

1. Any merchandise or other thing of value offered as part of a combination or alternative jackpot shall not be included in determining the minimum 83 percent payout of any slot machine pursuant to N.J.A.C. 19:45-1.37(h) and shall not be included, when won by a patron, in the total of all sums paid out as winnings for purposes of determining gross revenue.

2. Any cash offered as part of a combination or alternative jackpot shall be included in determining the minimum 83 percent payout of any slot machine pursuant to N.J.A.C. 19:45-1.37(h). Notwithstanding the foregoing, if the jackpot to be offered is an annuity jackpot with a cash payout option, the jackpot shall be treated like an annuity jackpot when determining whether the slot machine satisfies the minimum 83 percent payout requirement; in other words, only an amount which is equal to the initial or reset amount of the jackpot divided by the number of years over which the jackpot will be paid shall be included in the calculation of the theoretical payout percentage of the slot machine.

3. Any cash offered as part of a combination or alternative jackpot, including an annuity jackpot with a cash payout option as set forth in N.J.A.C. 19:45-1.40B, shall be included, when won and paid to a patron, in the total of all sums paid out as winnings for purposes of determining gross revenue; in other words, if the winning patron selects the cash payout option, the present value thereof shall be deductible from gross revenue when actually paid to the patron.

4. If a progressive jackpot is offered as part of a combination jackpot, all elements of the combination jackpot shall continue to be offered until the jackpot is won by a patron or transferred to another progressive slot machine or slot system pursuant to N.J.A.C. 19:45-1.39(n).

5. If a progressive jackpot is offered as part of an alternative jackpot, all elements of the alternative jackpot shall continue to be offered until the amount of the progressive jackpot is equal to or greater than the cash equivalent value of the merchandise or other thing of value offered as an alternative jackpot, at which time the merchandise or other thing of value offered as an alternative jackpot may be discontinued in accordance with the provisions of (l) above. The progressive jackpot shall then remain available to be won by a patron unless it is transferred to another progressive slot machine or slot system pursuant to N.J.A.C. 19:45-1.39(n).

(n) Any advertising involving slot machine payouts of any merchandise or thing of value by the casino licensee shall include an accurate description of the merchandise or thing of value, the dates the merchandise or thing of value will be offered if the casino licensee establishes a time limit (a time limit shall not be permitted for a progressive annuity jackpot) for offering the merchandise or thing of value pursuant to (l) above, and, except for annuity jackpots, the cash

equivalent value of the merchandise or thing of value. Any advertising concerning annuity jackpots shall also provide clear notice of the following:

1. That the jackpot will be paid over time and not in one lump sum, unless the annuity jackpot includes a cash payout option, in which event the option shall be described; and

2. The number of payments and the time interval between payments.

(o) Until the expiration of any time limit established in accordance with (l) above or, if no such time limit is established by the casino licensee, until the merchandise or thing of value offered as a slot machine payout is won by a patron, a casino licensee shall not decrease the probability of hitting the combination that will award the merchandise or thing of value, increase the denomination of the machine, nor in any other way vary the terms upon which the merchandise or thing of value is offered to the public.

(p) Slot machines which are linked to offer the same merchandise jackpot shall have the same probability of hitting the combination that will award that jackpot, provided, however, that the probability may vary among such machines when necessary to enable a casino licensee to institute a change in the probability which is otherwise permitted by this section, if the change is completed expeditiously in accordance with procedures that have been filed with and approved by the Commission.

(q) Except as otherwise authorized by this section, a slot machine which offers merchandise or some other thing of value as a payout which is removed from the gaming floor shall be returned to or replaced on the gaming floor within five days. If the machine is not returned or replaced, the merchandise or thing of value shall, within five days of the slot machine's removal, be offered as a payout on a slot machine or slot system approved by the Commission which offers the same or a greater probability of winning the merchandise or thing of value, and accepts a denomination of coin or slot token the same or less than the denomination accepted by the slot machine which was removed. Any time limit for offering a jackpot of merchandise or other thing of value shall be extended by the number of days during which the merchandise or thing of value was not offered as the result of any action taken by a casino licensee pursuant to this subsection.

New Rule, R.1987 d.302, effective July 20, 1987.

See: 18 N.J.R. 2005(a), 19 N.J.R. 1321(a).

