this 60-day period, the division may recommend that  
26 the commission conditionally approve the slot machine or other  
27 gaming equipment model for test use by a casino licensee provided  
28 that the division represents that the use of the slot machine or other  
29 gaming equipment model will not have a direct and materially  
30 adverse impact on the integrity of gaming or the control of gross  
31 revenue. The division shall give priority to the testing of slot  
32 machines or other gaming equipment which a casino licensee has  
33 certified it will use in its casino in this State.

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

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

- 45 (a) promote optimum security for casino operations;
- 46 (b) avoid deception or frequent distraction to players at gaming  
47 tables;
- 48 (c) promote the comfort of patrons;

1 (d) create and maintain a gracious playing environment in the  
2 casino; and

3 (e) encourage and preserve competition in casino operations by  
4 assuring that a variety of gaming opportunities is offered to the  
5 public.

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

12 (5) All equipment used by a licensee to conduct Internet  
13 wagering, including but not limited to computers, servers,  
14 monitoring rooms, and hubs, shall be located, with the prior  
15 approval of the commission, either in a restricted area on the  
16 premises of the casino hotel or in a secure facility inaccessible to  
17 the public and specifically designed for that purpose off the  
18 premises of a casino hotel but within the territorial limits of Atlantic  
19 '[County] City', New Jersey. All Internet wagers shall be deemed  
20 to be placed when received in Atlantic City by the licensee. Any  
21 intermediate routing of electronic data in connection with a wager  
22 shall not affect the fact that the wager is placed in Atlantic City.

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

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

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

44 k. It shall be unlawful for any person to exchange or redeem  
45 chips for anything whatsoever, except for currency, negotiable  
46 personal checks, negotiable counter checks, other chips, coupons or  
47 complimentary vouchers distributed by the casino licensee, or, if

1 authorized by regulation of the commission, a valid charge to a  
2 credit or debit card account. A casino licensee shall, upon the  
3 request of any person, redeem that licensee's gaming chips  
4 surrendered by that person in any amount over \$100 with a check  
5 drawn upon the licensee's account at any banking institution in this  
6 State and made payable to that person.

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

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

15 n. It shall be unlawful for any casino key employee or any  
16 person who is required to hold a casino key employee license as a  
17 condition of employment or qualification to wager in any casino or  
18 simulcasting facility in this State, or any casino employee, other  
19 than a junket representative, bartender, waiter, waitress, or other  
20 casino employee who, in the judgment of the commission, is not  
21 directly involved with the conduct of gaming operations, to wager  
22 in a casino or simulcasting facility in the casino hotel in which the  
23 employee is employed or in any other casino or simulcasting  
24 facility in this State which is owned or operated by the same casino  
25 licensee. Any casino employee, other than a junket representative,  
26 bartender, waiter, waitress, or other casino employee who, in the  
27 judgment of the commission, is not directly involved with the  
28 conduct of gaming operations, must wait at least 30 days following  
29 the date that the employee either leaves employment with a casino  
30 licensee or is terminated from employment with a casino licensee  
31 before the employee may gamble in a casino or simulcasting facility  
32 in the casino hotel in which the employee was formerly employed  
33 or in any other casino or simulcasting facility in this State which is  
34 owned or operated by the same casino licensee.

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

40 (2) A dealer may accept tips or gratuities from a patron at the  
41 table at which such dealer is conducting play, subject to the  
42 provisions of this subsection. All such tips or gratuities shall be  
43 immediately deposited in a lockbox reserved for that purpose,  
44 unless the tip or gratuity is authorized by a patron utilizing an  
45 automated wagering system approved by the commission. All tips  
46 or gratuities shall be accounted for, and placed in a pool for  
47 distribution pro rata among the dealers, with the distribution based  
48 upon the number of hours each dealer has worked, except that the

1 commission may permit a separate pool to be established for dealers  
2 in the game of poker, or may permit tips or gratuities to be retained  
3 by individual dealers in the game of poker.

4 (3) Notwithstanding the provisions of paragraph (1) of this  
5 subsection, a casino licensee may require that a percentage of the  
6 prize pool offered to participants pursuant to an authorized poker  
7 tournament be withheld for distribution to the tournament dealers as  
8 tips or gratuities in accordance with procedures approved by the  
9 commission.

