

- ii. The amount of the check or electronic payment;
- iii. The check number or, if applicable, an identifiable reference to the electronic payment; and
- iv. The signature of the person making such an entry.

(j) Any casino licensee or slot system which offers an annuity jackpot shall comply with the display and sign requirements established in N.J.A.C. 19:45-1.37(a)4 and 19:46-1.26(a)5, except that the display or sign need not include the cash equivalent value. In addition, each such display or sign shall provide clear notice of the following:

1. That the displayed jackpot will be paid over time and not in one lump sum;
2. The number of payments and the time interval between payments; and
3. That the right to receive the jackpot payments may not be encumbered, assigned, or otherwise transferred in any way except to the estate of the winner upon his or her death, and that any attempt to make a prohibited transfer may result in the winner forfeiting the right to receive future payments.

(k) Any casino licensee or slot system planning to offer an annuity jackpot shall first be required to establish to the satisfaction of the Commission either that:

1. A winning patron will not be liable for income tax on the deferred portion of the annuity jackpot in the tax year in which the jackpot is won; or
2. Reasonable accommodations have been made to enable a winning patron to satisfy any income tax liability attributable to the deferred portion of the annuity jackpot which is incurred in the tax year in which the jackpot is won.
  - i. If the casino licensee or slot system complies with this section by lending funds to a winning patron to pay the income tax liability, the casino licensee or slot system may require a winning patron to encumber, assign or transfer to it or them the right to receive a portion of the future payments sufficient to repay such a loan.

New Rule, R.1990 d.238, effective May 7, 1990.

See: 22 N.J.R. 624(a), 22 N.J.R. 1381(a).

Prior N.J.A.C. 19:45-1.40B, "Inspection of slot machine jackpots," recodified to N.J.A.C. 19:45-1.40D.

Amended by R.1991 d.184, effective April 1, 1991.

See: 22 N.J.R. 3455(a), 23 N.J.R. 1025(b).

In (a): added internal citation reference.

In (b)2: deleted (b)2i.-iii. and revised text to include reference to U.S. Treasury Bonds and specify annuity jackpot requirements.

In (b)5: added language regarding "30 days of receipt" filing requirement.

Added new subsections (c)-(d), recodifying existing (c)-(d) as (e)-(f) with textual revisions. In new (f), expanded check processing requirements.

In new (f)3, added language including the source of payment.

Recodified existing (e)-(g) as (g)-(i) with no change in text.

Recodified existing (h) as (j).

Amended by R.1991 d.584, effective December 2, 1991.

See: 22 N.J.R. 3455(a), 23 N.J.R. 3655(b).

Adopted outstanding portions of 1.40B. In (b)5: added text regarding filing of annual audit within 30 days of receipt with the Commission and the Division. In (f): added new text regarding the depositing of checks. Added new text at subsection (j)2i.

Administrative Correction to (b), (d) and (f), adding amended text.

See: 23 N.J.R. 3819(a).

Amended by R.1994 d.405, effective August 1, 1994.

See: 26 N.J.R. 1996(a), 26 N.J.R. 3187(c).

Administrative Correction.

See: 26 N.J.R. 4788(a).

Amended by R.1997 d.79, effective February 18, 1997.

See: 28 N.J.R. 5169(a), 29 N.J.R. 592(a).

In (f), substituted "monies" for "checks" and "shall be deposited in" for "shall be restrictively endorsed 'for deposit only' to"; inserted new (f)4; and recodified former (f)4 as (f)5.

Amended by R.2000 d.336, effective August 21, 2000.

See: 31 N.J.R. 2527(a), 32 N.J.R. 3077(a).

In (a), added 1 through 3; and added (f) through (m).

Amended by R.2001 d.88, effective March 19, 2001.

See: 32 N.J.R. 3913(a), 33 N.J.R. 1018(c).

In (a)1ii, substituted "the United States Treasury Constant maturity rate for 20-year" for "the composite interest rate for long-term (over 10 years)" and added ", plus one-half of one percent"; in (f)1, substituted "be eight and one-half percent" for "equal the composite interest rate for long-term (over 10 years) United States government securities for the week ending prior to the date of the offer as identified in the applicable H.15 Statistical Release issued by the Federal Reserve Board".

Petition for Rulemaking.

See: 35 N.J.R. 4332(c), 5171(c).

Petition for Rulemaking.

See: 36 N.J.R. 1135(a).

Amended by R.2005 d.121, effective April 18, 2005.