Experimental 90-day implementation of amendment, 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).

Amended by R.1990 d.238, effective May 7, 1990.

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

Revised rule to be consistent with new rules in chapter regarding annuity jackpots.

Clarified new procedural and recordkeeping requirements, including stylistic changes.

Added new (a) and relettered old (a) as (b).

In (c): added text "If the payout . . . N.J.A.C. 19:45-1.40B".

In (d): added language specifying employee accountability for series of numbers of all slips.

In (g)4: added "unless the jackpot is an annuity jackpot . . ." to text.

Deleted (l) regarding slot machine payouts of tokens redeemable for any merchandise, and reserved subsection.

In (m): added "Except when the payout is an annuity jackpot . . ." to text.

In (n): added annuity-jackpot exception and language describing annuity jackpot advertising in new (n)1 and 2.

Notice of Receipt of Petition for Rulemaking in (n) and (o).

See: 23 N.J.R. 624(a).

Amended by R.1991 d.230, effective May 6, 1991.

See: 22 N.J.R. 3325(a), 23 N.J.R. 1461(a).

In (g)1: added "asset" to define number.

Amended by R.1992 d.58, effective February 3, 1992.

See: 23 N.J.R. 1306(a), 24 N.J.R. 487(a).

Allows casinos to establish a time limit of not less than 30 days for the offering of merchandise or other thing of value.

Amended by R.1992 d.110, effective March 2, 1992.

See: 23 N.J.R. 3243(a), 24 N.J.R. 858(a).

In (j): stylistic revisions.

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).

Amended by R.1995 d.574, effective November 6, 1995.

See: 27 N.J.R. 3147(a), 27 N.J.R. 4448(a).

Amended by R.1997 d.424, effective October 6, 1997.

See: 29 N.J.R. 3440(a), 29 N.J.R. 4305(a).

In (c), deleted provision for a quarterly report.

Amended by R.1999 d.225, effective July 19, 1999 (operative January 15, 2000).

See: 30 N.J.R. 3175(a), 31 N.J.R. 1947(a).

In (m), changed N.J.A.C. reference in the second sentence.

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

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

Rewrote (a); in (c), inserted reference to treasury instruments in last sentence; in (g), rewrote 5; rewrote (k) through (m); and in (n)1, inserted reference to annuity jackpot with cash payout option.

Amended by R.2002 d.284, effective September 3, 2002 (operative October 18, 2002).

See: 33 N.J.R. 3879(a), 34 N.J.R. 3130(a).

In (l), substituted "progressive" for "certain"; in (m), added 4 and 5; in (n), inserted "(a time limit shall not be permitted for a progressive annuity jackpot)" following "establishes a time limit"; in (q), rewrote the second sentence.

19:45-1.40B Jackpot payouts in the form of an annuity

(a) For purposes of this section, the phrase "annuity jackpot" refers to any slot machine jackpot offered by a casino licensee or group of casino licensees pursuant to which a patron wins the right to receive cash payments at specified intervals in the future. No annuity jackpot shall be permitted unless it provides for the payment of fixed amounts at fixed intervals. In addition, no annuity jackpot shall be permitted unless it expressly prohibits the winner from encumbering, assigning or otherwise transferring in any way his or her right to receive the future cash payments, except as permitted by (k)2i below, and except for a transfer to the estate of the winner upon his or her death. A casino licensee or group of casino licensees may, with the prior approval of the Commission, terminate all future payments to a winner who attempts to encumber, assign or otherwise transfer the right to receive future payments in violation of this prohibition.

1. Notwithstanding the foregoing or any other provision of this chapter to the contrary, a casino licensee or group of casino licensees that offers an annuity jackpot which is payable over at least 10 years may offer a winning patron the option to be paid a single cash payment, in lieu of the annuity jackpot, in an amount that is equal to the present value of the face amount of the jackpot (a "cash payout option").

i. The present value of a cash payout option shall be determined by applying a discount rate to each of the future annuity jackpot payments, taking into consideration the number of years until each jackpot payment would otherwise have been received, and adding thereto the amount of the first cash payment that would otherwise have been received.

ii. The discount rate shall equal the United States Treasury constant maturity rate for 20-year United States government securities for the week ending prior to the date of the jackpot, as identified in the applicable H.15 Statistical Release issued by the Federal Reserve Board, plus one-half of one percent.

