

5:12-2.1

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2004 **CHAPTER:** 184

NJSA: 5:12-2.1 (Concerns regulation of certain agreements between casino and service industry licensees)

BILL NO: A3214 (Substituted for S1894)

SPONSOR(S): Roberts and Van Drew

DATE INTRODUCED: September 23, 2004

COMMITTEE: **ASSEMBLY:** Tourism and Gaming
SENATE

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** October 7, 2004
SENATE: December 6, 2004

DATE OF APPROVAL: December 22, 2004

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL 1st reprint enacted

A3214

SPONSOR'S STATEMENT: (Begins on page 16 of original bill) Yes

COMMITTEE STATEMENT: **ASSEMBLY:** Yes

SENATE: No

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: No

S1894

SPONSOR'S STATEMENT: (Begins on page 16 of original bill) Yes

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: Yes

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LEGISLATIVE FISCAL ESTIMATE: No

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§1 - C.5:12-2.1a
§3 - C.5:12-33.1
§4 - C.5:12-45.1
§5 - C.5:12-45.2

P.L. 2004, CHAPTER 184, *approved December 22, 2004*
Assembly, No. 3214 (*First Reprint*)

1 **AN ACT** concerning the regulation of casino gambling and amending
2 P.L.1995, c.18 and amending and supplementing P.L.1977, c.110
3 (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. (New section) "Annuity jackpot" - A slot machine jackpot
9 offered by a casino licensee or multi-casino progressive slot machine
10 system pursuant to which a patron wins the right to receive fixed cash
11 payments at specified intervals in the future.
12

13 2. Section 3 of P.L.1995, c.18 (C.5:12-2.2) is amended to read as
14 follows:

15 3. "Annuity jackpot **[trust] guarantee**"-- A **[trust that is formed by**
16 **one or more casino licensees,] financial arrangement established** in
17 accordance with the rules [established by] of the commission[,] to
18 assure that all payments that are due to the winner of **[a slot machine]**
19 **an annuity** jackpot **[that is to be paid in installments at specified**
20 **intervals in the future]** are actually paid when due regardless of the
21 future financial stability of the slot system operator that is responsible
22 for making such payments.

23 (cf: P.L. 1995, c.18, s.3)
24

25 3. (New section) "Multi-casino progressive slot machine system"-
26 A slot machine gaming system approved by the commission pursuant
27 to which a common progressive slot machine jackpot is offered on slot
28 machines that are interconnected in more than one casino hotel facility.
29

30 4. (New section) "Slot system agreement" - A written agreement
31 governing the operation and administration of a multi-casino
32 progressive slot machine system that is approved by the commission
33 and executed by the participating casino licensees and any slot system
34 operator.
35

36 5. (New section) "Slot system operator" - Any person designated
37 in a slot system agreement as being responsible for the operation and

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Assembly ATG committee amendments adopted September 23, 2004.

1 administration of a multi-casino progressive slot machine system,
2 including a casino licensee, a group of casino licensees acting jointly
3 or a casino service industry licensed pursuant to subsection a. of
4 section 92 of P.L.1977, c.110 (C.5:12-92), or an eligible applicant for
5 such license.

6

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

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

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

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

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

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

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

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

45 (1) The commission, with the concurrence of the Attorney General
46 which may not be unreasonably withheld, may determine that any
47 person who does not have the ability to exercise any significant control

1 over either the approved casino hotel or the operation of the casino
2 contained therein shall not be eligible to hold or required to hold a
3 casino license;

4 (2) The commission, with the concurrence of the Attorney General
5 which may not be unreasonably withheld, may determine that any
6 owner, lessor or lessee of an approved casino hotel or the land
7 thereunder who does not own or lease the entire approved casino hotel
8 shall not be eligible to hold or required to hold a casino license;

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

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

16 (5) As to agreements to lease an approved casino hotel or the land
17 thereunder, unless it expressly and by formal vote for good cause
18 determines otherwise, the commission shall require that each party
19 thereto hold either a casino license or casino service industry license
20 and that such an agreement be for a durational term exceeding 30
21 years, concern 100% of the entire approved casino hotel or of the land
22 upon which same is located, and include within its terms a buy-out
23 provision conferring upon the casino licensee-lessee who controls the
24 operation of the approved casino hotel the absolute right to purchase
25 for an expressly set forth fixed sum the entire interest of the lessor or
26 any person associated with the lessor in the approved casino hotel or
27 the land thereunder in the event that said lessor or said person
28 associated with the lessor is found by the commission to be unsuitable
29 to be associated with a casino enterprise;

30 (6) The commission shall not permit an agreement for the leasing
31 of an approved casino hotel or the land thereunder to provide for the
32 payment of an interest, percentage or share of money gambled at the
33 casino or derived from casino gaming activity or of revenues or profits
34 of the casino unless the party receiving payment of such interest,
35 percentage or share is a party to the approved lease agreement; unless
36 each party to the lease agreement holds either a casino license or
37 casino service industry license and unless the agreement is for a
38 durational term exceeding 30 years, concerns a significant portion of
39 the entire approved casino hotel or of the land upon which same is
40 located, and includes within its terms a buy-out provision conforming
41 to that described in paragraph (5) above;

42 (7) As to agreements for the management of a casino and, if
43 applicable, the authorized games in a casino simulcasting facility, the
44 commission shall require that each party thereto hold a casino license,
45 that the party thereto who is to manage the casino gaming operations
46 own at least 10% of all outstanding equity securities of any casino
47 licensee or of any eligible applicant for a casino license if the said

1 licensee or applicant is a corporation and the ownership of an
2 equivalent interest in any casino licensee or in any eligible applicant for
3 a casino license if same is not a corporation, and that such an
4 agreement be for the complete management of all casino space in the
5 casino hotel and, if applicable, all authorized games in a casino
6 simulcasting facility, provide for the sole and unrestricted power to
7 direct the casino gaming operations of the casino hotel which is the
8 subject of the agreement, and be for such a durational term as to
9 assure reasonable continuity, stability and independence in the
10 management of the casino gaming operations, provided that the
11 provisions of this paragraph shall not apply to ~~agreements relating to~~
12 ~~the operation of a multi-casino progressive slot machine system~~ a slot
13 system agreement between a group of casino licensees and a casino
14 service industry licensed pursuant to subsection a. of section 92 of
15 P.L.1977, c.110 (C.5:12-92), or an eligible applicant for such license,
16 and that, with regard to such agreements, the casino service industry
17 licensee or applicant may operate and administer the multi-casino
18 progressive slot machine system, including, but not limited to, the
19 operation of a monitor room ~~and~~ or the payment of ~~the~~
20 progressive jackpots ~~from a fund of contributions from participating~~
21 ~~casino licensees, provided that the consideration charged to the casino~~
22 ~~licensees for the operation and administration of the monitor room~~
23 ~~shall not exceed the actual direct costs of operating and administering~~
24 ~~the monitor room~~, including annuity jackpots, or both, and further
25 provided that the obligation to pay a progressive jackpot or establish
26 an annuity jackpot guarantee shall be the sole responsibility of the
27 casino licensee or casino service industry licensee or applicant
28 designated in the slot system agreement and that no other party shall
29 be jointly or severally liable for the payment or funding of such
30 jackpots or guarantees unless such liability is specifically established
31 in the slot system agreement;

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

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

1 progressive slot machine system; and

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

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

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

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

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

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

37 (5) The corporation shall maintain all operating accounts required
38 by the commission in a bank in New Jersey, except that a casino
39 licensee may establish deposit-only accounts in any jurisdiction in
40 order to obtain payment of any check described in section 101 of
41 P.L.1977, c.110 (C.5:12-101);

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

46 (7) The corporation, if it is not a publicly traded corporation, shall
47 file with the commission such adopted corporate charter provisions as

1 may be necessary to establish the right of prior approval by the
2 commission with regard to transfers of securities, shares, and other
3 interests in the applicant corporation; and, if it is a publicly traded
4 corporation, provide in its corporate charter that any securities of such
5 corporation are held subject to the condition that if a holder thereof is
6 found to be disqualified by the commission pursuant to the provisions
7 of this act, such holder shall dispose of his interest in the corporation;
8 provided, however, that, notwithstanding the provisions of
9 N.J.S.14A:7-12 and N.J.S.12A:8-101 et seq., nothing herein shall be
10 deemed to require that any security of such corporation bear any
11 legend to this effect;

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

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

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

30 Notwithstanding the foregoing, any corporation or company which
31 had bylaw provisions approved by the commission prior to the
32 effective date of this 1987 amendatory act shall have one year from the
33 effective date of this 1987 amendatory act to adopt appropriate charter
34 provisions in accordance with the requirements of this subsection.

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

39 e. No person shall be issued or be the holder of a casino license if
40 the issuance or the holding results in undue economic concentration in
41 Atlantic City casino operations by that person. The commission shall,
42 after conducting public hearings thereon, promulgate rules and
43 regulations in accordance with the "Administrative Procedure Act,"
44 P.L.1968, c.410 (C.52:14B-1 et seq.) defining the criteria the
45 commission will use in determining what constitutes undue economic
46 concentration. For the purpose of this subsection a person shall be
47 considered the holder of a casino license if such license is issued to

1 such person or if such license is held by any holding, intermediary or
2 subsidiary company thereof, or by any officer, director, casino key
3 employee or principal employee of such person, or of any holding,
4 intermediary or subsidiary company thereof.

5 (cf: P.L.2003, c.116, s.1)

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

9 100. a. This act shall not be construed to permit any gaming
10 except the conduct of authorized games in a casino room in
11 accordance with this act and the regulations promulgated hereunder
12 and in a simulcasting facility to the extent provided by the "Casino
13 Simulcasting Act," P.L.1992, c.19 (C.5:12-191 et al.).
14 Notwithstanding the foregoing, if the commission approves the game
15 of keno as an authorized game pursuant to section 5 of P.L.1977,
16 c.110 (C.5:12-5), as amended, keno tickets may be sold or redeemed
17 in accordance with commission regulations at any location in a casino
18 hotel approved by the commission for such activity.

19 b. Gaming equipment shall not be possessed, maintained or
20 exhibited by any person on the premises of a casino hotel except in a
21 casino room, in the simulcasting facility, or in restricted casino areas
22 used for the inspection, repair or storage of such equipment and
23 specifically designated for that purpose by the casino licensee with the
24 approval of the commission. Gaming equipment which supports the
25 conduct of gaming in a casino or simulcasting facility but does not
26 permit or require patron access, such as computers, may be possessed
27 and maintained by a casino licensee in restricted casino areas
28 specifically designated for that purpose by the casino licensee with the
29 approval of the commission. No gaming equipment shall be possessed,
30 maintained, exhibited, brought into or removed from a casino room or
31 simulcasting facility by any person unless such equipment is necessary
32 to the conduct of an authorized game, has permanently affixed,
33 imprinted, impressed or engraved thereon an identification number or
34 symbol authorized by the commission, is under the exclusive control
35 of a casino licensee or his employees, and is brought into or removed
36 from the casino room or simulcasting facility following 24-hour prior
37 notice given to an authorized agent of the commission.

38 Notwithstanding any other provision of this section, equipment
39 which supports a multi-casino progressive slot system and links and
40 interconnects slot machines of two or more casino licensees but is
41 inaccessible to patrons, such as computers, may, with the approval of
42 the commission, be possessed, maintained and operated by a casino
43 licensee either in a restricted area on the premises of a casino hotel or
44 in a secure facility specifically designed for that purpose off the
45 premises of a casino hotel but within the city limits of the City of
46 Atlantic City.

47 Notwithstanding the foregoing, a person may, with the prior

1 approval of the commission and under such terms and conditions as
2 may be required by the commission, possess, maintain or exhibit
3 gaming equipment in any other area of the casino hotel; provided such
4 equipment is used for nongaming purposes.

5 c. Each casino hotel shall contain a count room and such other
6 secure facilities as may be required by the commission for the counting
7 and storage of cash, coins, tokens and checks received in the conduct
8 of gaming and for the inspection, counting and storage of dice, cards,
9 chips and other representatives of value. All drop boxes and other
10 devices wherein cash, coins, or tokens are deposited at the gaming
11 tables or in slot machines, and all areas wherein such boxes and
12 devices are kept while in use, shall be equipped with two locking
13 devices, one key to which shall be under the exclusive control of the
14 commission and the other under the exclusive control of the casino
15 licensee, and said drop boxes and other devices shall not be brought
16 into or removed from a casino room or simulcasting facility, or locked
17 or unlocked, except at such times, in such places, and according to
18 such procedures as the commission may require.