See: 36 N.J.R. 2996(a), 37 N.J.R. 1227(b).

Rewrote the section.

#### Case Notes

Annuity payment to slot machine winner is not cash, but rather, is "other thing of value" and thus is not deductible. In re Resolution of New Jersey Casino Control Com'n Concerning Adoption of Amendments to N.J.A.C. 19:45-19:45-1.40(A) and 19:45-1.40(B) and Adoption of N.J.A.C. 19:45-1.40(A) and (B), 262 N.J.Super. 572, 621 A.2d 536 (A.D.1993), certification denied 134 N.J. 474, 634 A.2d 522.

#### 19:45-1.40C Multi-casino slot system jackpot payouts of cash

(a) Any slot machine jackpot payout of cash or slot tokens which will be included in the calculation of gross revenue by two or more casino licensees as part of a multi-casino progressive slot system shall be subject, except as otherwise provided in this section, to any procedural or documentation requirement established in N.J.A.C. 19:45-1.40. All forms utilized in the preparation or payment of a multi-casino progressive slot system jackpot shall be clearly identified as forms used for such purpose.

(b) For establishments in which Jackpot Payout Slips ("Payouts") are manually prepared, a separate series of Multi-Casino Jackpot Payout Slips ("Multi-Casino Payouts") shall be used in lieu thereof and shall be subject to the following additional procedures and requirements:

1. Each series of Multi-Casino Payouts shall be a four-part form, at a minimum, and shall be inserted in a locked dispenser that will:

i. Permit an individual Multi-Casino Payout in the series and its copies to be written upon simultaneously while still locked in the dispenser; and

ii. Discharge the original, duplicate and triplicate while the quadruplicate remains in a continuous, unbroken form in the dispenser;

2. The duplicate and triplicate Multi-Casino Payouts shall be treated like a duplicate Payout under N.J.A.C. 19:45-1.40, except that:

i. The amount of the Multi-Casino Payout shall not be included in the daily calculation of the Slot Win Sheet but shall be reported as a periodic adjustment in a manner approved by the Commission; and

ii. At the end of each gaming day, at a minimum, the triplicate Multi-Casino Payout shall be forwarded by the accounting department to the casino licensee or slot system operator for comparison and agreement with the combined system readings and reports, and for calculation of tax deductions and cash reimbursements, if applicable; and

3. The quadruplicate Multi-Casino Payout shall be treated like a triplicate Payout under N.J.A.C. 19:45-1.40.

(c) For establishments in which Payouts are computer prepared, a separate series of Multi-Casino Payouts shall be used in lieu thereof and shall be subject to the following additional procedures and requirements:

1. Each series of Multi-Casino Payouts shall be a three-part form, at a minimum, and shall be inserted in a printer which shall:

i. Simultaneously print an original, duplicate and triplicate Multi-Casino Payout while the computer stores, in machine-readable form, all information printed on the Multi-Casino Payout; and

ii. Discharge the original, duplicate and triplicate;

2. Stored data shall not be susceptible to change or removal by any personnel after preparation of a Multi-Casino Payout; and

3. The duplicate and triplicate Multi-Casino Payout shall be treated like a duplicate Payout under N.J.A.C. 19:45-1.40, except that:

i. The amount of the Multi-Casino Payout shall not be included in the daily calculation of the Slot Win Sheet but shall be reported as a periodic adjustment in a manner approved by the Commission; and

ii. At the end of each gaming day, at a minimum, the triplicate Multi-Casino Payout shall be forwarded by the accounting department to the slot system operator for comparison and agreement with the combined system readings and reports, and for calculation of tax deductions and cash reimbursements, if applicable.

(d) If a multi-casino slot machine system will not permit slot department personnel employed by the casino licensee where the jackpot is won to determine from the slot machine or the progressive display the actual amount of the jackpot payout of cash or slot tokens won by the patron, the following additional requirements shall apply:

1. The slot cashier who is responsible for preparing the Multi-Casino Payout shall request the slot system operator to provide documentation of the actual amount of the jackpot payout of cash or slot tokens won by the patron;

2. The slot system operator shall provide, in a form and manner approved by the Commission, documentation of the actual amount of the jackpot payout to the slot cashier, who shall use the documentation in the preparation of the Multi-Casino Payout and attach the documentation to the original Multi-Casino Payout; and

3. The documentation required by (d)1 above shall include the winning jackpot amounts which should be displayed on the slot machine or the progressive meter on the floor of the casino.

