

February 7, 2013

**ASSEMBLY SUBSTITUTE FOR
ASSEMBLY BILL NO. 2578**

To the General Assembly:

The Assembly Substitute for Assembly Bill No. 2578 would revise and supplement the "Casino Control Act" to authorize Internet gaming through the licensed casinos operating in Atlantic City. This bill represents an important policy decision for the residents of New Jersey, and an historic opportunity to continue the State's leadership as a premiere destination for tourism and entertainment. Such a significant step must be carefully considered, balancing the benefits of job creation, economic development, and the continued revitalization of Atlantic City against the risks of addiction, corruption, and improper influence. It is my responsibility as Governor to make these determinations, always mindful of my duty to guarantee the continued welfare of our families, our neighbors, and the future generations who will call our State home.

With these goals in mind, I have concluded that now is the time for our State to move forward, again leading the way for the nation, by becoming one of the first States to permit Internet gaming. I authorize this step towards modernizing Atlantic City's entertainment attractions cautiously, with carefully constructed limitations that will ensure the highest integrity and the most robust oversight. Accordingly, pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning the Assembly Substitute for Assembly Bill No. 2578 with my recommendations for reconsideration.

The importance of the gaming and tourism industries in New Jersey cannot be overstated. Together, these businesses, and the tens of thousands of workers they employ, serve as a constant, critical engine of economic development. Since the first days of my Administration, I have stressed the need to confront the complex challenges threatening Atlantic City's unrivaled combination of natural seaside beauty, world-class attractions, and easy access from around the world. For these reasons, one of my earliest acts as Governor was to establish an Advisory Commission on Gaming, Sports and Entertainment to study the issues and to develop a comprehensive approach to preserving Atlantic City's stature as a premier resort destination. Through this effort, and working in collaboration with the Legislature, my Administration has implemented broad-based reforms to reinvigorate Atlantic City and create opportunities for economic growth in the region.

For example, in 2011, I signed into law the landmark legislation establishing a Tourism District in Atlantic City as the framework to launch comprehensive initiatives aimed at addressing blight and public safety. The Tourism District law has already led to a \$30 million marketing plan and the realignment of State gaming agencies to minimize bureaucracy while enhancing oversight. That same year, I signed a second bill into law enacting the most comprehensive overhaul of the State's casino regulations since 1977. This reform eliminated many significantly outdated regulatory burdens, allowing the casino industry to reinvest and redevelop throughout the Tourism District.

While still in their infancy, these initiatives have begun to take hold with tangible progress evident in new commercial and residential construction, demolition of blighted buildings,

investments in infrastructure, and an infusion of capital investment in new entertainment venues, convention facilities, retail and shopping attractions, and casinos. Our efforts have also led to the adoption of a Master Plan for the Tourism District, the establishment of a public safety task force, the formation of a Tourism Advisory Commission, and the creation of the Atlantic City Alliance to coordinate the collective marketing efforts of the casino industry.

Nonetheless, while these initiatives show that our shared commitment to the future of Atlantic City is bearing fruit, it is clear that much more work needs to be done. Since New Jersey took its first steps to authorize gaming in 1976, our State has been at the forefront of casino entertainment. Some experts predict that Internet gaming will infuse new opportunities and new development into Atlantic City, providing a mechanism to expand the State's already strong gaming options to a modern platform. Others caution that this type of convenience gaming will lead to declines in tourism, and a loss of visitors to the region. Moreover, important questions linger regarding what social impacts will follow the extension of casino wagering across the Internet. All of these issues counsel in favor of a narrowly tailored approach to Internet gaming that preserves the unique character of Atlantic City, while also embracing the tools that can reverse the trend of economic contraction in the State's gaming and tourism industries. Indeed, our State has a long history of sparingly granting the authorization for gambling, and only with the oversight and regulation that ensures entertainment does not descend into addiction.

Accordingly, I recommend that New Jersey's first Internet gaming law grant the Division of Gaming Enforcement in the Department of Law and Public Safety wide latitude and authority

to establish a regulatory framework that provides for the most effective controls, monitoring, and supervision. Moreover, I believe that Internet gaming should be developed in an open and transparent manner, free from suspicion of self-dealing and improper influence. I therefore recommend changes to this bill that will extend the existing prohibitions on casino-related employment for State employees and State legislators to Internet gaming licensees, and their promoters or affiliates. In addition, I propose a sensible requirement that State elected officials promptly disclose their past and present representation of entities seeking or holding Internet gaming licensees.

