

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

13:69F-14.1 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings unless the context clearly indicates otherwise.

...

"High hand payout" means one or more awards that are payable to a player in accordance with the procedures set forth in N.J.A.C.

13:69F-14.19 whenever a player holds one or more pre-designated high value poker hands without regard to the value of the hand of any other player.

...

13:69F-14.19 Bad beat payouts; **high hand payouts**; posting of rules; contributions; counting and displaying of payout amount;

procedures for implementation

(a) A casino licensee may elect, in its discretion, to offer a payout for one or more pre-designated high value poker hands when such a hand **in a round of play** is held by a player **either** as a losing hand [in a round of play] (a "bad beat") **or without regard to the relative rank of any other player's hand.** [A bad beat payout] **Such payouts** shall be made from a separate fund created from pot

contributions required at tables where **either** a bad beat payout **or high hand payout** is offered and shall be paid in accordance with the procedures established pursuant to this section. The funds extracted from pot contributions may be used by the casino licensee for other types of poker bonus payouts so long as all funds extracted from any pot [for the bad beat fund] are awarded to poker players. **A casino licensee may not offer both a bad beat payout and a high hand payout at the same poker table.**

(b) A casino licensee shall post at each poker table that offers **either** a bad beat payout **or high hand payout** a notice advising patrons of eligibility for such payout. In addition to displaying the current amount of any [bad beat] payout, a casino licensee that offers a [bad beat] payout shall post its [bad beat] payout rules in a conspicuous location within its poker room which, at a minimum, shall address:

1. (No change.)
2. The minimum pot amount required for a contribution to a [bad beat] payout;
3. Qualifying [bad beat] requirements and payouts; and
4. Other types of bonus awards which are funded through pot contributions to the [bad beat] fund.

(c) A casino licensee shall extract from each pot at a poker table designated for participation in **either** a bad beat payout **or a high hand payout** a prescribed contribution to the [bad beat] payout, which amount shall be collected in accordance with the casino licensee's [bad beat] payout rules as set forth in its Rules of the Games Submission. Prior to distributing the pot to a winning patron and after the dealer has extracted the rake, the amount from each pot

to be contributed to a [bad beat] payout shall be determined, segregated from the pot, and deposited into the [bad beat] payout box. A casino licensee may, upon amending its [bad beat] payout rules and pursuant to (j) below, terminate collection of [bad beat] contributions at any time.

(d) At least once each gaming day and upon notice to the Division, a casino licensee shall count the accumulated contents of each [bad beat] payout box and the contents shall be transferred to the cashiers' cage or a satellite cage. The counting shall occur at a closed poker table, the cashiers' cage or a satellite cage in accordance with the casino licensee's internal control procedures.

1. If the counting of the contents of each [bad beat] payout box occurs at a closed poker table, the counting shall be performed by a poker dealer in the presence of a poker supervisor, and it shall be recorded by the surveillance department. Documentation of the count shall be prepared and signed by both the dealer and the supervisor. The contents of each [bad beat] payout box shall then be placed in a locked container along with documentation of the count and transported to the cashiers' cage or satellite cage by a representative of the casino security department.

2. If the counting of the contents of each [bad beat] payout box occurs in the cashiers' cage or a satellite cage, a poker supervisor shall account for all locked [bad beat] payout boxes transported from the poker tables to the cage. A representative of the casino security department shall transport such boxes to the cashiers' cage or satellite cage for counting by casino cage cashiers.

(e) Once each [bad beat] payout box or a container containing the contents of the [bad beat] payout boxes is delivered to the cashiers' cage or satellite cage, a cashier shall count the contents of each box or, if the contents of such boxes were previously counted by poker room personnel and combined in a locked container for transport, verify the aggregate count.

(f) In lieu of the procedures set forth in (d) and (e) above, a casino licensee may count and record the total value of gaming chips contained in the approved [bad beat] contribution container(s) and return the gaming chips to the table inventory, subject to the following requirements:

1. (No change.)

2. The dealer assigned to the poker table shall count the contents of the container in the presence of a poker supervisor and under videotaped surveillance or, if counted without such presence and surveillance, in the presence of a representative of a second department. The same procedure shall apply at all affected poker tables. If a representative of a second department witnesses and verifies the count, that person shall:

- i. (No change.)

- ii. Be identified in the casino licensee's approved internal controls; provided, however, that the following positions shall be prohibited from witnessing and verifying a count of [bad beat] payout contributions pursuant to (f)2 above:

- (1) (No change.)

- (2) Any other employee for whom it would be an incompatible function to witness and verify a count of [bad beat] payout contributions.

3. The [Bad Beat] Payout Contribution Form shall be serially pre-numbered and in a minimum of two parts, and shall contain the following information:

i. The date and time;

ii. The table number;

iii. Designation of Bad Beat Payout or High Hand Payout;

[iii. - iv.] iv. - v. (No change in text.)

(g) Upon completing the form as prescribed in (f)3 above, the dealer shall deposit the original [Bad Beat] Payout Contribution Form in the drop box attached to the poker table and the person who verified the count shall place the duplicate in a locked accounting box maintained at a **secure** location [approved by the Commission].

(h) At least once each gaming day, a casino accounting department representative shall collect the duplicate [Bad Beat] Payout Contribution Forms contained in the locked accounting box and verify that that the number of forms contained in the locked accounting box equals the number of original [Bad Beat] Contribution Forms received from the count room. In the event of a variance, the representative shall determine the missing form(s) by comparing form serial numbers. In any instance in which a duplicate form cannot be matched with an original, the Master Game Report shall be adjusted to add to poker revenue the value of **either** bad beat payout **or high hand payout** contributions on such form.