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

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

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

37 g. Each gaming table shall be equipped with a sign indicating the
38 permissible minimum and maximum wagers pertaining thereto. It shall
39 be unlawful for a casino licensee to require any wager to be greater
40 than the stated minimum or less than the stated maximum; provided,
41 however, that any wager actually made by a patron and not rejected by
42 a casino licensee prior to the commencement of play shall be treated
43 as a valid wager.

44 h. (1) No slot machine shall be used to conduct gaming unless it is
45 identical in all electrical, mechanical and other aspects to a model
46 thereof which has been specifically tested by the division and licensed
47 for use by the commission. The division may, in its discretion, and for

1 the purpose of expediting the approval process, refer testing to any
2 testing laboratory with a plenary license as a casino service industry
3 pursuant to subsection a. of section 92 of P.L.1977, c.110
4 (C.5:12-92). The division shall give priority to the testing of slot
5 machines which a casino licensee has certified it will use in its casino
6 in this State. The commission shall, by regulation, establish such
7 technical standards for licensure of slot machines, including mechanical
8 and electrical reliability, security against tampering, the
9 comprehensibility of wagering, and noise and light levels, as it may
10 deem necessary to protect the player from fraud or deception and to
11 insure the integrity of gaming. The denominations of such machines
12 shall be set by the licensee; the licensee shall simultaneously notify the
13 commission of the settings.

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

16 (a) promote optimum security for casino operations;

17 (b) avoid deception or frequent distraction to players at gaming
18 tables;

19 (c) promote the comfort of patrons;

20 (d) create and maintain a gracious playing environment in the
21 casino; and

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

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

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

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

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

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

46 m. It shall be unlawful for a dealer in any authorized game in which
47 cards are dealt to deal cards by hand or other than from a device

1 specifically designed for that purpose, unless otherwise permitted by
2 the rules of the commission.

3 n. It shall be unlawful for any casino key employee or any person
4 who is required to hold a casino key employee license as a condition
5 of employment or qualification to wager in any casino or simulcasting
6 facility in this State, or any casino employee, other than a junket
7 representative, bartender, waiter, waitress, or other casino employee
8 who, in the judgment of the commission, is not directly involved with
9 the conduct of gaming operations, to wager in a casino or simulcasting
10 facility in the casino hotel in which the employee is employed or in any
11 other casino or simulcasting facility in this State which is owned or
12 operated by the same casino licensee. Any casino employee, other
13 than a junket representative, bartender, waiter, waitress, or other
14 casino employee who, in the judgment of the commission, is not
15 directly involved with the conduct of gaming operations, must wait at
16 least 30 days following the date that the employee either leaves
17 employment with a casino licensee or is terminated from employment
18 with a casino licensee before the employee may gamble in a casino or
19 simulcasting facility in the casino hotel in which the employee was
20 formerly employed or in any other casino or simulcasting facility in this
21 State which is owned or operated by the same casino licensee.

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

27 (2) A dealer may accept tips or gratuities from a patron at the table
28 at which such dealer is conducting play, subject to the provisions of
29 this subsection. All such tips or gratuities shall be immediately
30 deposited in a lockbox reserved for that purpose, accounted for, and
31 placed in a pool for distribution pro rata among the dealers, with the
32 distribution based upon the number of hours each dealer has worked,
33 except that the commission may permit a separate pool to be
34 established for dealers in the game of poker, or may permit tips or
35 gratuities to be retained by individual dealers in the game of poker.

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

40 (cf: P.L.2002, c.65, s.22)

41

42 ¹[8. Section 101 of P.L.1977, c.110 (C.5:12-101) is amended to
43 read as follows:

44 101. a. Except as otherwise provided in this section, no casino
45 licensee or any person licensed under this act, and no person acting on
46 behalf of or under any arrangement with a casino licensee or other
47 person licensed under this act, shall:

1 (1) Cash any check, make any loan, or otherwise provide or allow
2 to any person any credit or advance of anything of value or which
3 represents value to enable any person to take part in gaming or
4 simulcast wagering activity as a player; or

5 (2) Release or discharge any debt, either in whole or in part, or
6 make any loan which represents any losses incurred by any player in
7 gaming or simulcast wagering activity, without maintaining a written
8 record thereof in accordance with the rules of the commission.

9 b. No casino licensee or any person licensed under this act, and no
10 person acting on behalf of or under any arrangement with a casino
11 licensee or other person licensed under this act, may accept a check,
12 other than a recognized traveler's check or other cash equivalent from
13 any person to enable such person to take part in gaming or simulcast
14 wagering activity as a player, or may give cash or cash equivalents in
15 exchange for such check unless:

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

17 (2) The check is dated, but not postdated;

18 (3) The check is presented to the cashier or the cashier's
19 representative at a location in the casino approved by the commission
20 and is exchanged for cash or slot tokens which total an amount equal
21 to the amount for which the check is drawn, or the check is presented
22 to the cashier's representative at a gaming table in exchange for chips
23 which total an amount equal to the amount for which the check is
24 drawn; and

25 (4) The regulations concerning check cashing procedures are
26 observed by the casino licensee and its employees and agents.

27 Nothing in this subsection shall be deemed to preclude the
28 establishment of an account by any person with a casino licensee by a
29 deposit of cash, recognized traveler's check or other cash equivalent,
30 or a check which meets the requirements of subsection g. of this
31 section, or to preclude the withdrawal, either in whole or in part, of
32 any amount contained in such account.

33 c. When a casino licensee or other person licensed under this act,
34 or any person acting on behalf of or under any arrangement with a
35 casino licensee or other person licensed under this act, cashes a check
36 in conformity with the requirements of subsection b. of this section,
37 the casino licensee shall cause the deposit of such check in a bank for
38 collection or payment, or shall require an attorney or casino key
39 employee with no incompatible functions to present such check to the
40 drawer's bank for payment, within (1) seven calendar days of the date
41 of the transaction for a check in an amount of \$1,000.00 or less; (2)
42 14 calendar days of the date of the transaction for a check in an
43 amount greater than \$1,000.00 but less than or equal to \$5,000.00; or
44 (3) 45 calendar days of the date of the transaction for a check in an
45 amount greater than \$5,000.00. Notwithstanding the foregoing, the
46 drawer of the check may redeem the check by exchanging cash, cash
47 equivalents, chips, or a check which meets the requirements of

1 subsection g. of this section in an amount equal to the amount for
2 which the check is drawn; or he may redeem the check in part by
3 exchanging cash, cash equivalents, chips, or a check which meets the
4 requirements of subsection g. of this section and another check which
5 meets the requirements of subsection b. of this section for the
6 difference between the original check and the cash, cash equivalents,
7 chips, or check tendered; or he may issue one check which meets the
8 requirements of subsection b. of this section in an amount sufficient to
9 redeem two or more checks drawn to the order of the casino licensee.
10 If there has been a partial redemption or a consolidation in conformity
11 with the provisions of this subsection, the newly issued check shall be
12 delivered to a bank for collection or payment or presented to the
13 drawer's bank for payment by an attorney or casino key employee with
14 no incompatible functions within the period herein specified. No casino
15 licensee or any person licensed under this act, and no person acting on
16 behalf of or under any arrangement with a casino licensee or other
17 person licensed under this act, shall accept any check or series of
18 checks in redemption or consolidation of another check or checks in
19 accordance with this subsection for the purpose of avoiding or
20 delaying the deposit of a check in a bank for collection or payment or
21 the presentment of the check to the drawer's bank within the time
22 period prescribed by this subsection.

23 In computing a time period prescribed by this subsection, the last
24 day of the period shall be included unless it is a Saturday, Sunday, or
25 a State or federal holiday, in which event the time period shall run until
26 the next business day.

27 d. No casino licensee or any other person licensed under this act,
28 or any other person acting on behalf of or under any arrangement with
29 a casino licensee or other person licensed under this act, shall transfer,
30 convey, or give, with or without consideration, a check cashed in
31 conformity with the requirements of this section to any person other
32 than:

33 (1) The drawer of the check upon redemption or consolidation in
34 accordance with subsection c. of this section;

35 (2) A bank for collection or payment of the check;

36 (3) A purchaser of the casino license as approved by the
37 commission; or

38 (4) An attorney or casino key employee with no incompatible
39 functions for presentment to the drawer's bank.

40 The limitation on transferability of checks imposed herein shall
41 apply to checks returned by any bank to the casino licensee without
42 full and final payment.

43 e. No person other than one licensed as a casino key employee or
44 as a casino employee may engage in efforts to collect upon checks that
45 have been returned by banks without full and final payment, except
46 that an attorney-at-law representing a casino licensee may bring action
47 for such collection.

1 f. Notwithstanding the provisions of any law to the contrary,
2 checks cashed in conformity with the requirements of this act shall be
3 valid instruments, enforceable at law in the courts of this State. Any
4 check cashed, transferred, conveyed or given in violation of this act
5 shall be invalid and unenforceable for the purposes of collection but
6 shall be included in the calculation of gross revenue pursuant to
7 section 24 of P.L.1977, c.110 (C.5:12-24).

8 g. Notwithstanding the provisions of subsection b. of this section
9 to the contrary, a casino licensee may accept a check from a person to
10 enable the person to take part in gaming or simulcast wagering activity
11 as a player, may give cash or cash equivalents in exchange for such a
12 check, or may accept a check in redemption or partial redemption of
13 a check issued in accordance with subsection b., provided that:

14 (1) (a) The check is drawn by a casino licensee pursuant to the
15 provisions of subsection k. of section 100 of P.L.1977, c.110
16 (C.5:12-100) or upon a withdrawal of funds from an account
17 established in accordance with the provisions of subsection b. of this
18 section or is drawn by a casino licensee as payment for winnings from
19 an authorized game or simulcast wagers;

20 (b) The check is issued by a banking institution which is chartered
21 in a country other than the United States on its account at a federally
22 chartered or state-chartered bank and is made payable to "cash,"
23 "bearer," a casino licensee, or the person presenting the check;

24 (c) The check is issued by a banking institution which is chartered
25 in the United States on its account at another federally chartered or
26 state-chartered bank and is made payable to "cash," "bearer," a casino
27 licensee, or the person presenting the check;

28 (d) The check is issued by [an annuity jackpot trust] a slot system
29 operator or pursuant to an annuity jackpot guarantee as payment for
30 winnings from [an annuity] a multi-casino progressive slot machine
31 system jackpot; or

32 (e) The check is issued by an affiliate of a casino licensee that holds
33 a gaming license in any jurisdiction;

34 (2) The check is identifiable in a manner approved by the
35 commission as a check issued for a purpose listed in paragraph (1) of
36 this subsection;

37 (3) The check is dated, but not postdated;

38 (4) The check is presented to the cashier or the cashier's
39 representative by the original payee and its validity is verified by the
40 drawer in the case of a check drawn pursuant to subparagraph (a) of
41 paragraph (1) of this subsection, or the check is verified in accordance
42 with regulations promulgated by the commission in the case of a check
43 issued pursuant to subparagraph (b), (c), (d) or (e) of paragraph (1) of
44 this subsection; and

45 (5) The regulations concerning check cashing procedures are
46 observed by the casino licensee and its employees and agents.

47 No casino licensee shall issue a check for the purpose of making a

- 1 loan or otherwise providing or allowing any advance or credit to a
2 person to enable the person to take part in gaming or simulcast
3 wagering activity as a player.
- 4 h. Notwithstanding the provisions of subsection b. and subsection
5 c. of this section to the contrary, a casino licensee may, at a location
6 outside the casino, accept a personal check or checks from a person
7 for up to \$5,000 in exchange for cash or cash equivalents, and may, at
8 such locations within the casino or casino simulcasting facility as may
9 be permitted by the commission, accept a personal check or checks for
10 up to \$5,000 in exchange for cash, cash equivalents, tokens, chips, or
11 plaques to enable the person to take part in gaming or simulcast
12 wagering activity as a player, provided that:
- 13 (a) The check is drawn on the patron's bank or brokerage cash
14 management account;
- 15 (b) The check is for a specific amount;
- 16 (c) The check is made payable to the casino licensee;
- 17 (d) The check is dated but not post-dated;
- 18 (e) The patron's identity is established by examination of one of the
19 following: valid credit card, driver's license, passport, or other form
20 of identification credential which contains, at a minimum, the patron's
21 signature;
- 22 (f) The check is restrictively endorsed "For Deposit Only" to the
23 casino licensee's bank account and deposited on the next banking day
24 following the date of the transaction;
- 25 (g) The total amount of personal checks accepted by any one
26 licensee pursuant to this subsection that are outstanding at any time,
27 including the current check being submitted, does not exceed \$5,000;
- 28 (h) The casino licensee has an approved system of internal controls
29 in place that will enable it to determine the amount of outstanding
30 personal checks received from any patron pursuant to this subsection
31 at any given point in time; and
- 32 (i) The casino licensee maintains a record of each such transaction
33 in accordance with regulations established by the commission.
- 34 i. Checks cashed pursuant to the provisions of subsection h. of this
35 section which are subsequently uncollectible may not be deducted from
36 the total of all sums received in calculating gross revenue pursuant to
37 section 24 of P.L.1977, c.110 (C.5:12-24).
- 38 j. A person may request the commission to put that person's name
39 on a list of persons to whom the extension of credit by a casino as
40 provided in this section would be prohibited by submitting to the
41 commission the person's name, address, and date of birth. The person
42 does not need to provide a reason for this request. The commission
43 shall provide this list to the credit department of each casino; neither
44 the commission nor the credit department of a casino shall divulge the
45 names on this list to any person or entity other than those provided for
46 in this subsection. If such a person wishes to have that person's name
47 removed from the list, the person shall submit this request to the

1 commission, which shall so inform the credit departments of casinos
2 no later than three days after the submission of the request.

3 k. Notwithstanding the provisions of paragraph (4) of subsection
4 b. of this section to the contrary, a casino licensee may, prior to the
5 completion of the verifications that are otherwise required by the rules
6 of the commission for a casino licensee to issue credit, accept a check
7 from a person to enable such person to take part in gaming or
8 simulcast wagering as a player, or may give cash or cash equivalents
9 in exchange for such check, provided that:

10 (1) the casino licensee records in the credit file of the person:

11 (a) the efforts that were made to complete the required verifications
12 and the reasons why the verifications could not be completed; and

13 (b) a description of the criteria that were relied upon in determining
14 to issue credit to the person prior to the completion of the required
15 verifications;

16 (2) the check otherwise complies with the requirements of
17 subsection b. of this section and is processed by the casino licensee in
18 accordance with all other provisions of this section and the regulations
19 of the commission; and

20 (3) any check accepted by a casino licensee pursuant to the
21 provisions of this subsection:

22 (a) is clearly marked as such in a manner approved by the
23 commission; and

24 (b) may not be deducted from the total of all sums received in
25 calculating gross revenue pursuant to section 24 of P.L.1977, c.110
26 (C.5:12-24), even if such check should subsequently prove
27 uncollectible or the casino licensee completes all of the required
28 verifications prior to its deposit or presentment.

29 (cf: P.L.2002, c.65, s.23)]¹

30

31 ¹8. Section 101 of P.L.1977, c.110 (C.5:12-101) is amended to
32 read as follows:

33 101. a. Except as otherwise provided in this section, no casino
34 licensee or any person licensed under this act, and no person acting on
35 behalf of or under any arrangement with a casino licensee or other
36 person licensed under this act, shall:

37 (1) Cash any check, make any loan, or otherwise provide or allow
38 to any person any credit or advance of anything of value or which
39 represents value to enable any person to take part in gaming or
40 simulcast wagering activity as a player; or

41 (2) Release or discharge any debt, either in whole or in part, or
42 make any loan which represents any losses incurred by any player in
43 gaming or simulcast wagering activity, without maintaining a written
44 record thereof in accordance with the rules of the commission.

45 b. No casino licensee or any person licensed under this act, and no
46 person acting on behalf of or under any arrangement with a casino
47 licensee or other person licensed under this act, may accept a check,

1 other than a recognized traveler's check or other cash equivalent from
2 any person to enable such person to take part in gaming or simulcast
3 wagering activity as a player, or may give cash or cash equivalents in
4 exchange for such check unless:

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

6 (2) The check is dated, but not postdated;

7 (3) The check is presented to the cashier or the cashier's
8 representative at a location in the casino approved by the commission
9 and is exchanged for cash or slot tokens which total an amount equal
10 to the amount for which the check is drawn, or the check is presented
11 to the cashier's representative at a gaming table in exchange for chips
12 which total an amount equal to the amount for which the check is
13 drawn; and

14 (4) The regulations concerning check cashing procedures are
15 observed by the casino licensee and its employees and agents.

16 Nothing in this subsection shall be deemed to preclude the
17 establishment of an account by any person with a casino licensee by a
18 deposit of cash, recognized traveler's check or other cash equivalent,
19 or a check which meets the requirements of subsection g. of this
20 section, or to preclude the withdrawal, either in whole or in part, of
21 any amount contained in such account.

22 c. When a casino licensee or other person licensed under this act,
23 or any person acting on behalf of or under any arrangement with a
24 casino licensee or other person licensed under this act, cashes a check
25 in conformity with the requirements of subsection b. of this section,
26 the casino licensee shall cause the deposit of such check in a bank for
27 collection or payment, or shall require an attorney or casino key
28 employee with no incompatible functions to present such check to the
29 drawer's bank for payment, within (1) seven calendar days of the date
30 of the transaction for a check in an amount of \$1,000.00 or less; (2)
31 14 calendar days of the date of the transaction for a check in an
32 amount greater than \$1,000.00 but less than or equal to \$5,000.00; or
33 (3) 45 calendar days of the date of the transaction for a check in an
34 amount greater than \$5,000.00. Notwithstanding the foregoing, the
35 drawer of the check may redeem the check by exchanging cash, cash
36 equivalents, chips, or a check which meets the requirements of
37 subsection g. of this section in an amount equal to the amount for
38 which the check is drawn; or he may redeem the check in part by
39 exchanging cash, cash equivalents, chips, or a check which meets the
40 requirements of subsection g. of this section and another check which
41 meets the requirements of subsection b. of this section for the
42 difference between the original check and the cash, cash equivalents,
43 chips, or check tendered; or he may issue one check which meets the
44 requirements of subsection b. of this section in an amount sufficient to
45 redeem two or more checks drawn to the order of the casino licensee.
46 If there has been a partial redemption or a consolidation in conformity
47 with the provisions of this subsection, the newly issued check shall be

1 delivered to a bank for collection or payment or presented to the
2 drawer's bank for payment by an attorney or casino key employee with
3 no incompatible functions within the period herein specified. No casino
4 licensee or any person licensed under this act, and no person acting on
5 behalf of or under any arrangement with a casino licensee or other
6 person licensed under this act, shall accept any check or series of
7 checks in redemption or consolidation of another check or checks in
8 accordance with this subsection for the purpose of avoiding or
9 delaying the deposit of a check in a bank for collection or payment or
10 the presentment of the check to the drawer's bank within the time
11 period prescribed by this subsection.

12 In computing a time period prescribed by this subsection, the last
13 day of the period shall be included unless it is a Saturday, Sunday, or
14 a State or federal holiday, in which event the time period shall run until
15 the next business day.

16 d. No casino licensee or any other person licensed under this act,
17 or any other person acting on behalf of or under any arrangement with
18 a casino licensee or other person licensed under this act, shall transfer,
19 convey, or give, with or without consideration, a check cashed in
20 conformity with the requirements of this section to any person other
21 than:

22 (1) The drawer of the check upon redemption or consolidation in
23 accordance with subsection c. of this section;

24 (2) A bank for collection or payment of the check;

25 (3) A purchaser of the casino license as approved by the
26 commission; or

27 (4) An attorney or casino key employee with no incompatible
28 functions for presentment to the drawer's bank.

29 The limitation on transferability of checks imposed herein shall
30 apply to checks returned by any bank to the casino licensee without
31 full and final payment.

32 e. No person other than one licensed as a casino key employee or
33 as a casino employee may engage in efforts to collect upon checks that
34 have been returned by banks without full and final payment, except
35 that an attorney-at-law representing a casino licensee may bring action
36 for such collection.

37 f. Notwithstanding the provisions of any law to the contrary,
38 checks cashed in conformity with the requirements of this act shall be
39 valid instruments, enforceable at law in the courts of this State. Any
40 check cashed, transferred, conveyed or given in violation of this act
41 shall be invalid and unenforceable for the purposes of collection but
42 shall be included in the calculation of gross revenue pursuant to
43 section 24 of P.L.1977, c.110 (C.5:12-24).

44 g. Notwithstanding the provisions of subsection b. of this section
45 to the contrary, a casino licensee may accept a check from a person to
46 enable the person to take part in gaming or simulcast wagering activity
47 as a player, may give cash or cash equivalents in exchange for such a

1 check, or may accept a check in redemption or partial redemption of
2 a check issued in accordance with subsection b., provided that:

3 (1) (a) The check is drawn by a casino licensee pursuant to the
4 provisions of subsection k. of section 100 of P.L.1977, c.110
5 (C.5:12-100) or upon a withdrawal of funds from an account
6 established in accordance with the provisions of subsection b. of this
7 section or is drawn by a casino licensee as payment for winnings from
8 an authorized game or simulcast wagers;

9 (b) The check is issued by a banking institution which is chartered
10 in a country other than the United States on its account at a federally
11 chartered or state-chartered bank and is made payable to "cash,"
12 "bearer," a casino licensee, or the person presenting the check;

13 (c) The check is issued by a banking institution which is chartered
14 in the United States on its account at another federally chartered or
15 state-chartered bank and is made payable to "cash," "bearer," a casino
16 licensee, or the person presenting the check;

17 (d) The check is issued by [an annuity jackpot trust] a slot system
18 operator or pursuant to an annuity jackpot guarantee as payment for
19 winnings from [an annuity] a multi-casino progressive slot machine
20 system jackpot; or

21 (e) The check is issued by an affiliate of a casino licensee that holds
22 a gaming license in any jurisdiction;

23 (2) The check is identifiable in a manner approved by the
24 commission as a check issued for a purpose listed in paragraph (1) of
25 this subsection;

26 (3) The check is dated, but not postdated;

27 (4) The check is presented to the cashier or the cashier's
28 representative by the original payee and its validity is verified by the
29 drawer in the case of a check drawn pursuant to subparagraph (a) of
30 paragraph (1) of this subsection, or the check is verified in accordance
31 with regulations promulgated by the commission in the case of a check
32 issued pursuant to subparagraph (b), (c), (d) or (e) of paragraph (1) of
33 this subsection; and

34 (5) The regulations concerning check cashing procedures are
35 observed by the casino licensee and its employees and agents.

36 No casino licensee shall issue a check for the purpose of making a
37 loan or otherwise providing or allowing any advance or credit to a
38 person to enable the person to take part in gaming or simulcast
39 wagering activity as a player.

40 h. Notwithstanding the provisions of subsection b. and subsection
41 c. of this section to the contrary, a casino licensee may, at a location
42 outside the casino, accept a personal check or checks from a person
43 for up to \$5,000 in exchange for cash or cash equivalents, and may, at
44 such locations within the casino or casino simulcasting facility as may
45 be permitted by the commission, accept a personal check or checks for
46 up to \$5,000 in exchange for cash, cash equivalents, tokens, chips, or
47 plaques to enable the person to take part in gaming or simulcast

1 wagering activity as a player, provided that:

2 (a) The check is drawn on the patron's bank or brokerage cash
3 management account;

4 (b) The check is for a specific amount;

5 (c) The check is made payable to the casino licensee;

6 (d) The check is dated but not post-dated;

7 (e) The patron's identity is established by examination of one of the
8 following: valid credit card, driver's license, passport, or other form
9 of identification credential which contains, at a minimum, the patron's
10 signature;

11 (f) The check is restrictively endorsed "For Deposit Only" to the
12 casino licensee's bank account and deposited on the next banking day
13 following the date of the transaction;

14 (g) The total amount of personal checks accepted by any one
15 licensee pursuant to this subsection that are outstanding at any time,
16 including the current check being submitted, does not exceed \$5,000;

17 (h) The casino licensee has an approved system of internal controls
18 in place that will enable it to determine the amount of outstanding
19 personal checks received from any patron pursuant to this subsection
20 at any given point in time; and

21 (i) The casino licensee maintains a record of each such transaction
22 in accordance with regulations established by the commission.