10 p. Any slot system operator that offers an annuity jackpot shall  
11 secure the payment of such jackpot by establishing an annuity  
12 jackpot guarantee in accordance with the requirements of P.L.1977,  
13 c.110 (C.5:12-1 et seq.), and the rules of the commission.  
14 (cf: P.L.2009, c.36, s.16)

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

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

28 a. An emergency order shall be issued only when the  
29 commission finds that:

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

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

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

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

40 c. The emergency order shall be effective immediately upon  
41 issuance and service upon the licensee, registrant, or resident agent  
42 of the licensee. The emergency order may suspend, limit, condition  
43 or take other action in relation to the approval of one or more  
44 individuals who were required to be approved in any operation,  
45 without necessarily affecting any other individuals or the licensed  
46 casino establishment. The emergency order shall remain effective  
47 until further order of the commission or final disposition of the  
48 case.

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

5 e. Thereafter, the person or entity against whom the emergency  
6 order has been issued and served shall be entitled to a hearing  
7 before the commission in accordance with the provisions of this act.  
8 (cf: P.L.1981, c.503, s.18)

9  
10 8. Section 1 of P.L.1999, c.352 (C.5:12-129.1) is amended to  
11 read as follows:

12 1. The holder of any license issued under P.L.1977, c.110  
13 (C.5:12-1 et seq.), or any person acting on behalf thereof, shall file  
14 a report of any suspicious transaction with the Director of the  
15 Division of Gaming Enforcement. For the purposes of P.L.1999,  
16 c.352 (C.5:12-129.1 et al.), "suspicious transaction" means the  
17 acceptance of cash [or] , the redeeming of chips or markers or  
18 other cash equivalents, or a payment to establish credits in an  
19 Internet wagering account involving or aggregating \$5,000 if the  
20 licensee or person knows or suspects that the transaction:

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

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

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

35 (cf: P.L.1999, c.352, s.1)

36  
37 9. (New section) There is hereby imposed an annual tax on  
38 Internet wagering gross revenues in the amount of 20% of such  
39 gross revenues which shall be paid into the casino revenue fund.  
40 The 8% tax on casino gross revenues shall not apply to Internet  
41 wagering gross revenues. The investment alternative tax  
42 established by section 3 of P.L.1984, c.218 (C.5:12-144.1) shall  
43 apply to Internet wagering gross revenues, except that the  
44 investment alternative tax on these revenues shall be 5% and the  
45 investment alternative shall be 2.5%, with the proceeds thereof used  
46 as provided in that section, and except that the Legislature, by law,  
47 shall annually appropriate a percentage of the amount of tax  
48 generated by Internet wagering to the New Jersey Racing

1 Commission to be used for the benefit of the horse racing industry,  
2 including but not limited to the augmentation of purses.

3  
4 10. (New section) The Casino Control Commission may  
5 establish a Division of Internet Wagering to which it may delegate  
6 authority for the administration of Internet wagering conducted by  
7 casino licensees. The division shall be responsible for  
8 recommending regulations concerning Internet wagering for  
9 consideration and possible adoption by the commission. Nothing  
10 contained in this section shall be construed as affecting the  
11 authority of the Division of Gaming Enforcement with respect to all  
12 casino gaming activities, including Internet wagering. The  
13 commission and the division shall adopt regulations for the  
14 implementation and conduct of Internet wagering that are consistent  
15 with regulations governing casino gambling generally.

16  
17 11. (New section) Internet wagering in this State shall be  
18 subject to the provisions of, and preempted and superseded by, any  
19 applicable federal law.

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

23  
24 12. (New section) a. No Internet wagering shall be opened to  
25 the public, and no gaming, except for test purposes, may be  
26 conducted therein, until a casino licensee with a valid operation  
27 certificate receives from the commission a permit to conduct  
28 Internet wagering. Such permit, valid for one year, shall be issued  
29 by the commission upon a finding that the Internet wagering  
30 complies in all respects with the requirements of this act,  
31 P.L. , c. (pending before the Legislature as this bill) and  
32 regulations promulgated hereunder, that the casino licensee has  
33 implemented necessary management controls and security  
34 precautions for the efficient operation of Internet wagering, that  
35 casino personnel having duties relating to Internet wagering are  
36 licensed for the performance of their respective responsibilities, and  
37 that the licensee is prepared in all respects to receive and entertain  
38 the public.

39 b. The permit shall include an itemized list by category and  
40 number of the authorized games offered through Internet wagering.

41 c. A casino licensee shall, in accordance with regulations  
42 promulgated by the commission, file any changes in the number of  
43 authorized games featured through Internet wagering with the  
44 commission and the division.

45 d. It shall be an express condition of the continued operation of  
46 Internet wagering that a casino licensee shall maintain all books,  
47 records, and documents pertaining to the licensee's Internet  
48 wagering operations in a manner and location within this State

1 approved by the commission. All such books, records and  
2 documents shall be immediately available for inspection during all  
3 hours of operation in accordance with the rules of the commission  
4 and shall be maintained for such period of time as the commission  
5 shall require.

6 e. Subject to the power of the commission to deny, revoke, or  
7 suspend permits, any Internet wagering permit in force shall be  
8 renewed by the commission for one year upon proper application  
9 for renewal, completion of a review of Internet wagering  
10 operations for compliance with this act, a review of all required  
11 controls and payment of permit fees and taxes as required by law  
12 and the regulations of the commission. Upon renewal of an Internet  
13 wagering permit the commission shall issue an appropriate renewal  
14 certificate or validating device or sticker which shall be attached to  
15 the Internet wagering permit.

16 f. Notwithstanding subsections a. and e. of this section, an  
17 Internet wagering permit shall remain in force only if the casino  
18 licensee that holds the permit also holds a valid operation  
19 certificate.  
20

21 13. (New section) a. The entire Internet wagering operation,  
22 including facilities, equipment and personnel, shall be located  
23 within a restricted area on the premises of the casino hotel or in a  
24 secure facility inaccessible to the public and specifically designed  
25 for that purpose off the premises of a casino hotel but within the  
26 territorial limits of Atlantic '[County] City', New Jersey.

27 b. Facilities used to conduct and support Internet wagering shall:

28 (1) be arranged in a manner promoting optimum security for  
29 Internet wagering;

30 (2) include a closed circuit visual monitoring system according  
31 to specifications approved by the commission, with access on the  
32 licensed premises to the system or its signal provided to the  
33 commission or the division;

34 (3) not be designed in any way that might interfere with the  
35 ability of the commission or the division to supervise Internet  
36 wagering operations; and

37 (4) comply in all respects with regulations of the commission  
38 pertaining thereto.  
39

40 14. (New section) a. Notwithstanding section 99 of P.L.1977,  
41 c.110 (C.5:12-99), each casino licensee who holds or has applied  
42 for a permit to conduct Internet wagering shall submit to the  
43 commission a description of its system of internal procedures and  
44 administrative and accounting controls for Internet wagering,  
45 including provisions that provide for real time monitoring of all  
46 games, and a description of any changes thereof. Such submission  
47 shall be made at least 30 days before such operations are to  
48 commence or at least 30 days before any change in those

1 procedures or controls is to take effect, unless otherwise directed by  
2 the commission. Notwithstanding the foregoing, the internal  
3 controls described in paragraph (3) of this subsection may be  
4 implemented by a casino licensee upon the filing of such internal  
5 controls with the commission. Each internal procedure or control  
6 submission shall contain both narrative and diagrammatic  
7 representations of the internal control system to be utilized with  
8 regard to Internet wagering, including, but not limited to:

9 (1) accounting controls, including the standardization of forms  
10 and definition of terms to be utilized in the wagering operations;

11 (2) procedures, forms, and, where appropriate, formulas  
12 covering the calculation of hold percentages; revenue drop; expense  
13 and overhead schedules; complimentary services; and cash  
14 equivalent transactions;

15 (3) job descriptions and the system of personnel and chain-of-  
16 command, establishing a diversity of responsibility among  
17 employees engaged in Internet wagering operations and identifying  
18 primary and secondary supervisory positions for areas of  
19 responsibility; salary structure; and personnel practices;

20 (4) procedures for the establishment of wagering accounts,  
21 including a procedure for authenticating the age of the applicant for  
22 a wagering account;

23 (5) procedures for the termination of a wagering account by the  
24 account holder and the return of any remaining funds in the  
25 wagering account to the account holder;

26 (6) procedures for the termination of a dormant account;

27 (7) procedures for the logging in and authentication of a  
28 wagering account holder in order to enable the holder to commence  
29 Internet wagering, and the logging off of the holder of the wagering  
30 account when the account holder has finished gaming, including a  
31 procedure to automatically log off the holder after a specified  
32 period of inactivity;

33 (8) procedures for the crediting and debiting of wagering  
34 accounts;

35 (9) procedures for the cashing of checks to establish credit in a  
36 wagering account; the receipt and security of cash to establish credit  
37 in a wagering account, whether such cash is received by wire  
38 transfer, advance on a credit card or debit card or by other  
39 electronic means approved by the commission; and receipt of other  
40 electronic negotiable instruments approved by the commission to  
41 establish credit in a wagering account;

42 (10) procedures for the withdrawal of funds from a wagering  
43 account by the account holder;

44 (11) the redemption of chips, tokens or other cash equivalents  
45 used in gaming and the pay-off of jackpots;

46 (12) the recording of transactions pertaining to Internet  
47 wagering;

48 (13) procedures for the security of information and funds in a

- 1 wagering account;
- 2 (14) procedures for the transfer of funds from wagering accounts  
3 to the counting process;
- 4 (15) procedures and security for the counting and recordation of  
5 revenue;
- 6 (16) procedures for the security of Internet wagering facilities  
7 within a restricted area on the premises of the casino hotel or in a  
8 secure facility inaccessible to the public and specifically designed  
9 for that purpose off the premises of a casino hotel but within the  
10 territorial limits of Atlantic '[County] City', New Jersey;
- 11 (17) procedures and security standards for the handling and  
12 storage of software, computers and other electronic equipment used  
13 to conduct Internet wagering;
- 14 (18) procedures and security standards to protect software,  
15 computers and other gaming equipment used to conduct Internet  
16 wagering from tampering by casino employees or any other person,  
17 from a location inside or outside of the casino hotel facility;
- 18 (19) procedures for responding to tampering with software,  
19 computers and other gaming equipment used to conduct Internet  
20 wagering or any gaming-related equipment or hardware used in  
21 support of gaming, including partial or complete suspension of  
22 Internet wagering operations or the suspension of any or all  
23 wagering accounts when warranted; and
- 24 (20) procedures to assist problem and compulsive gamblers.
- 25 b. Each casino licensee shall also submit a description of its  
26 system of internal procedures and administrative and accounting  
27 controls for non-gaming operations regarding the website on which  
28 Internet wagering is accessed and a description of any changes  
29 thereto no later than five days after those operations commence or  
30 after any change in those procedures or controls takes effect.
- 31 c. The commission shall review each submission required by  
32 subsection a. and b. hereof, and shall determine whether it conforms  
33 to the requirements of this act, P.L. , c. (C. ) (pending  
34 before the Legislature as this bill), and to the regulations  
35 promulgated thereunder and whether the system submitted provides  
36 adequate and effective controls for Internet wagering operations of  
37 the particular casino hotel submitting it. If the commission finds  
38 any insufficiencies, it shall specify the insufficiencies in writing to  
39 the casino licensee, who shall make appropriate alterations. When  
40 the commission determines a submission to be adequate in all  
41 respects, it shall notify the casino licensee. Except as otherwise  
42 provided in subsection a. of this section, no casino licensee shall  
43 commence or alter Internet wagering operations unless and until  
44 such system of procedures and controls is approved by the  
45 commission.
- 46 d. It shall be lawful for a casino licensee to provide marketing  
47 information by means of the Internet to players engaged in Internet  
48 wagering and to offer those players incentives to visit the licensee's

1 casino in Atlantic City.

2

3 15. (New section) a. An Internet wagering account shall be in  
4 the name of a natural person and may not be in the name of any  
5 beneficiary, custodian, joint trust, corporation, partnership or other  
6 organization or entity.

7 b. An account may be established by a person submitting an  
8 application form approved by the commission along with proof of  
9 age. The commission shall specify by regulation what types of  
10 proof are sufficient to authenticate age and residency in this State.  
11 The application form shall include the address of the principal  
12 residence of the prospective account holder, an electronic mail  
13 address of the prospective account holder and a statement that a  
14 false statement made in regard to an application may subject the  
15 applicant to prosecution.

16 c. As part of the application process, the casino licensee shall  
17 provide the prospective account holder with a password to access  
18 the wagering account, or shall establish some other mechanism  
19 approved by the commission to authenticate the player as the holder  
20 of a wagering account and allow the holder access to the Internet  
21 wagering account.

22 d. The prospective account holder shall submit the completed  
23 application to the casino licensee. The licensee may accept or reject  
24 an application after receipt and review of the application and proof  
25 of age for compliance with this act, P.L. , c. (C. ) (pending  
26 before the Legislature as this bill).

27 e. Any prospective account holder who provides false or  
28 misleading information on the application is subject to rejection of  
29 the application or cancellation of the account by the casino licensee.

30 f. The licensee shall have the right to suspend or close any  
31 wagering account at its discretion.

32 g. Any person on the list established by section 71 of P.L.1977,  
33 c.110 (C.5:12-71) of persons who are to be excluded or ejected  
34 from any licensed casino shall not be entitled to maintain a  
35 wagering account.

36 h. Any of the following persons shall not be permitted to  
37 maintain a wagering account:

38 (1) the Governor 'or Lieutenant Governor';

39 (2) any State officer or employee or special State officer or  
40 employee;

41 (3) any member of the Judiciary;

42 (4) any member of the Legislature;

43 (5) any officer of Atlantic City; or

44 (6) any casino employee, casino key employee or principal  
45 employee of a casino licensee.

46 i. The address provided by the applicant in the application shall  
47 be deemed the proper address for the purposes of mailing checks,  
48 account withdrawals, notices and other materials.

1 j. A wagering account shall not be assignable or otherwise  
2 transferable.

3 k. The casino licensee may at any time declare all or any part of  
4 Internet wagering to be closed for wagering.

5  
6 16. (New section) a. Credits to an Internet wagering account  
7 shall not be made except as provided by this subsection.

8 (1) The wagering account holder's deposits to the wagering  
9 account shall be submitted by the account holder to the casino  
10 licensee and shall be in the form of one of the following:

11 (a) cash given to the casino licensee;

12 (b) check, money order, negotiable order of withdrawal, or wire  
13 or electronic transfer, payable and remitted to the casino licensee;

14 (c) charges made to an account holder's debit or credit card upon  
15 the account holder's direct and personal instruction, which  
16 instruction may be given by telephone communication or other  
17 electronic means to the casino licensee by the account holder if the  
18 use of the card has been approved by the casino licensee; or

19 (d) any other method approved by the commission.

20 (2) When an account holder wins an account wager on a game,  
21 the casino licensee shall pay to the holder Internet chips or tokens  
22 or other cash equivalents in the appropriate amount pursuant to the  
23 rules of that game for that particular type of wager. When the  
24 account holder logs off or cashes out the Internet chips, tokens or  
25 other cash equivalents, the casino licensee shall credit the holder's  
26 wagering account in the amount of Internet chips, tokens or other  
27 cash equivalents cashed in.

28 (3) The casino licensee shall have the right to credit a wagering  
29 account as part of a promotion scheme.

30 (4) The casino licensee shall have the right to refuse, for any  
31 valid reason, all or part of any wager or deposit to the account.

32 (5) Funds deposited in the account shall not bear interest to the  
33 account holder.

34 b. Debits to an Internet wagering account shall not be made  
35 except as provided by this subsection.

36 (1) When an account holder logs onto a wagering account and  
37 exchanges account funds for Internet chips, tokens or other cash  
38 equivalents, the licensee shall debit the holder's account in the  
39 amount of funds exchanged. Upon receipt by a casino licensee of  
40 an account wager or an account purchase order, the casino licensee  
41 shall debit the account holder's Internet chips, tokens or other cash  
42 equivalents in the amount of the wager or purchase.

43 (2) A casino licensee may authorize a withdrawal from a  
44 wagering account when the account holder submits to the casino  
45 licensee:

46 (a) proper identification;

47 (b) the correct authentication information for access to the  
48 account; and

1 (c) a properly completed and executed withdrawal on a form  
2 approved by the commission.

3 Upon receipt of a properly completed and executed withdrawal  
4 form, and if there are sufficient funds in the account to cover the  
5 withdrawal, the licensee shall send, within three business days of  
6 receipt, a check payable in the amount requested to the holder at the  
7 address specified in the application for the wagering account or  
8 shall transmit payment to the account holder electronically as  
9 approved by the commission by regulation.

10

11 17. (New section) A casino licensee may accept Internet  
12 account wagers only as follows:

13 a. The account wager shall be placed directly with the casino  
14 licensee by the holder of the wagering account.

15 b. The account holder placing the account wager shall provide  
16 the casino licensee with the correct authentication information for  
17 access to the wagering account.

18 c. A casino licensee may not accept an account wager in an  
19 amount in excess of funds on deposit in the wagering account of the  
20 holder placing the wager. Funds on deposit include amounts  
21 credited under this act, P.L. c. (C. ) (pending before the  
22 Legislature as this bill), and in the account at the time the wager is  
23 placed.

24 d. Only the holder of a wagering account shall place an account  
25 wager.

26

27 18. (New section) All amounts remaining in wagering accounts  
28 inactive or dormant for such period and under such conditions as  
29 established by regulation by the commission shall be paid 50% to  
30 the casino licensee and 50% to the casino control fund. Before  
31 closing a wagering account pursuant to this section, the casino  
32 licensee shall attempt to contact the account holder by mail, phone  
33 and computer.

34

35 19. (New section) a. The casino licensee shall establish a log in  
36 procedure for a holder of a wagering account to access Internet  
37 wagering. Part of the log in procedure shall be the provision by the  
38 account holder of the appropriate authentication information for  
39 access to the wagering account. The casino licensee shall not allow  
40 an account holder to participate in gaming before logging in and  
41 providing the proper authentication information to access the  
42 holder's wagering account.

43 b. Upon log in, the holder of a wagering account shall have the  
44 option to exchange any amount of funds in the wagering account to  
45 Internet chips, tokens or other cash equivalents, to be used for  
46 Internet casino gaming.

47 c. Upon logging off, the current amount of the holders' Internet  
48 chips, tokens or other cash equivalents shall be credited to the

1 holder's wagering account.

2

3 20. (New section) The casino licensee shall provide to a holder  
4 of a wagering account who is logged in to his or her wagering  
5 account access to a display of all of the following information:

6 a. the current amount of money in the holder's account,  
7 including the current amount of the holder's Internet chips, tokens  
8 or other cash equivalents;

9 b. the amount of money the account holder has won or lost on  
10 Internet wagering since the account was established;

11 c. the amount of money the account holder has won or lost on  
12 during the current gaming session, when a gaming session begins at  
13 log on and ends at log off;

14 d. a detailed accounting of all other Internet gaming sessions,  
15 when a session begins at log on and ends at log off, including time  
16 and date of log on and log off and the amount of money won or lost  
17 on gaming and the amount of money spent from the account on  
18 merchandise or services; and

19 e. the complete text of the rules of the commission regarding  
20 games and the conduct of Internet wagering, pay-offs of winning  
21 wagers, an approximation of the odds of winning for each wager,  
22 and such other advice and information to the account holder as the  
23 commission shall require.

24

25 21. (New section) In order to assist those persons who may  
26 have a gambling problem, a casino licensee shall:

27 a. cause the words "If you or someone you know has a gambling  
28 problem and wants help, call 1-800 GAMBLER," or some  
29 comparable language approved by the commission, which language  
30 shall include the words "gambling problem" and "call 1-800  
31 GAMBLER," to be prominently and continuously displayed to any  
32 person visiting or logged onto Internet wagering;

33 b. provide a mechanism by which a holder of a wagering  
34 account may establish the following controls on wagering activity  
35 through the wagering account:

36 (1) a limit on the amount of money lost within a specified period  
37 of time and the length of time the holder will be unable to  
38 participate in gaming if the holder reaches the established loss limit;

39 (2) a limit on the maximum amount of any single wager on any  
40 game; and

41 (3) a temporary suspension of gaming through the account for  
42 any number of hours or days.

43 The casino licensee shall not send gaming-related mail or  
44 electronic mail to an account holder while gaming through his or  
45 her wagering account is suspended. The casino licensee shall  
46 provide a mechanism by which an account holder may change these  
47 controls, except that while gaming through the wagering account is  
48 suspended, the account holder may not change gaming controls

1 until the suspension expires, but the holder shall continue to have  
2 access to the account and shall be permitted to withdraw funds from  
3 the account upon proper application therefor; and

4 c. establish a system by which a holder of a wagering account  
5 who sustains continuous losses of a sufficient level according to  
6 standards set by the commission by regulation, will have sent to his  
7 or her postal address and electronic mail address a list detailing all  
8 gaming winnings and losses through the wagering account, contact  
9 information for assistance with identifying a potential gambling  
10 problem and other information about gambling problems and  
11 compulsive gambling deemed appropriate by the commission.

12

13 22. (New section) a. Except as provided in this section, no  
14 casino licensee or any person licensed under P.L.1977, c.110  
15 (C.5:12-1 et seq.) and no person acting on behalf of, or under any  
16 arrangement with, a casino licensee or other person licensed under  
17 P.L.1977, c.110, shall:

18 (1) cash any check, make any loan, or otherwise provide credit  
19 to any person for the purpose of crediting an Internet wagering  
20 account; or

21 (2) release or discharge any debt, either in whole or in part, or  
22 make any loan which represents any losses incurred by any account  
23 holder in gaming activity through Internet wagering, without  
24 maintaining a written record thereof in accordance with the rules of  
25 the commission.

26 b. Notwithstanding section 101 of P.L.1977, c.110 (C.5:12-101),  
27 no casino licensee or any person licensed under P.L.1977, c.110  
28 (C.5:12-1 et seq.) and no person acting on behalf of, or under any  
29 arrangement with, a casino licensee or other person licensed under  
30 P.L.1977, c.110, may accept a check, other than a recognized  
31 traveler's check or other cash equivalent from any person for the  
32 purpose of crediting an Internet wagering account unless:

33 (1) the check is made payable to the casino licensee;

34 (2) the check is dated, but not postdated;

35 (3) the check is transmitted to the casino licensee and received  
36 by the licensee in a manner approved by the commission and is  
37 exchanged for credits on the Internet wagering account established  
38 by the drawer of the check; and

39 (4) the regulations concerning check cashing procedures are  
40 observed by the casino licensee and its employees and agents.

41

42 23. (New section) Any person who offers games into play or  
43 displays such games through Internet wagering without approval of  
44 the commission to do so is guilty of a crime of the fourth degree  
45 and notwithstanding the provisions of N.J.S.2C:43-3, shall be  
46 subject to a fine of not more than \$25,000 and in the case of a  
47 person other than a natural person, to a fine of not more than  
48 \$100,000 and any other appropriate disposition authorized by

1 subsection b. of N.J.S.2C:43-2.

2

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

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

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

22

23 25. (New section) a. Any person who knowingly offers or  
24 allows to be offered any Internet game that has been tampered with  
25 in a way that affects the odds or the payout of a game or disables  
26 the game from operating according to the rules of the game as  
27 promulgated by the commission is guilty of a crime of the third  
28 degree and notwithstanding the provisions of N.J.S.2C:43-3, shall  
29 be subject to a fine of not more than \$50,000 and in the case of a  
30 person other than a natural person, to a fine of not more than  
31 \$200,000 and any other appropriate disposition authorized by  
32 subsection b. of N.J.S.2C:43-2.

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

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

40

41 26. (New section) a. No person under the age of 21 shall be  
42 permitted to maintain an Internet wagering account. Any casino  
43 licensee or employee of a casino licensee who allows a person  
44 under the age of 21 to maintain a wagering account is guilty of a  
45 crime of the fourth degree and subject to the penalties therefor;  
46 except that the establishment of all of the following facts by a  
47 licensee or employee allowing any such underage person to  
48 maintain an account shall constitute a defense to any prosecution

1 therefor:

2 (1) that the underage person falsely represented during the  
3 application process for an Internet wagering account that he or she  
4 was at least 21 years of age; and

5 (2) that the establishment of the Internet wagering account was  
6 made in good faith, relying upon such representation, and in the  
7 reasonable belief that the underage person was actually 21 years of  
8 age or older.

9 b. In addition to the penalties provided in subsection a. of this  
10 section, an employee of the casino licensee who violates the  
11 provisions of this section more than once shall have his or her  
12 license revoked.

13 c. In addition to the penalties provided in subsection a. of this  
14 section, a casino licensee that violates the provisions of this section  
15 more than once shall have its permit to conduct Internet wagering  
16 revoked.

17

18 27. (New section) a. The commission shall, by regulation,  
19 establish annual fees for the issuance or renewal of Internet  
20 wagering permits. The issuance fee shall be based upon the cost of  
21 investigation and consideration of the license application and shall  
22 be not less than \$200,000. The renewal fee shall be based upon the  
23 cost of maintaining enforcement, control and regulation of Internet  
24 wagering operations and shall be not less than \$100,000.

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

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

34 d. In addition to the permit issuance and renewal fees, a casino  
35 licensee with an Internet wagering permit shall pay annually to the  
36 commission \$100,000 to be deposited into the State General Fund  
37 for appropriation by the Legislature to the Department of Health  
38 and Senior Services, \$85,000 of which shall be allocated to the  
39 Council on Compulsive Gambling of New Jersey and \$15,000 of  
40 which shall be used for compulsive gambling treatment programs in  
41 the State.

42

43 <sup>1</sup>[28. Notwithstanding the provisions of any other law to the  
44 contrary, the Casino Control Commission and the New Jersey  
45 Racing Commission may, jointly, authorize casino licensees to enter  
46 into agreements with racetrack permitholders for the operation of  
47 terminals at racetracks on which individuals who have registered to  
48 participate in Internet wagering may wager on games conducted at

1 casinos in Atlantic City. Terminals located at racetracks pursuant  
2 to this section may be identical in appearance to slot machines  
3 located at casinos.]<sup>1</sup>

4

5 <sup>1</sup>[29.] 28.<sup>1</sup> This act shall take effect immediately.

**CERTIFICATE OF SERVICE**

I certify that on the 8th day of June 2010, I caused true and correct copies of the foregoing document to be served on the following via first-class mail:

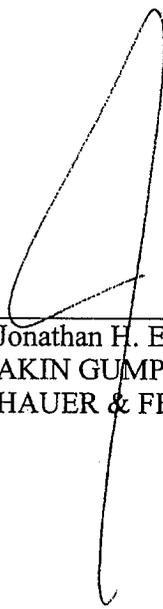
Mr. Jerry Ackerman  
Attorney General's Office  
1125 Washington Street SE  
PO Box 40100  
Olympia, WA 98504

Mr. Lee H. Rousso  
1000 2nd Avenue  
Suite 3000  
Seattle, WA 98104

Mr. Paul D. Swanson  
Lane Powell, PC  
1420 Fifth Avenue, Suite 4100  
Seattle, WA 98101

Jeffrey L. Fisher  
Roger A. Leishman  
Davis Wright Tremaine LLP  
1201 Third Avenue, Suite 2200  
Seattle, WA 98101

Dated this 8th day of June, 2010.

  
\_\_\_\_\_  
Jonathan H. Eisenman  
AKIN GUMP STRAUSS  
HAUER & FELD LLP

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STATE OF WASHINGTON  
10 JUN -8 PM 3:28  
BY RONALD R. CARPENTER  
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**OFFICE RECEPTIONIST, CLERK**

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**To:** Eisenman, Jonathan  
**Subject:** RE: Lee H. Rousso, Petitioner v. State of Washington, Respondent, No. 83040-1

Rec. 6-8-10

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**From:** Eisenman, Jonathan [mailto:jeisenman@akingump.com]  
**Sent:** Tuesday, June 08, 2010 3:26 PM  
**To:** OFFICE RECEPTIONIST, CLERK  
**Subject:** RE: Lee H. Rousso, Petitioner v. State of Washington, Respondent, No. 83040-1

Dear Ms. Carlson:

Please find, attached, a letter from Mr. Goldstein, revised per your instructions.

Respectfully Submitted,

Jonathan H. Eisenman

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**From:** OFFICE RECEPTIONIST, CLERK [mailto:SUPREME@COURTS.WA.GOV]  
**Sent:** Tuesday, June 08, 2010 6:10 PM  
**To:** Eisenman, Jonathan  
**Subject:** RE: Lee H. Rousso, Petitioner v. State of Washington, Respondent, No. 83040-1

Mr. Goldstein:

The third sentence of your letter (statement of supplemental authority pursuant to RAP 10.8), which begins "Like Washington's regulation...", appears to contain argument in violation of RAP 10.8. Please resubmit the letter with that sentence omitted.

Susan L. Carlson  
Supreme Court Deputy Clerk

---

**From:** Eisenman, Jonathan [mailto:jeisenman@akingump.com]  
**Sent:** Tuesday, June 08, 2010 8:37 AM  
**To:** OFFICE RECEPTIONIST, CLERK  
**Subject:** Lee H. Rousso, Petitioner v. State of Washington, Respondent, No. 83040-1

Dear Mr. Carpenter:

Pursuant to RAP 10.8, please find, attached, a letter with attached additional authority submitted by Thomas Goldstein, counsel for *amicus curiae* the Poker Players Alliance.

Respectfully Submitted,

JONATHAN H. EISENMAN

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(202) 887-4566 (Direct) | (202) 887-4288 (Facsimile)  
Robert S. Strauss Building  
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