Next, the bill should be revised to do more to prevent the documented harms that can accompany excessive gambling. Our State cannot carelessly create a new generation of addicted gamers, sitting in their homes, using laptops or iPads, gambling away their salaries and their futures. For this reason, I recommend an enhanced level of funding for compulsive gambling treatment programs and additional financial support for other beneficial purposes for which casino gaming was originally authorized. I also recommend an annual analysis of the potential problems and harms associated with these new games to be undertaken at the expense of Internet gaming licensees.

Finally, I believe that Internet gaming in New Jersey should be carefully studied and periodically revisited. I recommend that this law authorizing Internet gaming in New Jersey sunset after a period of ten years, giving future leaders the perspective and opportunity to revise and renew Internet gaming as appropriate. Taken together, these recommendations will provide the balance of opportunity and oversight that has characterized gaming in New Jersey for more than three decades.

Like all of the most sensitive and significant policy matters, it is incumbent on the elected officials of this State to act with equal parts confidence and caution. In the wake of the devastating losses suffered by our residents in recent months, we must embrace new ideas to fuel our reconstruction and continued prosperity. Internet gaming should be a part of that effort. With the recommendations I propose today, we can revitalize one of our State's premier attractions, and reintroduce New Jersey and Atlantic City at the forefront of innovation and entertainment.

Accordingly, I herewith return the Assembly Substitute for Assembly Bill No. 2578 and recommend that it be amended as follows:

<u>Page 2, Title, Line 3:</u>	Before "and" insert "amending P.L.1981, c.142,"
<u>Page 4, Section 2, Lines 36-39:</u>	Delete in their entirety
<u>Page 4, Line 40:</u>	Insert "2. Section 5 of P.L.1977, c.110 (C.5:12-5) is amended to read as follows: "Authorized Game" or "Authorized Gambling Game" - Roulette, baccarat, blackjack, craps, big six wheel, slot machines, minibaccarat, red dog, paigow, and sic bo; any variations or composites of such games, provided that such variations or composites are found by the division suitable for use after an appropriate test or experimental period under such terms and conditions as the division may deem appropriate; and any other game which is determined by the division to be compatible with the public interest and to be suitable for casino use after such appropriate test or experimental period as the division may deem appropriate. "Authorized game" or "authorized gambling game" includes gaming tournaments in which

players compete against one another in one or more of the games authorized herein or by the division or in approved variations or composites thereof if the tournaments are authorized by the division. "Authorized game" or "Authorized gambling game" shall also include any game that the division may determine by regulation to be suitable for use for wagering through the Internet."

Page 4, Section 3, Line 47:

After "conducted" insert "," pursuant to rules established by the division"

Page 5, Section 5, Line 40:

After "State" insert "," as authorized by rules established by the division"

Page 5, Section 6, Line 45:

After "patrons" delete "and promotional Internet gaming credits;" and insert "."

Page 5, Section 6, Lines 46-47:

Delete in their entirety

Page 6, Section 6, Lines 1-2:

Delete in their entirety

Page 6, Section 7, Lines 4-13:

Delete in their entirety

Page 6, Line 14:

Insert new sections 7 through 11 as follows:
 "7. Section 70 of P.L. 1977, c. 110 (C. 5:12-70) is amended to read as follows:

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

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

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

activities and financial affairs;

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

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

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

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

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

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

(9) Prescribing grounds and procedures for the revocation or suspension of

operating certificates,
licenses and registrations;

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

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

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

(13) Prescribing minimum
procedures for the exercise
of effective control over

the internal fiscal affairs of a licensee, including provisions for the safeguarding of assets and revenues, the recording of cash and evidence of indebtedness, and the maintenance of reliable records, accounts, and reports of transactions, operations and events, including reports to the division;

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

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

(16) Governing the gaming-related advertising of casino licensees, their employees and agents, with the view toward assuring that such advertisements are in no way deceptive; provided, however, that such regulations shall require the words "Bet with your head, not over it," or some comparable language approved by the division, to appear on all billboards, signs, and other on-site advertising of a casino operation and

shall require the words "If you or someone you know has a gambling problem and wants help, call 1-800 GAMBLER," or some comparable language approved by the division, which language shall include the words "gambling problem" and "call 1-800 GAMBLER," to appear legibly on all print, billboard, and sign advertising of a casino operation; and

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

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

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

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

8. (New section) Reports regarding the impact of gaming through the Internet.