(e) Prize tokens shall not be available as a Multi-Casino Payout.

New Rule—19:45-1.40C.

Experimental 90-day implementation of new rule, pursuant to N.J.S.A. 5:12-69(e), 5:12-70(f), (l) and (m), effective March 23, 1990 (expires June 21, 1990).

See: 22 N.J.R. 841(a).

New Rule, R.1990 d.238, effective May 7, 1990.

See: 22 N.J.R. 624(a), 22 N.J.R. 1381(a).

Notice of Receipt of Petition for Rulemaking.

See: 22 N.J.R. 2190(b).

Amended by R.1994 d.504, effective October 3, 1994.

See: 26 N.J.R. 2872(a), 26 N.J.R. 3253(a), 26 N.J.R. 4089(a).

Petition for Rulemaking.

See: 35 N.J.R. 4332(c), 5171(c)

Petition for Rulemaking.

See: 36 N.J.R. 1135(a).

Amended by R.2005 d.121, effective April 18, 2005.

See: 36 N.J.R. 2996(a), 37 N.J.R. 1227(b).

In (b)2ii, deleted "group of casino licensees approved to operate the slot system" following "shall be forwarded by the accounting department to the casino licensee or".

#### 19:45-1.40D Inspection of slot machine jackpots

(a) Prior to the payment of any slot machine jackpot of greater than \$45,000 pursuant to N.J.A.C. 19:45-1.40, any jackpot of merchandise or a thing of value with a cash equivalent value of greater than \$45,000 pursuant to N.J.A.C. 19:45-1.40A, or any manual jackpot where there is evidence of a malfunction, a casino licensee shall notify the Division that a jackpot has been registered and permit the Division to inspect any slot machine, progressive equipment or related equipment involved.

1. Upon notification by the casino licensee, the Division shall advise the casino licensee whether the Division will conduct an inspection. Unless there is evidence of a malfunction or unless otherwise directed by the Division pursuant to its authority under the Act, the casino licensee may award payment of the jackpot to the winning patron prior to completion of the inspection.

2. Failure of the Division to object to the payment of the jackpot prior to or upon completion of its inspection shall not constitute waiver or estoppel of any charge, issue or claim raised in any criminal or regulatory complaint subsequently filed against any person in connection with the winning or payment of that jackpot.

(b) Nothing in (a) above shall be deemed to limit the obligation of a casino licensee under the Act and the Commission's rules to cooperate with the Division or Commission in any inquiry or investigation concerning slot machine jackpots.

New Rule, R.1989 d.72, effective February 6, 1989.

See: 20 N.J.R. 2648(a), 21 N.J.R. 314(a).

New Rule—19:45-1.40B.

Experimental 90-day implementation of new rule, pursuant to N.J.S.A. 5:12-69(e), 5:12-70(f), (l) and (m), effective March 23, 1990 (expires June 21, 1990).

Current N.J.A.C. 19:45-1.40B redesignated as 1.40D.

See: 22 N.J.R. 841(a).

Recodified from N.J.A.C. 19:45-1.40B, R.1990 d.238, effective May 7, 1990.

See: 22 N.J.R. 624(a), 22 N.J.R. 1381(a).

Temporary Amendment.

See: 27 N.J.R. 3226(a).

Amended by R.1995 d.575, effective November 6, 1995.

See: 27 N.J.R. 3148(a), 27 N.J.R. 4448(b).

Petition for Rulemaking.

See: 33 N.J.R. 2351(b), 33 N.J.R. 2920(b).

Amended by R.2001 d.449, effective December 3, 2001.

See: 33 N.J.R. 2745(a), 33 N.J.R. 4155(a).

In (a), substituted "greater than \$45,000" for "\$35,000 or more" throughout the introductory paragraph, rewrote 1 and inserted "prior to or" following "jackpot" in 2.

Amended by R.2005 d.12, effective January 3, 2005.

See: 36 N.J.R. 4105(a), 37 N.J.R. 100(a).

#### **19:45-1.40E Jackpot payouts of cash by a slot attendant from an imprest pouch**

(a) A casino licensee may, in its discretion and in accordance with the provisions of this section, permit a slot attendant, in the presence of a member of the casino security department, to use an imprest inventory of funds secured in a pouch or wallet to pay a jackpot of less than \$1,200 that is not totally and automatically paid directly from the slot machine ("pouch payout"). Any pouch or wallet used pursuant to this section shall be approved by the Commission, contain an imprest amount not to exceed \$5,000, and be carried and used only by slot attendants to pay such jackpots and to exchange currency and coupons pursuant to N.J.A.C. 19:45-1.12(h).