2. When a patron wins an annuity jackpot which includes a cash payout option, the casino licensee or group of casino licensees shall:

i. Complete the appropriate documentation required by N.J.A.C. 19:45-1.40, 1.40A and 1.40C, as applicable;

ii. Within three business days, either personally deliver or mail to the winner (by certified mail, return receipt requested) the original of a Jackpot Declaration, a two-part form, at a minimum, on which the winning patron shall indicate his or her decision to receive either the annuity jackpot or the cash payout option, which form shall include, without limitation, the following information:

(1) The face amount of the annuity jackpot, the number of years over which the annuity would be paid and the amount of the initial cash payment and each annual annuity payment;

(2) A summary of the restrictions on alienation of annuity jackpots as set forth in (a) above;

(3) The present cash value of the face amount of the jackpot, the method used to calculate the present cash value, and the discount rate used to calculate that value;

(4) A statement that the winning patron is under no obligation to accept the cash payout option in lieu of the annuity jackpot;

(5) A statement that the winning patron shall have until 5:00 P.M. of the 21st day following the date of the winning jackpot, expressed as a date certain, within which to select or decline the cash payout option and to inform the casino licensee or group of casino licensees of his or her decision by returning the original signed Jackpot Declaration in a manner specified on the form;

(6) A statement that once a method of payment has been selected through the return of the Jackpot Declaration, the method of payment cannot be changed; and

(7) A statement that if the patron fails to return the completed Jackpot Declaration by the time set forth therein, the patron shall receive the annuity jackpot rather than the cash payout option; and

iii. Forward the duplicate Jackpot Declaration to the casino accounting department or such other location designated by approved internal controls where it shall be retained with the Jackpot Payout Slip and, if applicable, the original Jackpot Payout Receipt until the patron returns the original Jackpot Declaration or the time period for selecting the cash payout option expires.

3. Upon receipt of a completed Jackpot Declaration from a winning patron or the expiration of the time period for selecting the cash payout option, a casino licensee or group of casino licensees shall complete the awarding of the jackpot as follows:

i. If a winning patron selects the cash payout option, the casino licensee or the trust shall, within five business days of its receipt of the Jackpot Declaration, issue a check to the winning patron in an amount equal to the present value of the annuity jackpot at the time the jackpot was won; or

ii. If a winning patron either declines the cash payout option or fails to return the Jackpot Declaration in a timely manner, the casino licensee or trust shall, within five business days of the triggering event, issue a check to the winning patron in an amount equal to the first installment of the annuity jackpot and pay the remainder of the annuity jackpot in accordance with the provisions of this section.

(b) Any casino licensee or group of casino licensees planning to offer an annuity jackpot shall establish a trust fund which shall be used to make future cash payments. The trust fund shall be administered in accordance with a written trust agreement which shall be reviewed and approved by the Commission prior to the offering of the jackpot. The trust agreement shall, at a minimum, require that:

1. Any casino licensee participating in offering the annuity jackpot serve as trustee for the trust fund;

2. The monies in the trust fund be used to purchase annuity contracts or United States treasury bonds, treasury notes, or treasury bills in accordance with (c) or (d) below to assure that the trust will have sufficient monies available in each year to make all annuity jackpot payments which are required under the terms of the annuity jackpots which are won;

3. A reserve be established and maintained within the trust fund which is sufficient to purchase the annuity contracts, treasury bonds, treasury notes or treasury bills required under (b)2 above as annuity jackpots are won;

4. The trust continue to be maintained until all payments owed to winners of the annuity jackpots have been made; and

5. The trustees obtain and file with the Commission and the Division within 30 days of receipt an annual audit by an independent certified public accountant licensed to practice in the State of New Jersey attesting to:

i. The financial position of the trust fund, including whether the trust will be able to pay all of its obligations when due; and

ii. Disclosing whether the records and control procedures examined are maintained in accordance with the Act, the Commission's regulations, and generally accepted accounting principles.