The division shall annually cause a report to be prepared and distributed to the Governor on the impact of Internet gaming on problem gamblers and gambling addiction in New Jersey. The report shall be prepared by a private organization or entity with expertise in serving the needs of persons with gambling addictions, which organization or entity shall be selected by the division. The report shall be prepared and distributed under the supervision of,

and in coordination with, the division. Any costs associated with the preparation and distribution of the report shall be borne by casino licensees who have been authorized by the division to conduct Internet gaming and the division shall be authorized to assess a fee against such licensees for these purposes. The division may also report periodically to the Governor on the effectiveness of the statutory and regulatory controls in place to ensure the integrity of gaming operations through the Internet.

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

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

b. All information and data pertaining to an applicant's criminal record, family, and background furnished to or obtained by the division or the commission from any source shall be considered confidential and shall be withheld in whole or in part, except that any information shall be

released upon the lawful order of a court of competent jurisdiction or, with the approval of the Attorney General, to a duly authorized law enforcement agency.

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

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

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

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

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

(4) A list of the premises and the nature of improvements, costs thereof and the payees for all such

improvements, which were the subject of an investment required and allowed pursuant to section 144 of P.L.1977, c.110 (C.5:12-144) and section 3 of P.L.1984, c.218 (C.5:12-144.1);

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

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

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

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

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

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

76. General duties and powers.

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

a. Enforce the provisions of this act and any regulations promulgated hereunder;

b. Promptly and in reasonable order investigate all applications for licensure and all registrations under this act;

c. Issue reports and recommendations to the commission with respect to all entities and natural persons required to qualify for a casino license, an application for interim casino authorization or a petition for a statement of compliance;

d. Promptly and in reasonable order review and approve or deny all casino service industry enterprise license applications;

e. Accept and maintain registrations for all casino employee and vendor registrants;

f. Revoke any registration or casino service industry enterprise license upon findings pursuant to the disqualification criteria in section 86 of P.L.1977, c.110 (C.5:12-86);

g. Promulgate such regulations as may be necessary to fulfill the policies of this act;

h. Initiate and decide any actions against licensees or registrants for violation of this act or regulations promulgated hereunder, and impose

sanctions and levy and collect penalties upon finding violations;

i. Provide the commission with all information that the director deems necessary for any action to be taken by the commission under Article 6 of P.L.1977, c.110 (C.5:12-80 through 95);

j. Initiate, prosecute and defend appeals, as the director may deem appropriate;

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

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

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

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

o. Request and receive information, materials and any other data from any

licensee or registrant, or applicant for a license or registration under this act; and

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

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

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

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

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

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

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

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

x. Utilize, in its discretion, the services of a private entity for the purpose of expediting

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

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

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

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

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

(2) The rights and privileges acquired by the holders of different

classes of authorized securities of the applicant and such companies as the division may require, including the names, addresses and amounts held by all holders of such securities;

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

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

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

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

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

(8) Copies of all management and service contracts;

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

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

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

(1) If it is a corporation, register with the division and furnish

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

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

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

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

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

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

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

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

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

(2) The amount or value of such payments,

remuneration, benefit, or thing of value;

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

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

- Page 6, Section 8, Line 15: Delete "8." and insert "12."
- Page 7, Section 8, Lines 22-44: Delete in their entirety
- Page 10, Section 9, Line 5: Delete "9." and insert "13."
- Page 12, Section 9, Line 33: Delete "Each game" and insert "All gaming and wagering"
- Page 14, Section 9, Line 28: Delete "All" and insert "A casino's primary"
- Page 14, Section 9, Line 28: Delete "by a licensee"
- Page 14, Section 9, Line 31: Delete "and other"
- Page 14, Section 9, Line 32: Delete "not"
- Page 14, Section 9, Line 32: After "used" insert "on a temporary basis pursuant to rules established by the division"
- Page 14, Section 9, Lines 32-33: After "may" delete ", with the approval of the division,"
- Page 14, Section 9, Line 34: After "Atlantic City" insert ", provided no Internet gaming shall occur unless a wager is accepted by a casino within the territorial limits of Atlantic City, New Jersey"
- Page 15, Section 9, Line 7: Delete "commission" and insert "division"
- Page 15, Section 9, Line 11: Delete "confirm on a continuous basis" and insert "require by regulation"
- Page 16, Section 10, Line 31: Delete "10." and insert "14."
- Page 20, Section 11, Line 8: Delete "11." and insert "15."
- Page 21, Section 12, Line 4: Delete "12." and insert "16."

<u>Page 21, Section 13, Line 32:</u>	Delete "13." and insert "17."
<u>Page 21, Section 13, Line 33:</u>	Delete "10%" and insert "15%"
<u>Page 21, Section 14, Lines 42-48:</u>	Delete in their entirety
<u>Page 22, Section 14, Lines 1-5:</u>	Delete in their entirety
<u>Page 22, Section 15, Line 7:</u>	Delete "15." and insert "18."
<u>Page 22, Section 16, Line 14:</u>	Delete "16." and insert "19."
<u>Page 22, Section 16, Lines 24-48:</u>	Delete in their entirety
<u>Page 23, Section 16, Lines 1-11:</u>	Delete in their entirety and insert "by the division."
<u>Page 23, Section 17, Line 13:</u>	Delete "17." and insert "20."
<u>Page 23, Section 17, Line 13:</u>	Delete "The entire" and insert "A casino's primary"
<u>Page 23, Section 17, Line 17:</u>	Delete "Backup and other"
<u>Page 23, Section 17, Lines 18-20:</u>	Delete in their entirety and insert "Backup equipment used on a temporary basis pursuant to rules established by the division to conduct Internet gaming may, with the approval of the division, be located outside the territorial limits of Atlantic City, provided no internet gaming shall occur unless a wager is accepted by a casino within the territorial limits of Atlantic City, New Jersey."
<u>Page 23, Section 17, Line 27:</u>	Delete "commission or the"
<u>Page 23, Section 18, Lines 33-48:</u>	Delete in their entirety
<u>Page 24, Section 18, Lines 1-48:</u>	Delete in their entirety
<u>Page 25, Section 18, Lines 1-39:</u>	Delete in their entirety
<u>Page 25, Section 19, Lines 41-48:</u>	Delete in their entirety
<u>Page 26, Section 19, Lines 1-42:</u>	Delete in their entirety
<u>Page 26, Section 20, Lines 44-48:</u>	Delete in their entirety
<u>Page 27, Section 20, Lines 1-47:</u>	Delete in their entirety
<u>Page 28, Section 23, Lines 25-39:</u>	Delete in their entirety
<u>Page 28, Section 24, Lines 41-48:</u>	Delete in their entirety
<u>Page 29, Section 24, Lines 1-13:</u>	Delete in their entirety

<u>Page 29, Section 25, Line 15:</u>	Delete "25." and insert "23."
<u>Page 29, Section 26, Lines 43-48:</u>	Delete in their entirety
<u>Page 30, Section 26, Lines 1-22:</u>	Delete in their entirety
<u>Page 30, Section 27, Line 24:</u>	Delete "27." and insert "24."
<u>Page 30, Section 28, Line 33:</u>	Delete "28." and insert "25."
<u>Page 31, Section 29, Line 6:</u>	Delete "29." and insert "26."
<u>Page 31, Section 30, Lines 25-48:</u>	Delete in their entirety
<u>Page 32, Section 31, Line 1:</u>	Delete "31." and insert "27."
<u>Page 32, Section 31, Line 5:</u>	Delete "\$200,000" and insert "\$400,000"
<u>Page 32, Section 31, Line 7:</u>	Delete "\$150,000" and insert "\$250,000"
<u>Page 32, Section 31, Line 19:</u>	Delete "\$150,000" and insert "\$250,000"
<u>Page 32, Section 31, Line 21:</u>	Delete "\$85,000" and insert "\$140,000"
<u>Page 32, Section 31, Line 22:</u>	Delete "\$65,000" and insert "\$110,000"
<u>Page 32, Section 32, Line 25:</u>	Delete "32." and insert "28."
<u>Page 32, Section 33, Line 39:</u>	Delete "33." and insert "29."
<u>Page 32, Section 33, Line 47:</u>	Delete "an interstate compact" and insert "a reciprocal agreement"
<u>Page 33, Section 34, Line 1:</u>	Delete "34." and insert "30."
<u>Page 33, Section 35, Lines 3-44:</u>	Delete in their entirety
<u>Page 33, Section 36, Lines 46:</u>	Delete "36." And insert "31."
<u>Page 35, Section 37, Line 16:</u>	Delete "37." and insert "32."
<u>Page 41, Section 38, Line 14:</u>	Delete "38." and insert "33."
<u>Page 41, Section 39, Line 19:</u>	Delete "39." and insert "34."
<u>Page 41, Section 40, Lines 32-47:</u>	Delete in their entirety and insert "35. Section 4 of P.L.1981, c.142 (C.52:13D-17.2) is amended to read as follows:

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

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

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

b. (1) No State officer or employee, nor any person, nor any member of the immediate family of any State officer or employee, or person, nor any partnership, firm or corporation with which any such State officer or employee or person is associated or in which he has an interest, nor any partner, officer, director or employee while he is associated with such partnership, firm, or corporation, shall hold, directly or indirectly, an

interest in, or hold employment with, or represent, appear for, or negotiate on behalf of, any holder of, or applicant for, a casino license, in connection with any cause, application, or matter, except as provided in section 3 of P.L.2009, c.26 (C.52:13D-17.3), and except that (1) a State officer or employee other than a State officer or employee included in the definition of person, and (2) a member of the immediate family of a State officer or employee, or of a person, may hold employment with the holder of, or applicant for, a casino license if, in the judgment of the State Ethics Commission, the Joint Legislative Committee on Ethical Standards, or the Supreme Court, as appropriate, such employment will not interfere with the responsibilities of the State officer or employee, or person, and will not create a conflict of interest, or reasonable risk of the public perception of a conflict of interest, on the part of the State officer or employee, or person. No special State officer or employee without responsibility for matters affecting casino activity, excluding those serving in the Departments of Education, Health and Senior Services, and Human Services and the Commission on Higher Education, shall hold, directly or indirectly, an interest in, or represent, appear for, or negotiate on behalf of, any holder of, or applicant for, a casino license, or any holding or intermediary company with respect thereto, in connection with any cause, application, or matter. However, a special State officer or employee without responsibility for matters affecting casino activity may hold employment directly with any holder of or applicant for a casino license or any holding or intermediary

company thereof and if so employed may hold, directly or indirectly, an interest in, or represent, appear for, or negotiate on behalf of, his employer, except as otherwise prohibited by law.

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

of person, and (2) a member of the immediate family of a State officer or employee, or of a person, may hold employment with the holder of, or applicant for, a license, permit, or other approval to conduct Internet gaming, or any holding or intermediary company with respect thereto, or any Internet gaming affiliate of any holder of, or applicant for, a casino license, or any holding or intermediary company with respect thereto if, in the judgment of the State Ethics Commission, the Joint Legislative Committee on Ethical Standards, or the Supreme Court, as appropriate, such employment will not interfere with the responsibilities of the State officer or employee, or person, and will not create a conflict of interest, or reasonable risk of the public perception of a conflict of interest, on the part of the State officer or employee, or person.

c. No person or any member of his immediate family, nor any partnership, firm or corporation with which such person is associated or in which he has an interest, nor any partner, officer, director or employee while he is associated with such partnership, firm or corporation, shall, within two years next subsequent to the termination of the office or employment of such person, hold, directly or indirectly, an interest in, or hold employment with, or represent, appear for or negotiate on behalf of, any holder of, or applicant for, a casino in connection with any cause, application or matter, or any holding or intermediary company with respect to such holder of, or applicant for, a casino license in connection with any phase of casino development, permitting, licensure or any other

matter whatsoever related to casino activity, except as provided in section 3 of P.L.2009, c.26 (C.52:13D-17.3), and except that:

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

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

(2) of section 59 and to section 60 of P.L.1977, c.110 (C.5:12-59 and C.5:12-60); and

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

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

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

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

g. No person shall influence, or attempt to influence, by use of his official authority, the decision of the commission or the investigation of the division in any application for licensure or in any proceeding to enforce the provisions of this act or the regulations of the commission. Any such attempt shall be promptly reported to the Attorney General; provided, however, that nothing in this section shall be deemed to proscribe a request for information by any person concerning the status of any application for licensure or any proceeding to enforce the provisions

of this act or the regulations of the commission.

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

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

Page 42, Section 41, Line 1:

Delete "41." and insert "36."

Page 42, Section 41, Line 1:

After "(New section)" insert "a."

Page 42, Section 41, Line 13:

After "this bill)." Insert "b. The authorization to conduct games through the Internet as provided for in P.L. c. (pending before the Legislature as this bill) shall expire 10 years following the operative date established pursuant to subsection a. of this section, unless reauthorized by law."

Page 42, Section 42, Line 15:

Delete "42." and insert
"37."

Respectfully,

/s/ Chris Christie

Governor

[seal]

Attest:

/s/Charles B. McKenna

Chief Counsel to the Governor