23 i. (Deleted by amendment, P.L.2004, c.128).

24 j. A person may request the commission to put that person's name
25 on a list of persons to whom the extension of credit by a casino as
26 provided in this section would be prohibited by submitting to the
27 commission the person's name, address, and date of birth. The person
28 does not need to provide a reason for this request. The commission
29 shall provide this list to the credit department of each casino; neither
30 the commission nor the credit department of a casino shall divulge the
31 names on this list to any person or entity other than those provided for
32 in this subsection. If such a person wishes to have that person's name
33 removed from the list, the person shall submit this request to the
34 commission, which shall so inform the credit departments of casinos
35 no later than three days after the submission of the request.

36 k. (Deleted by amendment, P.L.2004, c.128).¹

37 (cf: P.L.2004, c.128, s.1)

38

39 9. This act shall take effect immediately.

40

41

42

43

44 _____
45 Concerns regulation of certain agreements between casino and casino
service industry licensees.

ASSEMBLY, No. 3214

STATE OF NEW JERSEY 211th LEGISLATURE

INTRODUCED SEPTEMBER 23, 2004

Sponsored by:

Assemblyman JOSEPH J. ROBERTS, JR.

District 5 (Camden and Gloucester)

Assemblyman JEFF VAN DREW

District 1 (Cape May, Atlantic and Cumberland)

Co-Sponsored by:

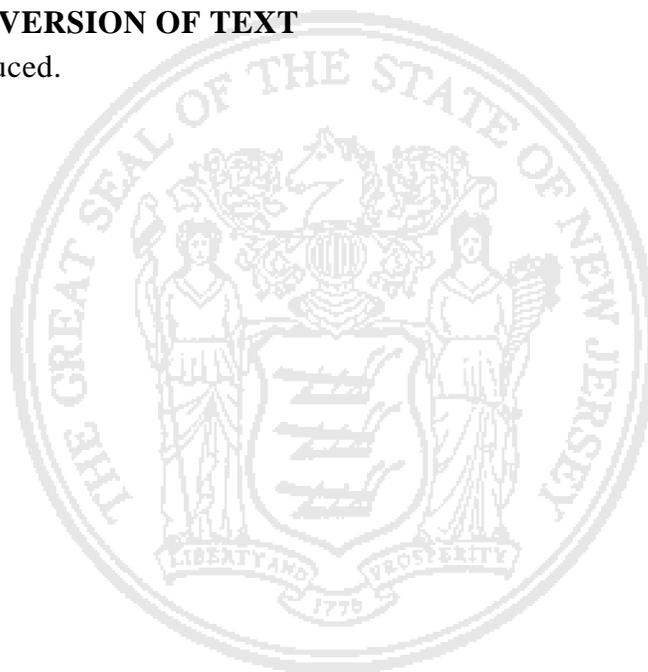
Assemblymen Blee and Conover

SYNOPSIS

Concerns regulation of certain agreements between casino and casino service industry licensees.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 9/24/2004)

A3214 ROBERTS, VAN DREW

2

1 AN ACT concerning the regulation of casino gambling and amending
2 P.L.1995, c.18 and amending and supplementing P.L.1977, c.110
3 (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. (New section) "Annuity jackpot" - A slot machine jackpot
9 offered by a casino licensee or multi-casino progressive slot machine
10 system pursuant to which a patron wins the right to receive fixed cash
11 payments at specified intervals in the future.

12
13 2. Section 3 of P.L.1995, c.18 (C.5:12-2.2) is amended to read as
14 follows:

15 3. "Annuity jackpot **[trust] guarantee**"-- A **[trust that is formed by**
16 **one or more casino licensees,] financial arrangement established in**
17 **accordance with the rules [established by] of the commission[,]** to
18 assure that all payments that are due to the winner of **[a slot machine]**
19 **an annuity jackpot [that is to be paid in installments at specified**
20 **intervals in the future] are actually paid when due regardless of the**
21 **future financial stability of the slot system operator that is responsible**
22 **for making such payments.**

23 (cf: P.L. 1995, c.18, s.3)

24
25 3. (New section) "Multi-casino progressive slot machine system"-
26 A slot machine gaming system approved by the commission pursuant
27 to which a common progressive slot machine jackpot is offered on slot
28 machines that are interconnected in more than one casino hotel facility.

29
30 4. (New section) "Slot system agreement" - A written agreement
31 governing the operation and administration of a multi-casino
32 progressive slot machine system that is approved by the commission
33 and executed by the participating casino licensees and any slot system
34 operator.

35
36 5. (New section) "Slot system operator" - Any person designated
37 in a slot system agreement as being responsible for the operation and
38 administration of a multi-casino progressive slot machine system,
39 including a casino licensee, a group of casino licensees acting jointly
40 or a casino service industry licensed pursuant to subsection a. of
41 section 92 of P.L.1977, c.110 (C.5:12-92), or an eligible applicant for
42 such license.

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

Matter underlined thus is new matter.

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

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

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

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

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

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

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

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

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

45 (2) The commission, with the concurrence of the Attorney General
46 which may not be unreasonably withheld, may determine that any

1 owner, lessor or lessee of an approved casino hotel or the land
2 thereunder who does not own or lease the entire approved casino hotel
3 shall not be eligible to hold or required to hold a casino license;

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

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

11 (5) As to agreements to lease an approved casino hotel or the land
12 thereunder, unless it expressly and by formal vote for good cause
13 determines otherwise, the commission shall require that each party
14 thereto hold either a casino license or casino service industry license
15 and that such an agreement be for a durational term exceeding 30
16 years, concern 100% of the entire approved casino hotel or of the land
17 upon which same is located, and include within its terms a buy-out
18 provision conferring upon the casino licensee-lessee who controls the
19 operation of the approved casino hotel the absolute right to purchase
20 for an expressly set forth fixed sum the entire interest of the lessor or
21 any person associated with the lessor in the approved casino hotel or
22 the land thereunder in the event that said lessor or said person
23 associated with the lessor is found by the commission to be unsuitable
24 to be associated with a casino enterprise;

25 (6) The commission shall not permit an agreement for the leasing
26 of an approved casino hotel or the land thereunder to provide for the
27 payment of an interest, percentage or share of money gambled at the
28 casino or derived from casino gaming activity or of revenues or profits
29 of the casino unless the party receiving payment of such interest,
30 percentage or share is a party to the approved lease agreement; unless
31 each party to the lease agreement holds either a casino license or
32 casino service industry license and unless the agreement is for a
33 durational term exceeding 30 years, concerns a significant portion of
34 the entire approved casino hotel or of the land upon which same is
35 located, and includes within its terms a buy-out provision conforming
36 to that described in paragraph (5) above;

37 (7) As to agreements for the management of a casino and, if
38 applicable, the authorized games in a casino simulcasting facility, the
39 commission shall require that each party thereto hold a casino license,
40 that the party thereto who is to manage the casino gaming operations
41 own at least 10% of all outstanding equity securities of any casino
42 licensee or of any eligible applicant for a casino license if the said
43 licensee or applicant is a corporation and the ownership of an
44 equivalent interest in any casino licensee or in any eligible applicant for
45 a casino license if same is not a corporation, and that such an
46 agreement be for the complete management of all casino space in the

1 casino hotel and, if applicable, all authorized games in a casino
2 simulcasting facility, provide for the sole and unrestricted power to
3 direct the casino gaming operations of the casino hotel which is the
4 subject of the agreement, and be for such a durational term as to
5 assure reasonable continuity, stability and independence in the
6 management of the casino gaming operations, provided that the
7 provisions of this paragraph shall not apply to [agreements relating to
8 the operation of a multi-casino progressive slot machine system] a slot
9 system agreement between a group of casino licensees and a casino
10 service industry licensed pursuant to subsection a. of section 92 of
11 P.L.1977, c.110 (C.5:12-92), or an eligible applicant for such license,
12 and that, with regard to such agreements, the casino service industry
13 licensee or applicant may operate and administer the multi-casino
14 progressive slot machine system, including, but not limited to, the
15 operation of a monitor room [and] or the payment of [the]
16 progressive jackpots [from a fund of contributions from participating
17 casino licensees, provided that the consideration charged to the casino
18 licensees for the operation and administration of the monitor room
19 shall not exceed the actual direct costs of operating and administering
20 the monitor room], including annuity jackpots, or both, and further
21 provided that the obligation to pay a progressive jackpot or establish
22 an annuity jackpot guarantee shall be the sole responsibility of the
23 casino licensee or casino service industry licensee or applicant
24 designated in the slot system agreement and that no other party shall
25 be jointly or severally liable for the payment or funding of such
26 jackpots or guarantees unless such liability is specifically established
27 in the slot system agreement;

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

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

45 (10) As to agreements to lease an approved casino hotel or the land
46 thereunder, agreements to jointly own an approved casino hotel or the

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

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

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

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

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

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

34 (5) The corporation shall maintain all operating accounts required
35 by the commission in a bank in New Jersey, except that a casino
36 licensee may establish deposit-only accounts in any jurisdiction in
37 order to obtain payment of any check described in section 101 of
38 P.L.1977, c.110 (C.5:12-101);

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

43 (7) The corporation, if it is not a publicly traded corporation, shall
44 file with the commission such adopted corporate charter provisions as
45 may be necessary to establish the right of prior approval by the
46 commission with regard to transfers of securities, shares, and other

1 interests in the applicant corporation; and, if it is a publicly traded
2 corporation, provide in its corporate charter that any securities of such
3 corporation are held subject to the condition that if a holder thereof is
4 found to be disqualified by the commission pursuant to the provisions
5 of this act, such holder shall dispose of his interest in the corporation;
6 provided, however, that, notwithstanding the provisions of
7 N.J.S.14A:7-12 and N.J.S.12A:8-101 et seq., nothing herein shall be
8 deemed to require that any security of such corporation bear any
9 legend to this effect;

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

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

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

28 Notwithstanding the foregoing, any corporation or company which
29 had bylaw provisions approved by the commission prior to the
30 effective date of this 1987 amendatory act shall have one year from the
31 effective date of this 1987 amendatory act to adopt appropriate charter
32 provisions in accordance with the requirements of this subsection.

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

37 e. No person shall be issued or be the holder of a casino license if
38 the issuance or the holding results in undue economic concentration in
39 Atlantic City casino operations by that person. The commission shall,
40 after conducting public hearings thereon, promulgate rules and
41 regulations in accordance with the "Administrative Procedure Act,"
42 P.L.1968, c.410 (C.52:14B-1 et seq.) defining the criteria the
43 commission will use in determining what constitutes undue economic
44 concentration. For the purpose of this subsection a person shall be
45 considered the holder of a casino license if such license is issued to
46 such person or if such license is held by any holding, intermediary or

1 subsidiary company thereof, or by any officer, director, casino key
2 employee or principal employee of such person, or of any holding,
3 intermediary or subsidiary company thereof.

4 (cf: P.L.2003, c.116, s.1)

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

8 100. a. This act shall not be construed to permit any gaming
9 except the conduct of authorized games in a casino room in
10 accordance with this act and the regulations promulgated hereunder
11 and in a simulcasting facility to the extent provided by the "Casino
12 Simulcasting Act," P.L.1992, c.19 (C.5:12-191 et al.).
13 Notwithstanding the foregoing, if the commission approves the game
14 of keno as an authorized game pursuant to section 5 of P.L.1977,
15 c.110 (C.5:12-5), as amended, keno tickets may be sold or redeemed
16 in accordance with commission regulations at any location in a casino
17 hotel approved by the commission for such activity.

18 b. Gaming equipment shall not be possessed, maintained or
19 exhibited by any person on the premises of a casino hotel except in a
20 casino room, in the simulcasting facility, or in restricted casino areas
21 used for the inspection, repair or storage of such equipment and
22 specifically designated for that purpose by the casino licensee with the
23 approval of the commission. Gaming equipment which supports the
24 conduct of gaming in a casino or simulcasting facility but does not
25 permit or require patron access, such as computers, may be possessed
26 and maintained by a casino licensee in restricted casino areas
27 specifically designated for that purpose by the casino licensee with the
28 approval of the commission. No gaming equipment shall be possessed,
29 maintained, exhibited, brought into or removed from a casino room or
30 simulcasting facility by any person unless such equipment is necessary
31 to the conduct of an authorized game, has permanently affixed,
32 imprinted, impressed or engraved thereon an identification number or
33 symbol authorized by the commission, is under the exclusive control
34 of a casino licensee or his employees, and is brought into or removed
35 from the casino room or simulcasting facility following 24-hour prior
36 notice given to an authorized agent of the commission.

37 Notwithstanding any other provision of this section, equipment
38 which supports a multi-casino progressive slot system and links and
39 interconnects slot machines of two or more casino licensees but is
40 inaccessible to patrons, such as computers, may, with the approval of
41 the commission, be possessed, maintained and operated by a casino
42 licensee either in a restricted area on the premises of a casino hotel or
43 in a secure facility specifically designed for that purpose off the
44 premises of a casino hotel but within the city limits of the City of
45 Atlantic City.

46 Notwithstanding the foregoing, a person may, with the prior

1 approval of the commission and under such terms and conditions as
2 may be required by the commission, possess, maintain or exhibit
3 gaming equipment in any other area of the casino hotel; provided such
4 equipment is used for nongaming purposes.

5 c. Each casino hotel shall contain a count room and such other
6 secure facilities as may be required by the commission for the counting
7 and storage of cash, coins, tokens and checks received in the conduct
8 of gaming and for the inspection, counting and storage of dice, cards,
9 chips and other representatives of value. All drop boxes and other
10 devices wherein cash, coins, or tokens are deposited at the gaming
11 tables or in slot machines, and all areas wherein such boxes and
12 devices are kept while in use, shall be equipped with two locking
13 devices, one key to which shall be under the exclusive control of the
14 commission and the other under the exclusive control of the casino
15 licensee, and said drop boxes and other devices shall not be brought
16 into or removed from a casino room or simulcasting facility, or locked
17 or unlocked, except at such times, in such places, and according to
18 such procedures as the commission may require.

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

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

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

37 g. Each gaming table shall be equipped with a sign indicating the
38 permissible minimum and maximum wagers pertaining thereto. It shall
39 be unlawful for a casino licensee to require any wager to be greater
40 than the stated minimum or less than the stated maximum; provided,
41 however, that any wager actually made by a patron and not rejected by
42 a casino licensee prior to the commencement of play shall be treated
43 as a valid wager.

44 h. (1) No slot machine shall be used to conduct gaming unless it is
45 identical in all electrical, mechanical and other aspects to a model
46 thereof which has been specifically tested by the division and licensed

1 for use by the commission. The division may, in its discretion, and for
2 the purpose of expediting the approval process, refer testing to any
3 testing laboratory with a plenary license as a casino service industry
4 pursuant to subsection a. of section 92 of P.L.1977, c.110
5 (C.5:12-92). The division shall give priority to the testing of slot
6 machines which a casino licensee has certified it will use in its casino
7 in this State. The commission shall, by regulation, establish such
8 technical standards for licensure of slot machines, including mechanical
9 and electrical reliability, security against tampering, the
10 comprehensibility of wagering, and noise and light levels, as it may
11 deem necessary to protect the player from fraud or deception and to
12 insure the integrity of gaming. The denominations of such machines
13 shall be set by the licensee; the licensee shall simultaneously notify the
14 commission of the settings.

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

17 (a) promote optimum security for casino operations;

18 (b) avoid deception or frequent distraction to players at gaming
19 tables;

20 (c) promote the comfort of patrons;

21 (d) create and maintain a gracious playing environment in the
22 casino; and

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

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

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

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

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

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

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

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

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

29 (2) A dealer may accept tips or gratuities from a patron at the table
30 at which such dealer is conducting play, subject to the provisions of
31 this subsection. All such tips or gratuities shall be immediately
32 deposited in a lockbox reserved for that purpose, accounted for, and
33 placed in a pool for distribution pro rata among the dealers, with the
34 distribution based upon the number of hours each dealer has worked,
35 except that the commission may permit a separate pool to be
36 established for dealers in the game of poker, or may permit tips or
37 gratuities to be retained by individual dealers in the game of poker.

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

42 (cf: P.L.2002, c.65, s.22)

43
44 8. Section 101 of P.L.1977, c.110 (C.5:12-101) is amended to read
45 as follows:

46 101. a. Except as otherwise provided in this section, no casino

1 licensee or any person licensed under this act, and no person acting on
2 behalf of or under any arrangement with a casino licensee or other
3 person licensed under this act, shall:

4 (1) Cash any check, make any loan, or otherwise provide or allow
5 to any person any credit or advance of anything of value or which
6 represents value to enable any person to take part in gaming or
7 simulcast wagering activity as a player; or

8 (2) Release or discharge any debt, either in whole or in part, or
9 make any loan which represents any losses incurred by any player in
10 gaming or simulcast wagering activity, without maintaining a written
11 record thereof in accordance with the rules of the commission.

12 b. No casino licensee or any person licensed under this act, and no
13 person acting on behalf of or under any arrangement with a casino
14 licensee or other person licensed under this act, may accept a check,
15 other than a recognized traveler's check or other cash equivalent from
16 any person to enable such person to take part in gaming or simulcast
17 wagering activity as a player, or may give cash or cash equivalents in
18 exchange for such check unless:

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

20 (2) The check is dated, but not postdated;

21 (3) The check is presented to the cashier or the cashier's
22 representative at a location in the casino approved by the commission
23 and is exchanged for cash or slot tokens which total an amount equal
24 to the amount for which the check is drawn, or the check is presented
25 to the cashier's representative at a gaming table in exchange for chips
26 which total an amount equal to the amount for which the check is
27 drawn; and

28 (4) The regulations concerning check cashing procedures are
29 observed by the casino licensee and its employees and agents.

30 Nothing in this subsection shall be deemed to preclude the
31 establishment of an account by any person with a casino licensee by a
32 deposit of cash, recognized traveler's check or other cash equivalent,
33 or a check which meets the requirements of subsection g. of this
34 section, or to preclude the withdrawal, either in whole or in part, of
35 any amount contained in such account.

36 c. When a casino licensee or other person licensed under this act,
37 or any person acting on behalf of or under any arrangement with a
38 casino licensee or other person licensed under this act, cashes a check
39 in conformity with the requirements of subsection b. of this section,
40 the casino licensee shall cause the deposit of such check in a bank for
41 collection or payment, or shall require an attorney or casino key
42 employee with no incompatible functions to present such check to the
43 drawer's bank for payment, within (1) seven calendar days of the date
44 of the transaction for a check in an amount of \$1,000.00 or less; (2)
45 14 calendar days of the date of the transaction for a check in an
46 amount greater than \$1,000.00 but less than or equal to \$5,000.00; or

1 (3) 45 calendar days of the date of the transaction for a check in an
2 amount greater than \$5,000.00. Notwithstanding the foregoing, the
3 drawer of the check may redeem the check by exchanging cash, cash
4 equivalents, chips, or a check which meets the requirements of
5 subsection g. of this section in an amount equal to the amount for
6 which the check is drawn; or he may redeem the check in part by
7 exchanging cash, cash equivalents, chips, or a check which meets the
8 requirements of subsection g. of this section and another check which
9 meets the requirements of subsection b. of this section for the
10 difference between the original check and the cash, cash equivalents,
11 chips, or check tendered; or he may issue one check which meets the
12 requirements of subsection b. of this section in an amount sufficient to
13 redeem two or more checks drawn to the order of the casino licensee.
14 If there has been a partial redemption or a consolidation in conformity
15 with the provisions of this subsection, the newly issued check shall be
16 delivered to a bank for collection or payment or presented to the
17 drawer's bank for payment by an attorney or casino key employee with
18 no incompatible functions within the period herein specified. No casino
19 licensee or any person licensed under this act, and no person acting on
20 behalf of or under any arrangement with a casino licensee or other
21 person licensed under this act, shall accept any check or series of
22 checks in redemption or consolidation of another check or checks in
23 accordance with this subsection for the purpose of avoiding or
24 delaying the deposit of a check in a bank for collection or payment or
25 the presentment of the check to the drawer's bank within the time
26 period prescribed by this subsection.

27 In computing a time period prescribed by this subsection, the last
28 day of the period shall be included unless it is a Saturday, Sunday, or
29 a State or federal holiday, in which event the time period shall run until
30 the next business day.

31 d. No casino licensee or any other person licensed under this act,
32 or any other person acting on behalf of or under any arrangement with
33 a casino licensee or other person licensed under this act, shall transfer,
34 convey, or give, with or without consideration, a check cashed in
35 conformity with the requirements of this section to any person other
36 than:

37 (1) The drawer of the check upon redemption or consolidation in
38 accordance with subsection c. of this section;

39 (2) A bank for collection or payment of the check;

40 (3) A purchaser of the casino license as approved by the
41 commission; or

42 (4) An attorney or casino key employee with no incompatible
43 functions for presentment to the drawer's bank.

44 The limitation on transferability of checks imposed herein shall
45 apply to checks returned by any bank to the casino licensee without
46 full and final payment.

1 e. No person other than one licensed as a casino key employee or
2 as a casino employee may engage in efforts to collect upon checks that
3 have been returned by banks without full and final payment, except
4 that an attorney-at-law representing a casino licensee may bring action
5 for such collection.

6 f. Notwithstanding the provisions of any law to the contrary,
7 checks cashed in conformity with the requirements of this act shall be
8 valid instruments, enforceable at law in the courts of this State. Any
9 check cashed, transferred, conveyed or given in violation of this act
10 shall be invalid and unenforceable for the purposes of collection but
11 shall be included in the calculation of gross revenue pursuant to
12 section 24 of P.L.1977, c.110 (C.5:12-24).

13 g. Notwithstanding the provisions of subsection b. of this section
14 to the contrary, a casino licensee may accept a check from a person to
15 enable the person to take part in gaming or simulcast wagering activity
16 as a player, may give cash or cash equivalents in exchange for such a
17 check, or may accept a check in redemption or partial redemption of
18 a check issued in accordance with subsection b., provided that:

19 (1) (a) The check is drawn by a casino licensee pursuant to the
20 provisions of subsection k. of section 100 of P.L.1977, c.110
21 (C.5:12-100) or upon a withdrawal of funds from an account
22 established in accordance with the provisions of subsection b. of this
23 section or is drawn by a casino licensee as payment for winnings from
24 an authorized game or simulcast wagers;

25 (b) The check is issued by a banking institution which is chartered
26 in a country other than the United States on its account at a federally
27 chartered or state-chartered bank and is made payable to "cash,"
28 "bearer," a casino licensee, or the person presenting the check;

29 (c) The check is issued by a banking institution which is chartered
30 in the United States on its account at another federally chartered or
31 state-chartered bank and is made payable to "cash," "bearer," a casino
32 licensee, or the person presenting the check;

33 (d) The check is issued by [an annuity jackpot trust] a slot system
34 operator or pursuant to an annuity jackpot guarantee as payment for
35 winnings from [an annuity] a multi-casino progressive slot machine
36 system jackpot; or

37 (e) The check is issued by an affiliate of a casino licensee that holds
38 a gaming license in any jurisdiction;

39 (2) The check is identifiable in a manner approved by the
40 commission as a check issued for a purpose listed in paragraph (1) of
41 this subsection;

42 (3) The check is dated, but not postdated;

43 (4) The check is presented to the cashier or the cashier's
44 representative by the original payee and its validity is verified by the
45 drawer in the case of a check drawn pursuant to subparagraph (a) of
46 paragraph (1) of this subsection, or the check is verified in accordance

1 with regulations promulgated by the commission in the case of a check
2 issued pursuant to subparagraph (b), (c), (d) or (e) of paragraph (1) of
3 this subsection; and

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

6 No casino licensee shall issue a check for the purpose of making a
7 loan or otherwise providing or allowing any advance or credit to a
8 person to enable the person to take part in gaming or simulcast
9 wagering activity as a player.

10 h. Notwithstanding the provisions of subsection b. and subsection
11 c. of this section to the contrary, a casino licensee may, at a location
12 outside the casino, accept a personal check or checks from a person
13 for up to \$5,000 in exchange for cash or cash equivalents, and may, at
14 such locations within the casino or casino simulcasting facility as may
15 be permitted by the commission, accept a personal check or checks for
16 up to \$5,000 in exchange for cash, cash equivalents, tokens, chips, or
17 plaques to enable the person to take part in gaming or simulcast
18 wagering activity as a player, provided that:

19 (a) The check is drawn on the patron's bank or brokerage cash
20 management account;

21 (b) The check is for a specific amount;

22 (c) The check is made payable to the casino licensee;

23 (d) The check is dated but not post-dated;

24 (e) The patron's identity is established by examination of one of the
25 following: valid credit card, driver's license, passport, or other form
26 of identification credential which contains, at a minimum, the patron's
27 signature;

28 (f) The check is restrictively endorsed "For Deposit Only" to the
29 casino licensee's bank account and deposited on the next banking day
30 following the date of the transaction;

31 (g) The total amount of personal checks accepted by any one
32 licensee pursuant to this subsection that are outstanding at any time,
33 including the current check being submitted, does not exceed \$5,000;

34 (h) The casino licensee has an approved system of internal controls
35 in place that will enable it to determine the amount of outstanding
36 personal checks received from any patron pursuant to this subsection
37 at any given point in time; and

38 (i) The casino licensee maintains a record of each such transaction
39 in accordance with regulations established by the commission.

40 i. Checks cashed pursuant to the provisions of subsection h. of this
41 section which are subsequently uncollectible may not be deducted from
42 the total of all sums received in calculating gross revenue pursuant to
43 section 24 of P.L.1977, c.110 (C.5:12-24).

44 j. A person may request the commission to put that person's name
45 on a list of persons to whom the extension of credit by a casino as
46 provided in this section would be prohibited by submitting to the

1 commission the person's name, address, and date of birth. The person
2 does not need to provide a reason for this request. The commission
3 shall provide this list to the credit department of each casino; neither
4 the commission nor the credit department of a casino shall divulge the
5 names on this list to any person or entity other than those provided for
6 in this subsection. If such a person wishes to have that person's name
7 removed from the list, the person shall submit this request to the
8 commission, which shall so inform the credit departments of casinos
9 no later than three days after the submission of the request.

10 k. Notwithstanding the provisions of paragraph (4) of subsection
11 b. of this section to the contrary, a casino licensee may, prior to the
12 completion of the verifications that are otherwise required by the rules
13 of the commission for a casino licensee to issue credit, accept a check
14 from a person to enable such person to take part in gaming or
15 simulcast wagering as a player, or may give cash or cash equivalents
16 in exchange for such check, provided that:

17 (1) the casino licensee records in the credit file of the person:

18 (a) the efforts that were made to complete the required verifications
19 and the reasons why the verifications could not be completed; and

20 (b) a description of the criteria that were relied upon in determining
21 to issue credit to the person prior to the completion of the required
22 verifications;

23 (2) the check otherwise complies with the requirements of
24 subsection b. of this section and is processed by the casino licensee in
25 accordance with all other provisions of this section and the regulations
26 of the commission; and

27 (3) any check accepted by a casino licensee pursuant to the
28 provisions of this subsection:

29 (a) is clearly marked as such in a manner approved by the
30 commission; and

31 (b) may not be deducted from the total of all sums received in
32 calculating gross revenue pursuant to section 24 of P.L.1977, c.110
33 (C.5:12-24), even if such check should subsequently prove
34 uncollectible or the casino licensee completes all of the required
35 verifications prior to its deposit or presentment.

36 (cf: P.L.2002, c.65, s.23)

37

38 9. This act shall take effect immediately.

39

40

41

STATEMENT

42

43 This bill makes changes to the Casino Control Act concerning
44 agreements between casino licensees and gaming-related casino service
45 industry licensees with regard to the operation and administration of
46 multi-casino progressive slot machines and the payment of the

1 jackpots, including annuity jackpots.

2 Under current law, casino licensees provide for the operation and
3 administration of multi-casino progressive slot machines and payment
4 of jackpots through the establishment of a trust. In the case of annuity
5 jackpots, in particular, by way of the trust the casino licensees ensure
6 the future annuity payments regardless of the casino licensees' financial
7 condition. Before the enactment of P.L.2003, c.116 in June 2003,
8 only the casino licensees could provide for the payment of these
9 jackpots and the operation and administration of multi-casino
10 progressive slot machines, whether by trust or some other
11 arrangement. P.L.2003, c.116 provided in part that a gaming-related
12 casino service industry licensee could fulfill this role pursuant to an
13 agreement with the casino licensees.

14 However, notwithstanding such an agreement between the casino
15 licensees and the casino service industry licensee, current law provides
16 that the casino licensees would be jointly and severally liable for all
17 acts, omissions and violations of the Casino Control Act committed by
18 the casino service industry licensee in its role as the operator and
19 administrator of the multi-casino progressive slot machines and the
20 entity responsible for making the jackpot payments. The liability issue
21 has prevented the casino licensees and a casino service industry
22 licensee from reaching an agreement regarding multi-casino
23 progressive slot machines.

24 This bill clarifies the scope of an agreement between a casino
25 licensee and a casino service industry licensee with regard to a multi-
26 casino progressive slot machine system, and provides that with regard
27 to such agreements, casino licensees are not jointly and severally liable
28 for the actions, omissions and violations of the casino service industry
29 licensee.

ASSEMBLY TOURISM AND GAMING COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3214

with committee amendments

STATE OF NEW JERSEY

DATED: SEPTEMBER 23, 2004

The Assembly Tourism and Gaming Committee reports favorably and with committee amendments Assembly, No. 3214.

As amended by the committee, this bill makes changes to the Casino Control Act concerning agreements between casino licensees and gaming-related casino service industry licensees with regard to the operation and administration of multi-casino progressive slot machines and the payment of the jackpots, including annuity jackpots.

Under current law, casino licensees provide for the operation and administration of multi-casino progressive slot machines and payment of jackpots through the establishment of a trust. In the case of annuity jackpots, in particular, by way of the trust the casino licensees ensure the future annuity payments regardless of the casino licensees' financial condition. Before the enactment of P.L.2003, c.116 in June 2003, only the casino licensees could provide for the payment of these jackpots and the operation and administration of multi-casino progressive slot machines, whether by trust or some other arrangement. P.L.2003, c.116 provided in part that a gaming-related casino service industry licensee could fulfill this role pursuant to an agreement with the casino licensees.

However, notwithstanding such an agreement between the casino licensees and the casino service industry licensee, current law provides that the casino licensees would be jointly and severally liable for all acts, omissions and violations of the Casino Control Act committed by the casino service industry licensee in its role as the operator and administrator of the multi-casino progressive slot machines and the entity responsible for making the jackpot payments. The liability issue has prevented the casino licensees and a casino service industry licensee from reaching an agreement regarding multi-casino progressive slot machines.

This bill as amended clarifies the scope of an agreement between a casino licensee and a casino service industry licensee with regard to a multi-casino progressive slot machine system, and provides that with regard to such agreements, casino licensees are not jointly and

severally liable for the actions, omissions and violations of the casino service industry licensee.

COMMITTEE AMENDMENT

The committee adopted a technical amendment to update section 8 of the bill to reflect a recent change to the statutory law.

SENATE, No. 1894

STATE OF NEW JERSEY
211th LEGISLATURE

INTRODUCED OCTOBER 4, 2004

Sponsored by:

Senator WILLIAM L. GORMLEY

District 2 (Atlantic)

Senator BARBARA BUONO

District 18 (Middlesex)

SYNOPSIS

Concerns regulation of certain agreements between casino and casino service industry licensees.

CURRENT VERSION OF TEXT

As introduced.



S1894 GORMLEY, BUONO

2

1 AN ACT concerning the regulation of casino gambling and amending
2 P.L.1995, c.18 and amending and supplementing P.L.1977, c.110
3 (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. (New section) "Annuity jackpot" - A slot machine jackpot
9 offered by a casino licensee or multi-casino progressive slot machine
10 system pursuant to which a patron wins the right to receive fixed cash
11 payments at specified intervals in the future.

12

13 2. Section 3 of P.L.1995, c.18 (C.5:12-2.2) is amended to read as
14 follows:

15 3. "Annuity jackpot [trust] guarantee"-- A [trust that is formed by
16 one or more casino licensees,] financial arrangement established in
17 accordance with the rules [established by] of the commission[,] to
18 assure that all payments that are due to the winner of [a slot machine]
19 an annuity jackpot [that is to be paid in installments at specified
20 intervals in the future] are actually paid when due regardless of the
21 future financial stability of the slot system operator that is responsible
22 for making such payments.

23 (cf: P.L. 1995, c.18, s.3)

24

25 3. (New section) "Multi-casino progressive slot machine system"-
26 A slot machine gaming system approved by the commission pursuant
27 to which a common progressive slot machine jackpot is offered on slot
28 machines that are interconnected in more than one casino hotel facility.

29

30 4. (New section) "Slot system agreement" - A written agreement
31 governing the operation and administration of a multi-casino
32 progressive slot machine system that is approved by the commission
33 and executed by the participating casino licensees and any slot system
34 operator.

35

36 5. (New section) "Slot system operator" - Any person designated
37 in a slot system agreement as being responsible for the operation and
38 administration of a multi-casino progressive slot machine system,
39 including a casino licensee, a group of casino licensees acting jointly
40 or a casino service industry licensed pursuant to subsection a. of
41 section 92 of P.L.1977, c.110 (C.5:12-92), or an eligible applicant for
42 such license.

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

Matter underlined thus is new matter.

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

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

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

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

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

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

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

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

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

45 (2) The commission, with the concurrence of the Attorney General
46 which may not be unreasonably withheld, may determine that any

1 owner, lessor or lessee of an approved casino hotel or the land
2 thereunder who does not own or lease the entire approved casino hotel
3 shall not be eligible to hold or required to hold a casino license;

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

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

11 (5) As to agreements to lease an approved casino hotel or the land
12 thereunder, unless it expressly and by formal vote for good cause
13 determines otherwise, the commission shall require that each party
14 thereto hold either a casino license or casino service industry license
15 and that such an agreement be for a durational term exceeding 30
16 years, concern 100% of the entire approved casino hotel or of the land
17 upon which same is located, and include within its terms a buy-out
18 provision conferring upon the casino licensee-lessee who controls the
19 operation of the approved casino hotel the absolute right to purchase
20 for an expressly set forth fixed sum the entire interest of the lessor or
21 any person associated with the lessor in the approved casino hotel or
22 the land thereunder in the event that said lessor or said person
23 associated with the lessor is found by the commission to be unsuitable
24 to be associated with a casino enterprise;

25 (6) The commission shall not permit an agreement for the leasing
26 of an approved casino hotel or the land thereunder to provide for the
27 payment of an interest, percentage or share of money gambled at the
28 casino or derived from casino gaming activity or of revenues or profits
29 of the casino unless the party receiving payment of such interest,
30 percentage or share is a party to the approved lease agreement; unless
31 each party to the lease agreement holds either a casino license or
32 casino service industry license and unless the agreement is for a
33 durational term exceeding 30 years, concerns a significant portion of
34 the entire approved casino hotel or of the land upon which same is
35 located, and includes within its terms a buy-out provision conforming
36 to that described in paragraph (5) above;

37 (7) As to agreements for the management of a casino and, if
38 applicable, the authorized games in a casino simulcasting facility, the
39 commission shall require that each party thereto hold a casino license,
40 that the party thereto who is to manage the casino gaming operations
41 own at least 10% of all outstanding equity securities of any casino
42 licensee or of any eligible applicant for a casino license if the said
43 licensee or applicant is a corporation and the ownership of an
44 equivalent interest in any casino licensee or in any eligible applicant for
45 a casino license if same is not a corporation, and that such an
46 agreement be for the complete management of all casino space in the