(i) Each [bad beat] poker hand **that qualifies for either a bad beat payout or a high hand payout** shall be verified by a poker shift supervisor prior to awarding the [bad beat] payout. Upon verification, the poker shift supervisor shall:

1. Post a sign or otherwise provide visible notice that the applicable [bad beat] payout display amount is pending adjustment due to a [bad beat] payout; and

2. Notify a representative from the casino security department or casino accounting department to deliver to the poker table the applicable amount of the [bad beat] payout.

(j) The casino accounting department shall prepare a [bad beat] payout distribution in cash, a recognized cash equivalent or gaming chips in accordance with the casino licensee's internal control procedures. Notwithstanding (f)2 above, a casino licensee may elect to pay a [bad beat] payout at the cashiers' cage.

(k) The official record of the amount of daily contributions to [bad beat] payouts shall be maintained by the casino accounting department. No less than once each gaming day and immediately upon notification of a [bad beat] verification by a poker shift supervisor, a casino accounting department representative shall:

1. In the presence of a poker supervisor, adjust [each bad beat] **the applicable** payout amount displayed in the poker area to reflect the current [bad beat] payout amount; and

2. Verify that the amount of any [bad beat] payout maintained by the casino accounting department corresponds to the amount being displayed to patrons.

(l) No bad beat payout **or high hand payout** shall be offered at a poker table until a casino licensee has submitted procedures to the Division for discontinuing any [bad beat] **the applicable** payout. Such procedures shall address the method by which pot contributions shall be terminated and/or for transferring [bad beat] payout amounts to

other [bad beat] payouts, so as to ensure that all payout amounts are paid to poker patrons.

(m) - (n) (No change.)

(o) Once the amount of a bad beat payout **or a high hand payout** has been displayed to the public, the display shall not be reduced to a lesser amount unless the amount has been paid to a winning patron.

(p) A casino licensee may use a percentage of the daily [bad beat] payout contributions to fund a portion of the next [bad beat] payout ("reset amount"). The percentage of the daily contributions used to fund the reset amount shall be set forth in the internal control submission of the casino licensee and shall also be posted in the poker room of the casino licensee. The casino licensee shall also account for and document all reset amounts in a manner approved by the Division.

(q) (No change.)

13:69F-14.20 Bad beat payout **and high hand payout** interconnected in more than one casino; multi-casino [bad beat] payout system

(a) Two or more casino licensees may jointly offer a bad beat payout **or a high hand payout** that is interconnected in more than one casino (a "multi-casino [bad beat] payout") and is operated by a multi-casino [bad beat] payout system ("[bad beat] **payout** system"); provided, however, that the applicable rules for the multi-casino [bad beat] payout shall be the same at all participating casinos.

(b) A [bad beat] **payout** system shall be administered by the participating casino licensees in accordance with the terms of a written multi-casino [bad beat] payout system agreement ("[bad beat]

payout system agreement") which has been approved in advance by the Division and has been executed by each participating casino licensee.

(c) A [bad beat] **payout** system agreement shall specifically identify and describe the role, authority and responsibilities of each participating casino licensee in the conduct of the **payout** system, including without limitation:

1. A description of the process by which decisions that affect the rules and conduct of the multi-casino [bad beat] payout and the operation of the [bad beat] **payout** system are approved by the participating casino licensees and are implemented by each casino licensee;

2. The manner in which the funds for all multi-casino [bad beat] payouts and any fees or costs associated with the operation of the [bad beat] **payout** system will be maintained, accounted for and paid; and

3. The participating casino licensee or licensees responsible for generating and maintaining all records and reports of the [bad beat] **payout** system, as required by the rules of the Commission.

(d) Each and every casino licensee that is a party to a [bad beat] **payout** system agreement shall:

1. Post in each of its poker rooms:

- i. The [bad beat] payout information; and
- ii. The names of all casino licensees participating in that **payout** system, and the name and address of the host casino for the **payout** system; and

2. Be jointly and severally liable for the payment of all multi-casino [bad beat] payouts and for any acts, omissions and

violations committed by any participating casino licensee in connection with a multi-casino [bad beat] payout or the operation of the [bad beat] **payout** system, regardless of whether they had knowledge of such act, omission or violation, and notwithstanding any contractual provision to the contrary.

(e) The casino licensees seeking approval to participate in a [bad beat] **payout** system shall maintain internal controls for the operation of a [bad beat] **payout** system, including, at a minimum, procedures for ensuring:

1. - 3. (No change.)

4. Proper operation of all equipment and software associated with the [bad beat] **payout** system; such equipment and software shall, at a minimum, have the capability and responsibility for:

i. Notifying all participating casinos and their patrons immediately and simultaneously of a pending multi-casino [bad beat] payout and a confirmed multi-casino [bad beat] payout; provided, however, that, if such notice cannot be immediately provided by means of the [bad beat] **payout** system, notice shall be provided by such other means but only for the pending [bad beat] payout in question, and no further multi-casino [bad beat] payouts shall be offered at the participating casinos through that [bad beat] **payout** system until the system becomes operational again;

ii. Documenting for each multi-casino [bad beat] payout the date, time, amount, winning and losing hands, casino location, and the name of each casino employee verifying and authorizing the payout; and

iii. Addressing the claims of players at two or more casinos participating in a [bad beat] payout system who are claiming the same [bad beat] payout; and

5. Secure installation and modification of the computer system that controls, records and displays the amount of the multi-casino [bad beat] payout, which installation and modifications shall occur only after advance written notice to the Division.

(f) A casino licensee may designate one or more casino key employees to represent the interests of the casino licensee in the operation and control of a [bad beat] **payout** system.

(g) Each [bad beat] **payout** system shall comply with the rules of the Division for casino computer systems.