(c) If the trustee or trustees purchase annuity contracts in satisfaction of (b)2 above, a separate annuity contract shall be purchased for each annuity jackpot won. The annuity contract shall name the trust fund as beneficiary, shall provide for annuity payments which are equal to or greater than the payments required under the annuity jackpot, and shall provide for each annuity contract payment to be made to the trust fund prior to the date the payment is required to be made under the annuity jackpot. The annuity contract shall be purchased within 180 days after the annuity jackpot is won, unless it is purchased pursuant to (d) below, and a copy of the contract shall be provided to the Commission and Division within 30 days of its purchase. The annuity contract shall be issued by an insurance company which:

1. Has fidelity and fiduciary insurance or bonding coverage for 100 percent of the value of the annuity contract;

2. Has a combined capital and surplus of at least 100 million dollars, assets of at least one billion dollars, and an A.M. Best Company rating of A plus (superior); and

3. Is authorized to issue annuities in New Jersey by the State's Commissioner of Insurance and is either licensed to sell annuities in this State, or represented by an entity so licensed.

(d) If the trustee or trustees purchase United States treasury bonds, treasury notes or treasury bills in satisfaction of (b)2 above, a separate treasury bond, note or bill shall be purchased for each payment which is required to be made under the terms of the annuity jackpot. Each treasury bond, note or bill shall have a surrender value at maturity, excluding any interest which is paid before the maturity date, which is equal to or greater than the value of the corresponding annuity jackpot payment, and shall have a maturity date which is prior to the date the annuity jackpot payment is required to be made. All treasury bonds, notes

or bills shall be purchased within 180 days after the annuity jackpot is won, and a copy of the bonds, notes or bills will be provided to the Commission and the Division within 30 days of their purchase. No treasury bond, note or bill purchased pursuant to this section shall be sold prior to its maturity date unless the proceeds are used to purchase another treasury bond, note or bill or an annuity contract in compliance with the requirements of this section to assure that the remaining deferred payments are made as promised, which purchase must be completed within 30 days of the sale of the bonds, notes or bills.

(e) Any casino licensee or group of casino licensees which offers an annuity jackpot shall be strictly and immediately liable for any payment which is owed to a bona fide winner of such a jackpot, as ascertained by the rules of the Commission, in the event that the payment is not made by the trustees when due. Where the annuity jackpot is offered as part of a multi-casino progressive slot system, each casino licensee participating in the system when the jackpot is won shall be jointly and severally liable for each jackpot payment required to be made under this subsection.

(f) All monies received by the trustees under the annuity contracts and all monies received upon the sale or surrender of the treasury bonds, notes or bills shall be deposited in the bank account of the trust or, with the approval of the Commission, in an account with a non-bank broker dealer which is registered with the Securities and Exchange Commission and is a member of the Securities Investor Protection Corporation, and immediately recorded on an Annuity Deposit Log. The Annuity Deposit Log shall contain, at a minimum, the following:

1. The date the payment is received;
2. The amount of the payment;
3. The source of the payment, including, if applicable, the name of the insurance company issuing the payment;
4. The method of payment (cash, check, electronic transfer or other payment method approved by the Commission); and
5. The signature of the person making the entry.

(g) Upon the deposit of the payments received in accordance with (f) above, the trustees may invest such proceeds in United States Treasury notes, bonds or bills or in shares of mutual funds which invest only in such Treasury securities. The term of any such investment shall not exceed 90 days and shall not interfere with the ability of the trust to make any annuity jackpot payout when due. If an investment authorized by this subsection is made by the trustees, the Annuity Deposit Log shall contain, at a minimum, the following information for each investment:

1. The date of purchase or sale;
2. The purchase or sale price;

3. A description of the investment; and
4. The signature of the person making the entry.

(h) The trustees shall make all payments owed to a patron as the result of that patron winning an annuity jackpot by check made payable to the winning patron. Such payments shall be recorded on an Annuity Payment Log which shall contain, at a minimum, the following:

1. The patron's name and address;
2. The check number and the date the check was mailed or presented to the patron;
3. The amount of the check;
4. The date the payment was due;
5. The names of the persons signing the check; and
6. The signature of the person making the entry.

(i) The trustees shall also maintain an Annuity Jackpot Summary Log for each patron who wins an annuity jackpot to summarize the payments owed and made to the winning patron. The Annuity Jackpot Summary Log shall be prepared when a patron wins an annuity jackpot.

1. At the time of preparation, the Log shall contain, at a minimum, the following information:

- i. The patron's name and address;
- ii. The date the annuity jackpot was won;
- iii. The total amount of the annuity jackpot;
- iv. The amount of each annuity payment;
- v. The date each annuity payment is due; and
- vi. The signature of the preparer.

2. As annuity payments are made to the patron, the following information, at a minimum, shall be entered in the Log:

- i. The date of the payment;
- ii. The amount of the check;
- iii. The check number; and
- iv. The signature of the person making such an entry.

(j) Any casino licensee or group of casino licensees 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 group of casino licensees 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 group of casino licensees comply with this section by lending funds to a winning patron to pay the income tax liability, the casino licensee or group of casino licensees 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.

(l) Notwithstanding any other provision of this chapter to the contrary, a casino licensee or group of casino licensees may, at any time between July 1, 1999 and November 1, 2000, offer any patron who won, on or before October 21, 1998, an annuity jackpot that was payable over a period of at least 10 years (a "qualified winner"), the option to be paid a single cash payment, in lieu of his or her remaining annuity jackpot payments, in an amount that is equal to the present value of the remaining payments (a "cash buyout option"). If a casino licensee or group of casino licensees offers a cash buyout option to any qualified winner of a particular slot machine game or multi-casino progressive slot system, then the casino licensee or group of casino licensees shall make the same offer to all qualified winners of the same slot machine game or multi-casino progressive slot system.

1. The present value of a cash buyout option shall be determined by applying a discount rate to each remaining annual annuity jackpot payment as of the date of the offer, taking into consideration the number of years until each discount payment would otherwise have been received. The discount rate shall be eight and one-half percent.

2. Any cash buyout option offered pursuant to this subsection shall be in writing, sent via certified mail, return receipt requested, and shall include, without limitation, the following information:

i. A statement advising the patron that, in lieu of continuing to receive his or her annual annuity jackpot

payments, the winning patron may make a one-time election to receive the balance of his or her annuity jackpot winnings in the form of a single cash payment equal to the present value of the remaining payments as of the date of the offer;

ii. The number and total amount of his or her remaining annuity jackpot payments as of the date of the notice;

iii. The present cash value of the cash buyout option, the method used to calculate the present cash value, and the discount rate used to calculate that value;

iv. A statement that the patron is under no obligation to accept the cash buyout option in lieu of continuing to receive the annual annuity payments;

v. A statement that the patron shall have until 5:00 P.M. of the 30th day following the date of the offer, expressed as a date certain (which in no event shall be later than December 1, 2000), within which to exercise the cash buyout option and to inform the trust administering the annuity jackpot by returning the original signed offer in a manner specified therein;

vi. A statement that once the cash buyout option has been exercised through the return of the signed offer, the method of payment cannot be changed; and

vii. A statement that if the patron fails to accept the offer within the time period set forth therein, the patron shall continue to receive his or her annuity jackpot payments as originally scheduled.

3. Upon receipt of a signed offer from a qualified winner electing to accept the cash buyout option and requesting that he or she be paid the remainder of his or her annuity jackpot in the form of a single cash payment, the trust administering the annuity jackpot shall, within 60 days of the date of the offer, issue a check to the winning patron in an amount equal to the present value of the remaining annuity jackpot payments as of the date of the offer. The single cash payment made to a qualified winner who exercises a cash buyout option shall not be included in the total of all sums paid out as winnings for purposes of determining gross revenue.

(m) Notwithstanding any other provision of this chapter to the contrary, a casino licensee or group of casino licensees may, at any time between July 1, 1999 and November 1, 2000, offer a cash buyout option to any patron who won, after October 21, 1998 but before the effective date of this subsection, an annuity jackpot that was payable over a period of at least 10 years. If a casino licensee or group of casino licensees offers a cash buyout option to any winner of a particular slot machine game or multi-casino progressive slot system pursuant to this subsection, then the casino licensee or group of casino licensees shall make the same offer to all winners of the same slot machine game or multi-casino progressive slot system who are subject to this subsection. Any cash buyout option offered pursuant to this subsection shall be made and administered in accordance with the provisions of (l) above.

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 (e)-(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 (l) 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)lii, 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 (l)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).

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 group of casino licensees approved to operate the slot system ("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).

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 winning combination 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.