1 casino hotel and, if applicable, all authorized games in a casino
2 simulcasting facility, provide for the sole and unrestricted power to
3 direct the casino gaming operations of the casino hotel which is the
4 subject of the agreement, and be for such a durational term as to
5 assure reasonable continuity, stability and independence in the
6 management of the casino gaming operations, provided that the
7 provisions of this paragraph shall not apply to [agreements relating to
8 the operation of a multi-casino progressive slot machine system] a slot
9 system agreement between a group of casino licensees and a casino
10 service industry licensed pursuant to subsection a. of section 92 of
11 P.L.1977, c.110 (C.5:12-92), or an eligible applicant for such license,
12 and that, with regard to such agreements, the casino service industry
13 licensee or applicant may operate and administer the multi-casino
14 progressive slot machine system, including, but not limited to, the
15 operation of a monitor room [and] or the payment of [the]
16 progressive jackpots [from a fund of contributions from participating
17 casino licensees, provided that the consideration charged to the casino
18 licensees for the operation and administration of the monitor room
19 shall not exceed the actual direct costs of operating and administering
20 the monitor room], including annuity jackpots, or both, and further
21 provided that the obligation to pay a progressive jackpot or establish
22 an annuity jackpot guarantee shall be the sole responsibility of the
23 casino licensee or casino service industry licensee or applicant
24 designated in the slot system agreement and that no other party shall
25 be jointly or severally liable for the payment or funding of such
26 jackpots or guarantees unless such liability is specifically established
27 in the slot system agreement;

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

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

45 (10) As to agreements to lease an approved casino hotel or the
46 land thereunder, agreements to jointly own an approved casino hotel

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

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

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

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

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

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

34 (5) The corporation shall maintain all operating accounts required
35 by the commission in a bank in New Jersey, except that a casino
36 licensee may establish deposit-only accounts in any jurisdiction in
37 order to obtain payment of any check described in section 101 of
38 P.L.1977, c.110 (C.5:12-101);

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

43 (7) The corporation, if it is not a publicly traded corporation, shall
44 file with the commission such adopted corporate charter provisions as
45 may be necessary to establish the right of prior approval by the
46 commission with regard to transfers of securities, shares, and other

1 interests in the applicant corporation; and, if it is a publicly traded
2 corporation, provide in its corporate charter that any securities of such
3 corporation are held subject to the condition that if a holder thereof is
4 found to be disqualified by the commission pursuant to the provisions
5 of this act, such holder shall dispose of his interest in the corporation;
6 provided, however, that, notwithstanding the provisions of
7 N.J.S.14A:7-12 and N.J.S.12A:8-101 et seq., nothing herein shall be
8 deemed to require that any security of such corporation bear any
9 legend to this effect;

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

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

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

28 Notwithstanding the foregoing, any corporation or company which
29 had bylaw provisions approved by the commission prior to the
30 effective date of this 1987 amendatory act shall have one year from the
31 effective date of this 1987 amendatory act to adopt appropriate charter
32 provisions in accordance with the requirements of this subsection.

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

37 e. No person shall be issued or be the holder of a casino license if
38 the issuance or the holding results in undue economic concentration in
39 Atlantic City casino operations by that person. The commission shall,
40 after conducting public hearings thereon, promulgate rules and
41 regulations in accordance with the "Administrative Procedure Act,"
42 P.L.1968, c.410 (C.52:14B-1 et seq.) defining the criteria the
43 commission will use in determining what constitutes undue economic
44 concentration. For the purpose of this subsection a person shall be
45 considered the holder of a casino license if such license is issued to
46 such person or if such license is held by any holding, intermediary or
47 subsidiary company thereof, or by any officer, director, casino key

1 employee or principal employee of such person, or of any holding,
2 intermediary or subsidiary company thereof.

3 (cf: P.L.2003, c.116, s.1)

4

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

7 100. a. This act shall not be construed to permit any gaming
8 except the conduct of authorized games in a casino room in
9 accordance with this act and the regulations promulgated hereunder
10 and in a simulcasting facility to the extent provided by the "Casino
11 Simulcasting Act," P.L.1992, c.19 (C.5:12-191 et al.).
12 Notwithstanding the foregoing, if the commission approves the game
13 of keno as an authorized game pursuant to section 5 of P.L.1977,
14 c.110 (C.5:12-5), as amended, keno tickets may be sold or redeemed
15 in accordance with commission regulations at any location in a casino
16 hotel approved by the commission for such activity.

17 b. Gaming equipment shall not be possessed, maintained or
18 exhibited by any person on the premises of a casino hotel except in a
19 casino room, in the simulcasting facility, or in restricted casino areas
20 used for the inspection, repair or storage of such equipment and
21 specifically designated for that purpose by the casino licensee with the
22 approval of the commission. Gaming equipment which supports the
23 conduct of gaming in a casino or simulcasting facility but does not
24 permit or require patron access, such as computers, may be possessed
25 and maintained by a casino licensee in restricted casino areas
26 specifically designated for that purpose by the casino licensee with the
27 approval of the commission. No gaming equipment shall be possessed,
28 maintained, exhibited, brought into or removed from a casino room or
29 simulcasting facility by any person unless such equipment is necessary
30 to the conduct of an authorized game, has permanently affixed,
31 imprinted, impressed or engraved thereon an identification number or
32 symbol authorized by the commission, is under the exclusive control
33 of a casino licensee or his employees, and is brought into or removed
34 from the casino room or simulcasting facility following 24-hour prior
35 notice given to an authorized agent of the commission.

36 Notwithstanding any other provision of this section, equipment
37 which supports a multi-casino progressive slot system and links and
38 interconnects slot machines of two or more casino licensees but is
39 inaccessible to patrons, such as computers, may, with the approval of
40 the commission, be possessed, maintained and operated by a casino
41 licensee either in a restricted area on the premises of a casino hotel or
42 in a secure facility specifically designed for that purpose off the
43 premises of a casino hotel but within the city limits of the City of
44 Atlantic City.

45 Notwithstanding the foregoing, a person may, with the prior
46 approval of the commission and under such terms and conditions as
47 may be required by the commission, possess, maintain or exhibit

- 1 gaming equipment in any other area of the casino hotel; provided such
2 equipment is used for nongaming purposes.
- 3 c. Each casino hotel shall contain a count room and such other
4 secure facilities as may be required by the commission for the counting
5 and storage of cash, coins, tokens and checks received in the conduct
6 of gaming and for the inspection, counting and storage of dice, cards,
7 chips and other representatives of value. All drop boxes and other
8 devices wherein cash, coins, or tokens are deposited at the gaming
9 tables or in slot machines, and all areas wherein such boxes and
10 devices are kept while in use, shall be equipped with two locking
11 devices, one key to which shall be under the exclusive control of the
12 commission and the other under the exclusive control of the casino
13 licensee, and said drop boxes and other devices shall not be brought
14 into or removed from a casino room or simulcasting facility, or locked
15 or unlocked, except at such times, in such places, and according to
16 such procedures as the commission may require.
- 17 d. All chips used in gaming shall be of such size and uniform color
18 by denomination as the commission shall require by regulation.
- 19 e. All gaming shall be conducted according to rules promulgated
20 by the commission. All wagers and pay-offs of winning wagers shall
21 be made according to rules promulgated by the commission, which
22 shall establish such limitations as may be necessary to assure the
23 vitality of casino operations and fair odds to patrons. Each slot
24 machine shall have a minimum payout of 83%.
- 25 f. Each casino licensee shall make available in printed form to any
26 patron upon request the complete text of the rules of the commission
27 regarding games and the conduct of gaming, pay-offs of winning
28 wagers, an approximation of the odds of winning for each wager, and
29 such other advice to the player as the commission shall require. Each
30 casino licensee shall prominently post within a casino room and
31 simulcasting facility, as appropriate, according to regulations of the
32 commission such information about gaming rules, pay-offs of winning
33 wagers, the odds of winning for each wager, and such other advice to
34 the player as the commission shall require.
- 35 g. Each gaming table shall be equipped with a sign indicating the
36 permissible minimum and maximum wagers pertaining thereto. It shall
37 be unlawful for a casino licensee to require any wager to be greater
38 than the stated minimum or less than the stated maximum; provided,
39 however, that any wager actually made by a patron and not rejected by
40 a casino licensee prior to the commencement of play shall be treated
41 as a valid wager.
- 42 h. (1) No slot machine shall be used to conduct gaming unless it
43 is identical in all electrical, mechanical and other aspects to a model
44 thereof which has been specifically tested by the division and licensed
45 for use by the commission. The division may, in its discretion, and for
46 the purpose of expediting the approval process, refer testing to any
47 testing laboratory with a plenary license as a casino service industry

1 pursuant to subsection a. of section 92 of P.L.1977, c.110
2 (C.5:12-92). The division shall give priority to the testing of slot
3 machines which a casino licensee has certified it will use in its casino
4 in this State. The commission shall, by regulation, establish such
5 technical standards for licensure of slot machines, including mechanical
6 and electrical reliability, security against tampering, the
7 comprehensibility of wagering, and noise and light levels, as it may
8 deem necessary to protect the player from fraud or deception and to
9 insure the integrity of gaming. The denominations of such machines
10 shall be set by the licensee; the licensee shall simultaneously notify the
11 commission of the settings.

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

14 (a) promote optimum security for casino operations;

15 (b) avoid deception or frequent distraction to players at gaming
16 tables;

17 (c) promote the comfort of patrons;

18 (d) create and maintain a gracious playing environment in the
19 casino; and

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

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

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

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

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

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

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

1 n. It shall be unlawful for any casino key employee or any person
2 who is required to hold a casino key employee license as a condition
3 of employment or qualification to wager in any casino or simulcasting
4 facility in this State, or any casino employee, other than a junket
5 representative, bartender, waiter, waitress, or other casino employee
6 who, in the judgment of the commission, is not directly involved with
7 the conduct of gaming operations, to wager in a casino or simulcasting
8 facility in the casino hotel in which the employee is employed or in any
9 other casino or simulcasting facility in this State which is owned or
10 operated by the same casino licensee. Any casino employee, other
11 than a junket representative, bartender, waiter, waitress, or other
12 casino employee who, in the judgment of the commission, is not
13 directly involved with the conduct of gaming operations, must wait at
14 least 30 days following the date that the employee either leaves
15 employment with a casino licensee or is terminated from employment
16 with a casino licensee before the employee may gamble in a casino or
17 simulcasting facility in the casino hotel in which the employee was
18 formerly employed or in any other casino or simulcasting facility in this
19 State which is owned or operated by the same casino licensee.

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

25 (2) A dealer may accept tips or gratuities from a patron at the table
26 at which such dealer is conducting play, subject to the provisions of
27 this subsection. All such tips or gratuities shall be immediately
28 deposited in a lockbox reserved for that purpose, accounted for, and
29 placed in a pool for distribution pro rata among the dealers, with the
30 distribution based upon the number of hours each dealer has worked,
31 except that the commission may permit a separate pool to be
32 established for dealers in the game of poker, or may permit tips or
33 gratuities to be retained by individual dealers in the game of poker.

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

38 (cf: P.L.2002, c.65, s.22)

39

40 8. Section 101 of P.L.1977, c.110 (C.5:12-101) is amended to read
41 as follows:

42 101. a. Except as otherwise provided in this section, no casino
43 licensee or any person licensed under this act, and no person acting on
44 behalf of or under any arrangement with a casino licensee or other
45 person licensed under this act, shall:

46 (1) Cash any check, make any loan, or otherwise provide or allow
47 to any person any credit or advance of anything of value or which

1 represents value to enable any person to take part in gaming or
2 simulcast wagering activity as a player; or

3 (2) Release or discharge any debt, either in whole or in part, or
4 make any loan which represents any losses incurred by any player in
5 gaming or simulcast wagering activity, without maintaining a written
6 record thereof in accordance with the rules of the commission.

7 b. No casino licensee or any person licensed under this act, and no
8 person acting on behalf of or under any arrangement with a casino
9 licensee or other person licensed under this act, may accept a check,
10 other than a recognized traveler's check or other cash equivalent from
11 any person to enable such person to take part in gaming or simulcast
12 wagering activity as a player, or may give cash or cash equivalents in
13 exchange for such check unless:

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

15 (2) The check is dated, but not postdated;

16 (3) The check is presented to the cashier or the cashier's
17 representative at a location in the casino approved by the commission
18 and is exchanged for cash or slot tokens which total an amount equal
19 to the amount for which the check is drawn, or the check is presented
20 to the cashier's representative at a gaming table in exchange for chips
21 which total an amount equal to the amount for which the check is
22 drawn; and

23 (4) The regulations concerning check cashing procedures are
24 observed by the casino licensee and its employees and agents.

25 Nothing in this subsection shall be deemed to preclude the
26 establishment of an account by any person with a casino licensee by a
27 deposit of cash, recognized traveler's check or other cash equivalent,
28 or a check which meets the requirements of subsection g. of this
29 section, or to preclude the withdrawal, either in whole or in part, of
30 any amount contained in such account.

31 c. When a casino licensee or other person licensed under this act,
32 or any person acting on behalf of or under any arrangement with a
33 casino licensee or other person licensed under this act, cashes a check
34 in conformity with the requirements of subsection b. of this section,
35 the casino licensee shall cause the deposit of such check in a bank for
36 collection or payment, or shall require an attorney or casino key
37 employee with no incompatible functions to present such check to the
38 drawer's bank for payment, within (1) seven calendar days of the date
39 of the transaction for a check in an amount of \$1,000.00 or less; (2)
40 14 calendar days of the date of the transaction for a check in an
41 amount greater than \$1,000.00 but less than or equal to \$5,000.00; or
42 (3) 45 calendar days of the date of the transaction for a check in an
43 amount greater than \$5,000.00. Notwithstanding the foregoing, the
44 drawer of the check may redeem the check by exchanging cash, cash
45 equivalents, chips, or a check which meets the requirements of
46 subsection g. of this section in an amount equal to the amount for
47 which the check is drawn; or he may redeem the check in part by

1 exchanging cash, cash equivalents, chips, or a check which meets the
2 requirements of subsection g. of this section and another check which
3 meets the requirements of subsection b. of this section for the
4 difference between the original check and the cash, cash equivalents,
5 chips, or check tendered; or he may issue one check which meets the
6 requirements of subsection b. of this section in an amount sufficient to
7 redeem two or more checks drawn to the order of the casino licensee.
8 If there has been a partial redemption or a consolidation in conformity
9 with the provisions of this subsection, the newly issued check shall be
10 delivered to a bank for collection or payment or presented to the
11 drawer's bank for payment by an attorney or casino key employee with
12 no incompatible functions within the period herein specified. No casino
13 licensee or any person licensed under this act, and no person acting on
14 behalf of or under any arrangement with a casino licensee or other
15 person licensed under this act, shall accept any check or series of
16 checks in redemption or consolidation of another check or checks in
17 accordance with this subsection for the purpose of avoiding or
18 delaying the deposit of a check in a bank for collection or payment or
19 the presentment of the check to the drawer's bank within the time
20 period prescribed by this subsection.

21 In computing a time period prescribed by this subsection, the last
22 day of the period shall be included unless it is a Saturday, Sunday, or
23 a State or federal holiday, in which event the time period shall run until
24 the next business day.

25 d. No casino licensee or any other person licensed under this act,
26 or any other person acting on behalf of or under any arrangement with
27 a casino licensee or other person licensed under this act, shall transfer,
28 convey, or give, with or without consideration, a check cashed in
29 conformity with the requirements of this section to any person other
30 than:

31 (1) The drawer of the check upon redemption or consolidation in
32 accordance with subsection c. of this section;

33 (2) A bank for collection or payment of the check;

34 (3) A purchaser of the casino license as approved by the
35 commission; or

36 (4) An attorney or casino key employee with no incompatible
37 functions for presentment to the drawer's bank.

38 The limitation on transferability of checks imposed herein shall
39 apply to checks returned by any bank to the casino licensee without
40 full and final payment.

41 e. No person other than one licensed as a casino key employee or
42 as a casino employee may engage in efforts to collect upon checks that
43 have been returned by banks without full and final payment, except
44 that an attorney-at-law representing a casino licensee may bring action
45 for such collection.

46 f. Notwithstanding the provisions of any law to the contrary,
47 checks cashed in conformity with the requirements of this act shall be

1 valid instruments, enforceable at law in the courts of this State. Any
2 check cashed, transferred, conveyed or given in violation of this act
3 shall be invalid and unenforceable for the purposes of collection but
4 shall be included in the calculation of gross revenue pursuant to
5 section 24 of P.L.1977, c.110 (C.5:12-24).

6 g. Notwithstanding the provisions of subsection b. of this section
7 to the contrary, a casino licensee may accept a check from a person to
8 enable the person to take part in gaming or simulcast wagering activity
9 as a player, may give cash or cash equivalents in exchange for such a
10 check, or may accept a check in redemption or partial redemption of
11 a check issued in accordance with subsection b., provided that:

12 (1) (a) The check is drawn by a casino licensee pursuant to the
13 provisions of subsection k. of section 100 of P.L.1977, c.110
14 (C.5:12-100) or upon a withdrawal of funds from an account
15 established in accordance with the provisions of subsection b. of this
16 section or is drawn by a casino licensee as payment for winnings from
17 an authorized game or simulcast wagers;

18 (b) The check is issued by a banking institution which is chartered
19 in a country other than the United States on its account at a federally
20 chartered or state-chartered bank and is made payable to "cash,"
21 "bearer," a casino licensee, or the person presenting the check;

22 (c) The check is issued by a banking institution which is chartered
23 in the United States on its account at another federally chartered or
24 state-chartered bank and is made payable to "cash," "bearer," a casino
25 licensee, or the person presenting the check;

26 (d) The check is issued by ~~[an annuity jackpot trust]~~ a slot system
27 operator or pursuant to an annuity jackpot guarantee as payment for
28 winnings from ~~[an annuity]~~ a multi-casino progressive slot machine
29 system jackpot; or

30 (e) The check is issued by an affiliate of a casino licensee that holds
31 a gaming license in any jurisdiction;

32 (2) The check is identifiable in a manner approved by the
33 commission as a check issued for a purpose listed in paragraph (1) of
34 this subsection;

35 (3) The check is dated, but not postdated;

36 (4) The check is presented to the cashier or the cashier's
37 representative by the original payee and its validity is verified by the
38 drawer in the case of a check drawn pursuant to subparagraph (a) of
39 paragraph (1) of this subsection, or the check is verified in accordance
40 with regulations promulgated by the commission in the case of a check
41 issued pursuant to subparagraph (b), (c), (d) or (e) of paragraph (1) of
42 this subsection; and

43 (5) The regulations concerning check cashing procedures are
44 observed by the casino licensee and its employees and agents.

45 No casino licensee shall issue a check for the purpose of making a
46 loan or otherwise providing or allowing any advance or credit to a
47 person to enable the person to take part in gaming or simulcast

- 1 wagering activity as a player.
- 2 h. Notwithstanding the provisions of subsection b. and subsection
3 c. of this section to the contrary, a casino licensee may, at a location
4 outside the casino, accept a personal check or checks from a person
5 for up to \$5,000 in exchange for cash or cash equivalents, and may, at
6 such locations within the casino or casino simulcasting facility as may
7 be permitted by the commission, accept a personal check or checks for
8 up to \$5,000 in exchange for cash, cash equivalents, tokens, chips, or
9 plaques to enable the person to take part in gaming or simulcast
10 wagering activity as a player, provided that:
- 11 (a) The check is drawn on the patron's bank or brokerage cash
12 management account;
- 13 (b) The check is for a specific amount;
- 14 (c) The check is made payable to the casino licensee;
- 15 (d) The check is dated but not post-dated;
- 16 (e) The patron's identity is established by examination of one of the
17 following: valid credit card, driver's license, passport, or other form
18 of identification credential which contains, at a minimum, the patron's
19 signature;
- 20 (f) The check is restrictively endorsed "For Deposit Only" to the
21 casino licensee's bank account and deposited on the next banking day
22 following the date of the transaction;
- 23 (g) The total amount of personal checks accepted by any one
24 licensee pursuant to this subsection that are outstanding at any time,
25 including the current check being submitted, does not exceed \$5,000;
- 26 (h) The casino licensee has an approved system of internal controls
27 in place that will enable it to determine the amount of outstanding
28 personal checks received from any patron pursuant to this subsection
29 at any given point in time; and
- 30 (i) The casino licensee maintains a record of each such transaction
31 in accordance with regulations established by the commission.
- 32 i. (Deleted by amendment, P.L.2004, c.128).
- 33 j. A person may request the commission to put that person's name
34 on a list of persons to whom the extension of credit by a casino as
35 provided in this section would be prohibited by submitting to the
36 commission the person's name, address, and date of birth. The person
37 does not need to provide a reason for this request. The commission
38 shall provide this list to the credit department of each casino; neither
39 the commission nor the credit department of a casino shall divulge the
40 names on this list to any person or entity other than those provided for
41 in this subsection. If such a person wishes to have that person's name
42 removed from the list, the person shall submit this request to the
43 commission, which shall so inform the credit departments of casinos
44 no later than three days after the submission of the request.
- 45 k. (Deleted by amendment, P.L.2004, c.128).
- 46 (cf: 2004, c.128, s.1)

1 9. This act shall take effect immediately.

2

3

4

STATEMENT

5

6 This bill makes changes to the Casino Control Act concerning
7 agreements between casino licensees and gaming-related casino service
8 industry licensees with regard to the operation and administration of
9 multi-casino progressive slot machines and the payment of the
10 jackpots, including annuity jackpots.

11 Under current law, casino licensees provide for the operation and
12 administration of multi-casino progressive slot machines and payment
13 of jackpots through the establishment of a trust. In the case of annuity
14 jackpots, in particular, by way of the trust the casino licensees ensure
15 the future annuity payments regardless of the casino licensees' financial
16 condition. Before the enactment of P.L.2003, c.116 in June 2003,
17 only the casino licensees could provide for the payment of these
18 jackpots and the operation and administration of multi-casino
19 progressive slot machines, whether by trust or some other
20 arrangement. P.L.2003, c.116 provided in part that a gaming-related
21 casino service industry licensee could fulfill this role pursuant to an
22 agreement with the casino licensees.

23 However, notwithstanding such an agreement between the casino
24 licensees and the casino service industry licensee, current law provides
25 that the casino licensees would be jointly and severally liable for all
26 acts, omissions and violations of the Casino Control Act committed by
27 the casino service industry licensee in its role as the operator and
28 administrator of the multi-casino progressive slot machines and the
29 entity responsible for making the jackpot payments. The liability issue
30 has prevented the casino licensees and a casino service industry
31 licensee from reaching an agreement regarding multi-casino
32 progressive slot machines.

33 This bill clarifies the scope of an agreement between a casino
34 licensee and a casino service industry licensee with regard to a multi-
35 casino progressive slot machine system, and provides that with regard
36 to such agreements, casino licensees are not jointly and severally liable
37 for the actions, omissions and violations of the casino service industry
38 licensee.

SENATE WAGERING, TOURISM AND HISTORIC
PRESERVATION COMMITTEE

STATEMENT TO

SENATE, No. 1894

STATE OF NEW JERSEY

DATED: OCTOBER 14, 2004

The Senate Wagering, Tourism and Historic Preservation Committee reports favorably Senate, No. 1894.

This bill makes changes to the Casino Control Act concerning agreements between casino licensees and gaming-related casino service industry licensees with regard to the operation and administration of multi-casino progressive slot machines and the payment of the jackpots, including annuity jackpots.

Under current law, casino licensees provide for the operation and administration of multi-casino progressive slot machines and payment of jackpots through the establishment of a trust. In the case of annuity jackpots in particular, by way of the trust the casino licensees ensure the future annuity payments regardless of the casino licensees' financial condition. Before the enactment of P.L.2003, c.116 in June 2003, only the casino licensees could provide for the payment of these jackpots and the operation and administration of multi-casino progressive slot machines, whether by trust or some other arrangement. P.L.2003, c.116 provided in part that a gaming-related casino service industry licensee could fulfill this role pursuant to an agreement with the casino licensees.

However, notwithstanding such an agreement between the casino licensees and the casino service industry licensee, current law provides that the casino licensees would be jointly and severally liable for all acts, omissions and violations of the Casino Control Act committed by the casino service industry licensee in its role as the operator and administrator of the multi-casino progressive slot machines and the entity responsible for making the jackpot payments. The liability issue has prevented the casino licensees and a casino service industry licensee from reaching an agreement regarding multi-casino progressive slot machines.

This bill clarifies the scope of an agreement between a casino licensee and a casino service industry licensee with regard to a multi-casino progressive slot machine system, and provides that with regard to such agreements, casino licensees are not jointly and severally liable for the actions, omissions and violations of the casino service industry licensee.