(b) When a slot attendant carrying an imprest fund pursuant to (a) above is informed that a patron has won a jackpot of less than \$1,200 that is not totally and automati-

cally paid directly from the slot machine, the slot attendant shall:

1. After observing the jackpot display on the slot machine and determining the appropriate amount of the payout, initiate, in a manner approved by the Commission, the electronic generation of a Jackpot Payout Slip ("Payout"), which Payout shall:

i. Comply with the requirements of N.J.A.C. 19:45-1.40(f), (h), (i) and (j);

ii. Identify the slot attendant who initiates the generation of the Payout;

iii. Identify the transaction as a pouch payout and the amount recorded on the Pouch Payout Slip; and

iv. Either be queued in the computer terminal of a slot cashier, master coin bank cashier or general cashier for later printing, or be automatically printed immediately after the generation of the Payout is initiated;

2. Complete a Pouch Payout Slip, which shall be obtained from a slot supervisor and not be available to a slot cashier, master coin bank or general cashier, and which shall be, at a minimum, a two-part form containing the following information:

i. The date and time of the jackpot;

ii. The asset number of the slot machine on which the jackpot was registered;

iii. The jackpot display designating the jackpot;

iv. If the casino licensee uses a combined Request for Jackpot Payout Slip/Pouch Payout Slip as permitted by N.J.A.C. 19:45-1.40(a)2, an indication that payment is being made to the winning patron as a pouch payout;

v. The total amount of the jackpot, and if it is different, the amount of the manual jackpot to be paid to the winning patron by the preparer, which amount shall be rounded up to the nearest whole dollar; provided, however, that:

(1) Any funds paid in excess of the actual amount recorded pursuant to N.J.A.C. 19:45-1.40(b)4 shall not be deductible from gross revenue, and shall be reported and adjusted by the casino licensee once each month, at a minimum, in a manner approved by the commission; and

(2) The difference between the amount of the jackpot recorded pursuant to N.J.A.C. 19:45-1.40(b)4 and the amount of the rounded up pouch payout shall not be considered a discrepancy for the purposes of (c)3 or e(1) below;

vi. A space for the signature of the preparer, indicating that the information on the Pouch Payout Slip is correct;

vii. A space for the signature of the casino security department member who verifies the jackpot, the accuracy of the information recorded on the Pouch Payout Slip, and the payment of the jackpot to the winning patron by the preparer; and

viii. A space for the subsequent insertion of the serial number of the matching Jackpot Payout Slip by the slot cashier, master coin bank cashier or general cashier.

3. Request a member of the casino security department to appear at the slot machine in question to witness and verify the jackpot, the accuracy of the information recorded on the Pouch Payout Slip and the payment of the jackpot to the winning patron by the preparer of the Pouch Payout Slip;

4. Sign the original and the duplicate of the Pouch Payout Slip, and obtain the signature on the original and duplicate of the casino security department member who verifies the jackpot and the information recorded on the Pouch Payout Slip and witnesses the payment of the jackpot to the winning patron;

5. Pay the winning patron the amount of the manual jackpot, rounded up to the nearest whole dollar in accordance with (b)2v above, after the requirements of (b)1 through 4 above have been satisfied; and

6. Retain the original Pouch Payout Slip in his or her pouch, and give the duplicate of the Pouch Payout Slip to the casino security department member, who shall promptly deposit it in a secure, locked box controlled by the casino accounting department at the security podium or other location as approved by the commission.

(c) At any time during his or her shift, a slot attendant authorized to make pouch payouts may exchange an original Pouch Payout Slip with a slot cashier, master coin bank cashier or general cashier, as may be necessary to replenish the cash in his or her imprest pouch. Prior to exchanging any cash for a Pouch Payout Slip, the slot cashier, master coin bank cashier or general cashier shall:

1. Ensure that the Pouch Payout Slip contains all required signatures and information;

2. Print the corresponding Jackpot Payout Slip, if it has not already been printed;

3. Compare the original Pouch Payout Slip to the original Jackpot Payout Slip for the jackpot in question, insert the serial number of the Jackpot Payout Slip on the original Pouch Payout Slip in the space provided, and either verify that the information on the two slips agrees or note any discrepancies between the two on a log, which log shall: