

By Senator Diaz de la Portilla

36-00490A-11

2011812

1                                   A bill to be entitled  
2           An act relating to Internet poker; creating the  
3           "Internet Poker Consumer Protection and Revenue  
4           Generation Act"; providing for intrastate Internet  
5           poker to be provided to the public by cardroom  
6           operators through a state Internet poker network  
7           operated by licensed Internet poker hub operators;  
8           creating s. 849.087, F.S.; providing legislative  
9           intent; providing definitions; authorizing  
10          participation in and operation of intrastate Internet  
11          poker; providing for the Division of Pari-mutuel  
12          Wagering of the Department of Business and  
13          Professional Regulation to administer the act and  
14          regulate the operation of a state Internet poker  
15          network, Internet poker hub operators, cardroom  
16          affiliates, and the playing of intrastate Internet  
17          poker; authorizing the division to adopt rules,  
18          conduct investigations and monitor operations, review  
19          books and accounts and records, suspend or revoke any  
20          license or permit for a violation, take testimony,  
21          issue summons and subpoenas, monitor and ensure the  
22          proper collection of taxes and fees, and monitor and  
23          ensure that the playing of Internet poker is conducted  
24          fairly and that player information is protected by  
25          Internet poker hub operators; requiring Internet poker  
26          hub operators to be licensed; providing qualifications  
27          and conditions for licensure; providing application  
28          requirements; providing for an advance payment to be  
29          credited toward taxes; providing initial and renewal

36-00490A-11

2011812

30 license fees; providing for selection of Internet  
31 poker hub operators through competitive procurement  
32 process; requiring payment of certain costs and refund  
33 of amounts collected in excess of the cost; requiring  
34 a surety bond; providing for a contract between the  
35 state and the poker hub operator; requiring the  
36 division to annually determine the need for additional  
37 operators; providing for a cardroom affiliate license  
38 to be issued to a cardroom operator to provide  
39 intrastate Internet poker for play; providing for  
40 applications for the affiliate license and renewal  
41 thereof; providing conditions for licensure and  
42 renewal of licensure as an affiliate; requiring  
43 reporting to and approval by the division of a change  
44 of ownership of the affiliate licensee; prohibiting  
45 certain acts by an affiliate; providing a fee;  
46 providing for employee and business occupational  
47 licenses; requiring certain employees of and certain  
48 companies doing business with a cardroom affiliate or  
49 an Internet poker hub operator to hold an appropriate  
50 occupational license; prohibiting such operator or  
51 affiliate from employing or allowing to be employed  
52 such a person or doing business with such a company if  
53 that person or company does not hold an occupational  
54 license; directing the division to adopt rules  
55 regarding Internet poker hub operator, cardroom  
56 affiliate, and occupational licenses and renewal of  
57 such licenses; providing a fee for occupational  
58 license and renewal thereof; providing penalties for

36-00490A-11

2011812

59 failure to pay the fee; exempting from licensure a  
60 person holding a valid individual cardroom  
61 occupational license; providing grounds for the  
62 division to deny an application for or revoke,  
63 suspend, or place conditions or restrictions on or  
64 refuse to renew such occupational license; requiring  
65 fingerprints; providing procedures for processing  
66 fingerprints and conducting a criminal history records  
67 check and for payment of costs; providing for  
68 citations and civil penalties; providing requirements  
69 to register and play intrastate Internet poker;  
70 providing for an Internet Poker Self-Exclusion Form;  
71 requiring the Internet poker hub operator to exclude  
72 from play any person who has completed such form;  
73 providing for maintenance of the form and distribution  
74 to cardroom affiliates and the division; requiring the  
75 Internet poker hub operator to display a link to the  
76 website offering services related to the prevention of  
77 compulsive and addictive gambling; limiting liability;  
78 providing requirements for approval of games to be  
79 offered to players; providing requirements for all  
80 offered games and game results and games not  
81 completed; providing requirements to minimize fraud  
82 and cheating; prohibiting action for damages against  
83 the Internet poker hub operator to prevent fraud or  
84 cheating under certain circumstances; providing  
85 requirements for player eligibility and registration  
86 and player accounts; authorizing the Internet poker  
87 hub operator to suspend or revoke player accounts;

36-00490A-11

2011812

88 providing requirements for poker hub operations;  
89 requiring the Internet poker hub operator to establish  
90 a book of accounts, regularly audit financial records,  
91 and make the records available to the division;  
92 providing technical system requirements; requiring the  
93 Internet poker hub operator to define, document, and  
94 implement certain methodologies relating to its  
95 systems; requiring the Internet poker hub operator to  
96 maintain such documentation for a certain period of  
97 time; providing for player participation fees;  
98 prohibiting certain relationships and acts by  
99 employees of the division and occupational license  
100 holders and certain relatives; authorizing conduct of  
101 proposed and authorized games; prohibiting a person  
102 who has not attained a certain age from holding an  
103 Internet poker occupational license or engaging in any  
104 game conducted; prohibiting offering Internet poker to  
105 persons located in the state except in compliance with  
106 law; providing that an entity that has accepted any  
107 wager on any online gambling activity from a Florida  
108 resident since a certain date is not eligible to apply  
109 for licensure and participate in intrastate Internet  
110 poker in Florida for a specified period of time;  
111 prohibiting false statements; prohibiting manipulation  
112 of Internet poker play and operations; providing civil  
113 and criminal penalties; providing for disposition of  
114 fines collected; providing for license fees to be paid  
115 by the Internet poker hub operator and cardroom  
116 affiliates; providing for disposition and accounting

36-00490A-11

2011812

117 of fees collected; providing for an advance payment by  
118 the Internet poker hub operator to be credited toward  
119 taxes; providing for the tax rate and procedures for  
120 payment; requiring payments to be accompanied by a  
121 report showing all intrastate Internet poker  
122 activities for the preceding calendar month and  
123 containing such other information as prescribed by the  
124 division; providing penalties for failure to pay taxes  
125 and penalties; providing for use of certain deposits;  
126 providing for distribution of moneys received from  
127 Internet poker hub operations; providing grounds for  
128 the division to deny a license or the renewal thereof  
129 or suspend or revoke a license; providing penalties;  
130 authorizing the division to adopt rules; providing for  
131 administration of the act and regulation of the  
132 intrastate Internet poker industry; providing an  
133 effective date.

134

135 Be It Enacted by the Legislature of the State of Florida:

136

137 Section 1. This act may be cited as the "Internet Poker  
138 Consumer Protection and Revenue Generation Act."

139 Section 2. Section 849.087, Florida Statutes, is created to  
140 read:

141 849.087 Intrastate Internet poker authorized.—

142 (1) LEGISLATIVE INTENT.—It is the intent of the Legislature  
143 to create a framework for the state to regulate intrastate  
144 Internet poker which can ensure consumer protections and  
145 additional revenue to the state by authorizing, implementing,

36-00490A-11

2011812

146 and creating a licensing and regulatory structure and system of  
147 intrastate Internet poker to:

148 (a) Provide that intrastate Internet poker is offered for  
149 play only in a manner that is lawful under the federal Unlawful  
150 Internet Gaming Enforcement Act of 2006, which authorizes a  
151 state to regulate and conduct intrastate Internet gambling, such  
152 as poker.

153 (b) Provide a new source of revenue that will generate  
154 additional positive economic benefits to the state through the  
155 authorization of lawful and regulated intrastate Internet poker  
156 in Florida instead of flowing offshore to unregulated foreign  
157 operators and markets.

158 (c) Create a contractual relationship with one or more  
159 Internet poker hub operators having the technical expertise to  
160 ensure that wagering authorized by this section is offered only  
161 to registered players who are at least 18 years of age and  
162 physically present within the borders of this state at the time  
163 of play.

164 (d) Provide for a competitive procurement process to select  
165 one or more Internet poker hub operators that are qualified to  
166 be licensed by the state and meet all statutory, regulatory, and  
167 contractual requirements of the state while protecting  
168 registered poker players.

169 (e) Provide for a licensed cardroom operator to become a  
170 licensed provider of intrastate Internet poker through Internet  
171 poker hub operators.

172 (f) Ensure that the state is able to collect all taxes and  
173 fees from the play of intrastate Internet poker.

174 (g) Create a system to protect each registered poker

36-00490A-11

2011812

175 player's private information and prevent fraud and identity  
176 theft and ensure that the player's financial transactions are  
177 processed in a secure and transparent fashion.

178 (h) Ensure that the regulatory agency has unlimited access  
179 to the premises and records of the Internet poker hub operators  
180 and cardroom affiliates to ensure strict compliance with its  
181 regulations concerning credit authorization, account access, and  
182 other security provisions.

183 (i) Require the Internet poker hub operators to provide  
184 accessible customer service to registered poker players.

185 (j) Require the Internet poker hub operator's Internet site  
186 to contain information relating to problem gambling, including a  
187 telephone number that an individual may call to seek information  
188 and assistance for a potential gambling addiction.

189 (2) DEFINITIONS.—Unless otherwise clearly required by the  
190 context, as used in this section:

191 (a) "Authorized game" means a game or series of games of  
192 poker which are played in a nonbanking manner on a state  
193 Internet poker network.

194 (b) "Cardroom affiliate" means a licensed cardroom operator  
195 as defined in s. 849.086 who maintains an Internet site as a  
196 portal into a state Internet poker network.

197 (c) "Convicted" means having been found guilty, regardless  
198 of adjudication, as a result of a jury verdict, nonjury trial,  
199 or entry of a plea of guilty or nolo contendere.

200 (d) "Department" means the Department of Business and  
201 Professional Regulation.

202 (e) "Division" means the Division of Pari-mutuel Wagering  
203 of the department.

36-00490A-11

2011812

204       (f) "Gross receipts" means the total amount of money  
205 received by an Internet poker hub operator from registered  
206 players for participation in authorized games.

207       (g) "Internet poker hub operator" or "poker hub operator"  
208 means a computer system operator that is licensed by the state  
209 and contracts with the state to operate a state Internet poker  
210 network.

211       (h) "Intrastate Internet poker" means authorized games of  
212 poker played over the Internet by registered players who are  
213 physically present within the borders of this state at the time  
214 of play.

215       (i) "Liquidity" means the total number of registered  
216 players available in a state Internet poker network.

217       (j) "Nonbanking game" means an authorized game in which an  
218 Internet poker hub operator or cardroom affiliate is not a  
219 participant and has no financial stake in the outcome of the  
220 authorized game.

221       (k) "Player incentives" means any bonuses, rewards, prizes,  
222 or other types of promotional items provided to a registered  
223 player by an Internet poker hub operator or cardroom affiliate  
224 as an incentive to begin or continue playing on a state Internet  
225 poker network.

226       (l) "Rake" means a set fee or percentage of the pot  
227 assessed by an Internet poker hub operator for providing the  
228 Internet poker services to registered players for the right to  
229 participate in an authorized game conducted by the poker hub  
230 operator.

231       (m) "Registered player" means a person who is registered  
232 with a poker hub operator under this section to participate in

36-00490A-11

2011812

233 an authorized game conducted on a state Internet poker network.

234 (n) "State Internet poker network" means a computer system  
235 operated by one or more Internet poker hub operators which  
236 authorizes the playing of and wagering on intrastate Internet  
237 poker by registered players through the website portals of  
238 cardroom affiliates.

239 (o) "Tournament fee" means a set fee assessed to registered  
240 players by an Internet poker hub operator for providing the  
241 Internet poker tournament services.

242 (3) INTRASTATE INTERNET POKER AUTHORIZED.—

243 (a) Under the Unlawful Internet Gaming Enforcement Act of  
244 2006, a state is authorized to regulate and conduct intrastate  
245 Internet poker as long as all players and the online wagering  
246 activities are located within the state.

247 (b) Notwithstanding any other provision of law, a person in  
248 Florida may participate as a registered player in an authorized  
249 game or tournament provided on a state Internet poker network by  
250 a cardroom affiliate or may operate a state Internet poker  
251 network as an Internet poker hub operator described in this  
252 section if such game and poker operations are conducted strictly  
253 in accordance with the provisions of this section and federal  
254 law.

255 (4) AUTHORITY OF DIVISION.—The division shall administer  
256 this section and regulate the operation of a state Internet  
257 poker network, the Internet poker hub operators, the cardroom  
258 affiliates, and the play of intrastate Internet poker under this  
259 section and the rules adopted pursuant to this section, and is  
260 authorized to:

261 (a) Adopt rules related to Internet poker, including, but

36-00490A-11

2011812

262 not limited to, rules governing the issuance of operator and  
263 individual occupational licenses to Internet poker hub  
264 operators, cardroom affiliates, and their employees; operation  
265 of a state Internet poker network and technical system  
266 requirements; security of the financial information of  
267 registered players and registered player accounts; bonuses,  
268 awards, promotions, and other incentives to registered players;  
269 recordkeeping and reporting requirements; the distribution of  
270 Internet poker income; and the imposition and collection of all  
271 fees and taxes imposed by this section.

272 (b) Conduct investigations and monitor operation of a state  
273 Internet poker network and the playing of authorized games on a  
274 network.

275 (c) Review the books, accounts, and records of any current  
276 or former Internet poker hub operator or cardroom affiliate.

277 (d) Suspend or revoke any license or permit, after hearing,  
278 for any violation of this section or the rules adopted pursuant  
279 to this section.

280 (e) Take testimony, issue summons and subpoenas for any  
281 witness, and issue subpoenas duces tecum in connection with any  
282 matter within its jurisdiction.

283 (f) Monitor and ensure proper collection of taxes and fees  
284 imposed by this section. The internal controls of Internet poker  
285 hub operators shall ensure no compromise of revenue to the  
286 state. The division shall monitor, audit, and verify the cash  
287 flow and accounting of a state Internet poker network revenue  
288 for any given operating day.

289 (g) Monitor and ensure that the playing of Internet poker  
290 is conducted fairly and that all personal and financial

36-00490A-11

2011812

291 information provided by registered players is protected by the  
292 Internet poker hub operators.

293 (5) INTERNET POKER HUB OPERATOR LICENSE REQUIRED;  
294 APPLICATION; FEES.—A person may not operate as an Internet poker  
295 hub operator in this state unless the person holds a valid  
296 Internet poker hub operator license issued under this section.

297 (a) Only a person holding a valid Internet poker license  
298 issued by the division may provide intrastate Internet poker for  
299 play to registered players.

300 (b) An Internet poker hub operator must be an entity  
301 authorized to conduct business in this state.

302 (c) A person seeking a license or renewal of a license to  
303 operate as an Internet poker hub operator shall make application  
304 on forms prescribed by the division. Applications for Internet  
305 poker hub operator licenses shall contain all of the information  
306 the division, by rule, determines is required to ensure  
307 eligibility under this section.

308 (d) As a condition of licensure and to maintain continued  
309 authority to conduct intrastate Internet poker, an Internet  
310 poker hub operator licensee must provide the documentation  
311 required under this section on a timely basis to the division  
312 and the documentation must be appropriate, current, and  
313 accurate. A change in ownership or interest of an Internet poker  
314 hub operator licensee of 5 percent or more of the stock or other  
315 evidence of ownership or equity in an Internet poker hub  
316 operator licensee or any parent corporation or other business  
317 entity that in any way owns or controls an Internet poker hub  
318 operator licensee must be approved by the division before the  
319 change, unless the owner is an existing holder of the license

36-00490A-11

2011812

320 who was previously approved by the division. A change in  
321 ownership or interest of an Internet poker hub operator licensee  
322 of less than 5 percent, unless the change results in a  
323 cumulative total of 5 percent or more, must be reported to the  
324 division within 20 days after the change. The division may then  
325 conduct an investigation to ensure that the license is properly  
326 updated to show the change in ownership or interest. Reporting  
327 is not required under this paragraph if the person is holding 5  
328 percent or less of the equity or securities of a corporate owner  
329 of an Internet poker hub operator licensee that has its  
330 securities registered pursuant to s. 12 of the Securities  
331 Exchange Act of 1934, 15 U.S.C. ss. 78a-78kk, and if the  
332 corporation or entity files with the United States Securities  
333 and Exchange Commission the reports required by s. 13 of that  
334 act or if the securities of the corporation or entity are  
335 regularly traded on an established securities market in the  
336 United States. A change in ownership or interest of less than 5  
337 percent which results in a cumulative ownership or interest of 5  
338 percent or more must be approved by the division before the  
339 change, unless the owner is an existing holder of the license  
340 who was previously approved by the division.

341 (e)1. Upon the awarding of a contract to be an Internet  
342 poker hub operator by the division under subsection (6), an  
343 Internet poker hub operator licensee shall pay to the division a  
344 nonrefundable payment of \$10 million. This payment shall be  
345 treated as an advance payment to the state by each Internet  
346 poker hub operator and shall be credited against the tax on  
347 monthly gross receipts derived from the play of intrastate  
348 Internet poker under paragraph (25) (a) until the original amount

36-00490A-11

2011812

349 is recouped by each Internet poker hub operator.

350 2. Upon the submission of the initial application for an  
351 Internet poker hub operator license, and annually thereafter, on  
352 the anniversary date of the issuance of the initial license, an  
353 Internet poker hub operator licensee shall pay a nonrefundable  
354 license fee of \$500,000 for the succeeding 12 months of  
355 licensure to fund the division's regulation and oversight of the  
356 operation and play of intrastate Internet poker. All funds  
357 received under this paragraph shall be deposited by the division  
358 with the Chief Financial Officer to the credit of the Pari-  
359 mutuel Wagering Trust Fund.

360 (6) SELECTION OF AN INTERNET POKER HUB OPERATOR BY  
361 COMPETITIVE PROCUREMENT PROCESS.—The division shall, subject to  
362 a competitive procurement process, select no more than three  
363 Internet poker hub operator applicants that meet the licensure  
364 and technical requirements and expertise to provide services for  
365 lawful intrastate Internet poker games in Florida. The  
366 applicants must demonstrate the ability to ensure that  
367 intrastate Internet poker is offered only to registered players  
368 who are at least 18 years of age and who are physically present  
369 within the borders of this state at the time of play.

370 (7) QUALIFICATIONS FOR AN INTERNET POKER HUB OPERATOR.—For  
371 the purposes of this section, the division shall consider all of  
372 the following as minimum qualifications to determine whether an  
373 Internet poker hub operator applicant or any subcontractor  
374 included in the hub operator applicant's state application is  
375 legally, technically, and financially qualified to become the  
376 state's Internet poker hub operator:

377 (a) The applicant or subcontractor is an entity authorized

36-00490A-11

2011812

378 to conduct business in this state.

379 (b) The applicant or subcontractor has not accepted any  
380 wager of money or other consideration on any online gambling  
381 activity, including poker, from any Florida resident since  
382 October 13, 2006. However, this paragraph does not disqualify an  
383 applicant or subcontractor who accepts online pari-mutuel wagers  
384 from any Florida resident through a legal online pari-mutuel  
385 wagering entity authorized in another state.

386 (c) The applicant's or subcontractor's executives and key  
387 employees meet the requirements to obtain intrastate Internet  
388 poker occupational licenses from the division, as set forth in  
389 subsection (12).

390 (d) The applicant or subcontractor has a contract or is  
391 licensed to operate gaming or lottery activities in one or more  
392 jurisdictions within the United States.

393 (e) The applicant or subcontractor has existing and  
394 established experience with Internet gaming, or is licensed to  
395 conduct Internet gaming activities, in one or more jurisdictions  
396 outside the United States where Internet gaming is legal and  
397 regulated.

398 (f) The applicant, the applicant's subcontractors, and all  
399 entities with an ownership interest in the applicant or the  
400 applicant's subcontractors have demonstrated compliance with all  
401 federal and state laws in the jurisdictions in which they  
402 provide services.

403 (g) The applicant has provided all necessary documentation  
404 and information relating to all proposed subcontractors of the  
405 applicant.

406 (h) The applicant has provided a description of how it will

36-00490A-11

2011812

407 facilitate compliance with all of the standards set forth in  
408 this section, including, but not limited to, those for:

409 1. Registered player processes and requirements relating to  
410 intrastate play, age verification, and exclusion of problem  
411 gamblers.

412 2. Network system requirements, including, but not limited  
413 to, connectivity, hardware, software, anti-fraud systems, virus  
414 prevention, data protection, access controls, firewalls,  
415 disaster recovery, and redundancy.

416 3. Gaming systems, including, but not limited to, hardware  
417 and software that ensures that: games are legal, games are  
418 independent and fair, game and betting rules are available to  
419 all registered players, and all data used for the conduct of  
420 each game are randomly generated and unpredictable.

421 4. Ongoing auditing by the division and accounting systems,  
422 including, but not limited to, those for registered player  
423 accounts, participation fees, distribution of funds to  
424 registered players, and distribution of revenue to the state.

425 (i) The applicant has provided all other documentation or  
426 information that the division, by rule, has determined is  
427 required to ensure that the applicant is legally, technically,  
428 and financially qualified to enter into a contract to become the  
429 state's Internet poker hub operator.

430 (8) SUBMISSION OF THE APPLICATION FOR AN INTERNET POKER HUB  
431 OPERATOR; FEES.—In addition to demonstrating that the applicant  
432 is legally, technically, and financially qualified to become an  
433 Internet poker hub operator in the state, the applicant must  
434 describe how it will fulfill the contractual role envisaged by  
435 this section. The applicant shall provide all of the following:

36-00490A-11

2011812\_\_

436 (a) All necessary documentation and information relating to  
437 the applicant and its direct and indirect owners, including, but  
438 not limited to:

439 1. Documentation that the entity is authorized to conduct  
440 business in this state and other founding documents.

441 2. Current and historical audited financial and accounting  
442 records.

443 3. Any and all documents relating to legal and regulatory  
444 proceedings in this state and other jurisdictions involving the  
445 applicant.

446 4. Any and all documents relating to the applicant's  
447 business history, including all state and federal tax filings.

448 5. Any and all documents relating to the nature and sources  
449 of the applicant's financing.

450 6. Any and all documentation that demonstrates that the  
451 applicant is financially qualified to perform the obligations of  
452 an Internet poker hub operator as described in this section.

453 7. Any other documentation or information that the  
454 division, by rule, determines is required to ensure eligibility.

455 (b) All necessary documentation and information relating to  
456 all proposed subcontractors of the Internet poker hub operator  
457 applicant, including, but not limited to:

458 1. A description of the services to be provided by each  
459 subcontractor.

460 2. Information for each subcontractor as set forth in this  
461 section.

462 3. Any other documentation or information that the  
463 division, by rule, determines is required to ensure eligibility.

464 (c) A description as to how the applicant will facilitate

36-00490A-11

2011812

465 compliance with all of the standards set forth in this section,  
466 including, but not limited to, those for:

467 1. Registered player requirements relating to:

468 a. Intrastate play.

469 b. Age verification.

470 c. Exclusion of problem gamblers.

471 2. Network system requirements, including, but not limited

472 to:

473 a. Connectivity.

474 b. Hardware.

475 c. Software.

476 d. Anti-fraud systems.

477 e. Virus prevention.

478 f. Data protection.

479 g. Access controls.

480 h. Firewalls.

481 i. Disaster recovery.

482 j. Redundancy.

483 3. Gaming systems, including, but not limited to, hardware

484 and software that ensures that:

485 a. Games are legal.

486 b. Games are independent and fair.

487 c. Game and betting rules are available to all registered  
488 players.

489 d. All data used for the conduct of each game are randomly  
490 generated and unpredictable.

491 4. Accounting systems, including, but not limited to, those

492 for:

493 a. Registered player accounts.

36-00490A-11

2011812

494 b. Participation fees.

495 c. Transparency and reporting to the division.

496 d. Distribution of revenue to the state, funds pursuant to  
497 contract, and funds to registered players.

498 e. Ongoing auditing.

499 (d) A description of the games and services the applicant  
500 proposes to offer to registered players.

501 (e) A description by the applicant of how it will ensure  
502 that registered players are at least 18 years of age or older  
503 and facilitate registered player protections and resolution of  
504 player disputes.

505 (f) Upon submission of the initial application and  
506 proposal, an initial filing fee of \$25,000 to compensate the  
507 division for reasonably anticipated costs to be incurred to  
508 conduct a comprehensive investigation of the applicant to  
509 determine if the applicant is legally, technically, and  
510 financially qualified to become the state's Internet poker hub  
511 operator and is suitable for licensure. The division shall, by  
512 rule, require the applicant to make an additional payment if  
513 necessary to complete the investigation; however, the total  
514 amount collected under this paragraph may not exceed the actual  
515 cost incurred to conduct the investigation. The division shall,  
516 by rule, set a procedure for refunding any amount of the filing  
517 fee and additional payment collected under this paragraph which  
518 is not used to cover the cost of the investigation.

519 (9) ANNUAL BOND REQUIRED.—The holder of a license to be an  
520 Internet poker hub operator in the state shall be financially  
521 and otherwise responsible for the operation of a state Internet  
522 poker network and for the conduct of any employee involved in

36-00490A-11

2011812

523 the operation of the online poker network. Before the issuance  
524 of an Internet poker hub operator license, each qualified  
525 applicant for such a license must provide evidence of a surety  
526 bond in the amount of \$1 million, payable to the state, for each  
527 year that the licensee is licensed to be an Internet poker hub  
528 operator in the state. The bond shall be issued by a surety or  
529 sureties authorized to do business in the state and approved by  
530 the division and the Chief Financial Officer in his or her  
531 capacity as treasurer of the division. The bond shall guarantee  
532 that an Internet poker hub operator fulfills all financial  
533 requirements of the contract. Such bond shall be kept in full  
534 force and effect by an Internet poker hub operator during the  
535 term of the license.

536 (10) OBLIGATION OF AN INTERNET POKER HUB OPERATOR.—An  
537 Internet poker hub operator shall comply with the terms of its  
538 contract with the state and this section.

539 (a) The accepted proposal agreed to by the division, on  
540 behalf of the state, and an Internet poker hub operator  
541 applicant shall govern the interpretation of the contract  
542 creating a contractual relationship entered into between the  
543 state and the Internet poker hub operator.

544 (b) The contract between the state and an Internet poker  
545 hub operator is for a 5-year period and may be renewed for a  
546 period equal to the original contract, if agreed to by both  
547 parties.

548 (c) The contract between the state and an Internet poker  
549 hub operator may be amended by mutual written agreement of the  
550 division and the Internet poker hub operator.

551 (d) If this section is amended, an Internet poker hub

36-00490A-11

2011812

552 operator may declare the contract null and void within 60 days  
553 after the effective date of the amendment and must provide at  
554 least 90 days' prior written notice to the division of such  
555 intent; otherwise, the Internet poker hub operator agrees to be  
556 bound by the amendments to this section adopted after the terms  
557 of the contract are established.

558 (e) In the event of commercial infeasibility due to a  
559 change in federal law rendering the provision of intrastate  
560 poker services illegal, an Internet poker hub operator may  
561 abandon the contract after providing the division with at least  
562 90 days' prior written notice of its intent to end the contract  
563 and a statement explaining its interpretation that continuing to  
564 provide services under the contract is commercially infeasible.

565 (f) If a dispute arises between the parties to the  
566 contract, either the division or the Internet poker hub operator  
567 may go through an administrative law or circuit court for an  
568 initial interpretation of the contract and the rights and  
569 responsibilities in the contract.

570 (g) After each year of operation of intrastate Internet  
571 poker in the state, the division shall review and evaluate the  
572 current level of liquidity in the state Internet poker network  
573 to determine if there is a need to authorize additional Internet  
574 poker hub operators. If the division finds there is sufficient  
575 evidence to support authorizing additional Internet poker hub  
576 operators, then the division may select additional Internet  
577 poker hub operators pursuant to subsection (6) and may authorize  
578 additional Internet poker hub operators based on the  
579 qualifications specified in subsection (7). However,  
580 notwithstanding the power to authorize additional Internet poker

36-00490A-11

2011812

581 hub operators under this paragraph, only three Internet poker  
582 hub operators may operate at any one time in the state.

583 (11) CARDROOM AFFILIATE LICENSE REQUIRED; APPLICATION;  
584 FEES.—A cardroom affiliate license may be issued only to a  
585 cardroom operator who is licensed under s. 849.086, actively  
586 operates a cardroom with a minimum of 10 licensed tables, and  
587 complies with all the requirements of s. 849.086 and the rules  
588 adopted pursuant to that section.

589 (a) Only those persons holding a valid cardroom affiliate  
590 license issued by the division may provide intrastate Internet  
591 poker for play to registered players through its website.

592 (b) After the initial cardroom affiliate license is  
593 granted, the annual application for the renewal of that license  
594 shall be made in conjunction with the applicant's annual  
595 application for its cardroom and pari-mutuel licenses under s.  
596 849.086 and chapter 550, respectively.

597 (c) A person seeking a license or renewal of a license to  
598 operate as a cardroom affiliate shall make the application on  
599 forms prescribed by the division. An application for a cardroom  
600 affiliate license shall contain all of the information the  
601 division, by rule, determines is required to ensure eligibility.

602 (d) As a condition of licensure and to maintain continued  
603 authority for the conduct of intrastate Internet poker, the  
604 cardroom affiliate licensee must provide the documentation  
605 required under this section on a timely basis to the division  
606 and the documentation must be appropriate, current, and  
607 accurate. A change in ownership or interest of a cardroom  
608 affiliate licensee of 5 percent or more of the stock or other  
609 evidence of ownership or equity in the cardroom affiliate

36-00490A-11

2011812

610 licensee or any parent corporation or other business entity that  
611 in any way owns or controls the cardroom affiliate licensee must  
612 be approved by the division prior to the change, unless the  
613 owner is an existing holder of the license who was previously  
614 approved by the division. A change in ownership or interest of a  
615 cardroom affiliate licensee of less than 5 percent, unless the  
616 change results in a cumulative total of 5 percent or more, must  
617 be reported to the division within 20 days after the change. The  
618 division may then conduct an investigation to ensure that the  
619 license is properly updated to show the change in ownership or  
620 interest. Reporting is not required under this paragraph if the  
621 person is holding 5 percent or less of the equity or securities  
622 of a corporate owner of the cardroom affiliate licensee that has  
623 its securities registered pursuant to s. 12 of the Securities  
624 Exchange Act of 1934, 15 U.S.C. ss. 78a-78kk, and if the  
625 corporation or entity files with the United States Securities  
626 and Exchange Commission the reports required by s. 13 of that  
627 act or if the securities of the corporation or entity are  
628 regularly traded on an established securities market in the  
629 United States. A change in ownership or interest of less than 5  
630 percent which results in a cumulative ownership or interest of 5  
631 percent or more must be approved by the division before the  
632 change, unless the owner is an existing holder of the license  
633 who was previously approved by the division.

634 (e) As a condition of eligibility for license renewal, a  
635 cardroom affiliate must have an active and operating portal and  
636 must have contributed at least 5 percent of the total revenue  
637 generated from the play of intrastate Internet poker from the  
638 previous state fiscal year, as determined by the division.

36-00490A-11

2011812

639 (f) A cardroom affiliate licensee may not sell or lease all  
640 or any portion of its cardroom licensed under s. 849.086 to any  
641 person or entity, or contract with any person or entity to  
642 operate its website, conduct marketing or promotional  
643 activities, or conduct any other aspects of business associated  
644 with the play of poker under s. 849.086 or intrastate Internet  
645 poker under this section, which does not meet and comply with  
646 all requirements and provisions of this section and s. 849.086.

647 (g) The annual cardroom affiliate license fee shall be  
648 \$1,000. The annual license fee shall be deposited by the  
649 division with the Chief Financial Officer to the credit of the  
650 Pari-mutuel Wagering Trust Fund.

651 (h) The division shall adopt rules regarding cardroom  
652 affiliate licenses and renewals.

653 (12) BUSINESS AND EMPLOYEE OCCUPATIONAL LICENSE REQUIRED;  
654 APPLICATION; FEES.—

655 (a) A person employed by or otherwise working for an  
656 Internet poker hub operator or a cardroom affiliate in any  
657 capacity related to and while conducting intrastate Internet  
658 poker operations must hold a valid occupational license issued  
659 by the division.

660 (b) An Internet poker hub operator or a cardroom affiliate  
661 may not employ or allow to be employed any person in any  
662 capacity related to the operation of intrastate Internet poker  
663 unless the person holds a valid occupational license.

664 (c) An Internet poker hub operator or cardroom affiliate  
665 may not contract with, or otherwise do business with, a business  
666 required to hold a valid intrastate Internet poker business  
667 occupational license, unless the business holds such a valid

36-00490A-11

2011812

668 license.

669 (d) A proprietorship, partnership, corporation,  
670 subcontractor, or other entity must obtain a valid intrastate  
671 Internet poker business occupational license issued by the  
672 division to partner with, contract with, be associated with, or  
673 participate in the conduct of intrastate Internet poker  
674 operations with an Internet poker hub operator or a cardroom  
675 affiliate.

676 (e) The division shall establish, by rule, a schedule for  
677 the annual renewal of Internet poker hub operator and cardroom  
678 affiliate occupational licenses. Intrastate Internet poker  
679 occupational licenses are not transferable.

680 (f) A person seeking an intrastate Internet poker  
681 occupational license, or renewal of such a license, shall make  
682 the application on forms prescribed by the division and include  
683 payment of the appropriate application fee. An application for  
684 an intrastate Internet poker occupational license shall contain  
685 all of the information the division, by rule, determines is  
686 required to ensure eligibility under this section.

687 (g) The division shall adopt rules regarding intrastate  
688 Internet poker occupational licenses and renewals.

689 (h) An intrastate Internet poker occupational license is  
690 valid for the same term as a pari-mutuel occupational license  
691 issued under s. 550.105(1).

692 (i) Pursuant to rules adopted by the division, any person  
693 may apply for and, if qualified, be issued an intrastate  
694 Internet poker occupational license valid for a period of 3  
695 years upon payment of the full occupational license fee for each  
696 of the 3 years for which the license is issued. The intrastate

36-00490A-11

2011812

697 Internet poker occupational license is valid during its  
698 specified term at any Internet poker hub operator or a cardroom  
699 affiliate where intrastate Internet poker is authorized to be  
700 conducted.

701 (j) The intrastate Internet poker occupational license fee  
702 for initial application and annual renewal shall be determined  
703 by rule of the division but may not exceed \$50 for an  
704 occupational license for an employee of an Internet poker hub  
705 operator or a cardroom affiliate licensee or \$1,000 for a  
706 business occupational license for nonemployees of the licensee  
707 providing goods or services to an Internet poker hub operator or  
708 a cardroom affiliate occupational licensee. Failure to pay the  
709 required fee constitutes grounds for disciplinary action by the  
710 division against an Internet poker hub operator or a cardroom  
711 affiliate occupational licensee.

712 (k) A person holding a valid individual cardroom  
713 occupational license issued by the division under s. 849.086(6)  
714 is not required to obtain an individual employee occupational  
715 license under this subsection.

716 (13) BUSINESS AND EMPLOYEE OCCUPATIONAL LICENSE DENIAL,  
717 REVOCATION, SUSPENSION, LIMITATION, OR NONRENEWAL.—The division  
718 may:

719 (a) Deny an application for, or revoke, suspend, or place  
720 conditions or restrictions on, a license of a person or entity  
721 that has been refused a license by any other state gaming  
722 commission, governmental department, agency, or other authority  
723 exercising regulatory jurisdiction over the gaming of another  
724 state or jurisdiction.

725 (b) Deny an application for, or suspend or place conditions

36-00490A-11

2011812

726 or restrictions on, a license of any person or entity that is  
727 under suspension or has unpaid fines in another state or  
728 jurisdiction.

729 (c) Deny, suspend, revoke, or refuse to renew any Internet  
730 poker hub operator or cardroom affiliate occupational license if  
731 the applicant for the license or the licensee has violated this  
732 section or the rules of the division governing the conduct of  
733 persons connected with the play of intrastate Internet poker.

734 (d) Deny, suspend, revoke, or refuse to renew any Internet  
735 poker hub operator or cardroom affiliate occupational license if  
736 the applicant for the license or the licensee has been convicted  
737 in this state, in any other state, or under the laws of the  
738 United States of a capital felony, a felony, or an offense in  
739 any other state that would be a felony under the laws of this  
740 state involving arson; trafficking in, conspiracy to traffic in,  
741 smuggling, importing, conspiracy to smuggle or import, or  
742 delivery, sale, or distribution of a controlled substance;  
743 racketeering; or a crime involving a lack of good moral  
744 character, or has had a gaming license revoked by this state or  
745 any other jurisdiction for any gaming-related offense.

746 (e) Deny, revoke, or refuse to renew any Internet poker hub  
747 operator or cardroom affiliate occupational license if the  
748 applicant for the license or the licensee has been convicted of  
749 a felony or misdemeanor in this state, in any other state, or  
750 under the laws of the United States if such felony or  
751 misdemeanor is related to gambling or bookmaking as described in  
752 s. 849.25.

753 (14) BUSINESS AND EMPLOYEE OCCUPATIONAL LICENSE;  
754 FINGERPRINTS; FEES; CITATIONS.—

36-00490A-11

2011812

755       (a) A person employed by or working with an Internet poker  
756 hub operator or a cardroom affiliate must submit fingerprints  
757 for a criminal history record check and may not have been  
758 convicted of any disqualifying criminal offense specified in  
759 subsection (7). Division employees and law enforcement officers  
760 assigned by their employing agencies to work within the premises  
761 as part of their official duties are excluded from the criminal  
762 history record check requirements under this subsection.

763       (b) Fingerprints for all intrastate Internet poker  
764 occupational license applications shall be taken in a manner  
765 approved by the division upon initial application, or as  
766 required thereafter by rule of the division, and shall be  
767 submitted electronically to the Department of Law Enforcement  
768 for state processing. The Department of Law Enforcement shall  
769 forward the fingerprints to the Federal Bureau of Investigation  
770 for national processing. The results of the criminal history  
771 record check shall be returned to the division for purposes of  
772 screening. The division requirements under this subsection shall  
773 be instituted in consultation with the Department of Law  
774 Enforcement.

775       (c) The cost of processing fingerprints and conducting a  
776 criminal history record check for an intrastate Internet poker  
777 occupational license shall be borne by the person being checked.  
778 The Department of Law Enforcement may invoice the division for  
779 the fingerprints submitted each month.

780       (d) All fingerprints submitted to the Department of Law  
781 Enforcement and required by this section shall be retained by  
782 the Department of Law Enforcement and entered into the statewide  
783 automated fingerprint identification system as authorized by s.

36-00490A-11

2011812

784 943.05(2)(b) and shall be available for all purposes and uses  
785 authorized for arrest fingerprint cards entered into the  
786 statewide automated fingerprint identification system under s.  
787 943.051.

788 (e) The Department of Law Enforcement shall search all  
789 arrest fingerprints received under s. 943.051 against the  
790 fingerprints retained in the statewide automated fingerprint  
791 identification system. Any arrest record that is identified with  
792 the retained fingerprints of a person subject to the criminal  
793 history screening requirements of this section shall be reported  
794 to the division. Each licensed facility shall pay a fee to the  
795 division for the cost of retention of the fingerprints and the  
796 ongoing searches under this paragraph. The division shall  
797 forward the payment to the Department of Law Enforcement. The  
798 amount of the fee to be imposed for performing these searches  
799 and the procedures for the retention of licensee fingerprints  
800 shall be as established by rule of the Department of Law  
801 Enforcement. The division shall inform the Department of Law  
802 Enforcement of any change in the license status of licensees  
803 whose fingerprints are retained under paragraph (d).

804 (f) The division shall request the Department of Law  
805 Enforcement to forward the fingerprints to the Federal Bureau of  
806 Investigation for a national criminal history records check  
807 every 3 years following issuance of a license. If the  
808 fingerprints of a person who is licensed have not been retained  
809 by the Department of Law Enforcement, the person must file a  
810 complete set of fingerprints as provided for in paragraph (a).  
811 The division shall collect the fees for the cost of the national  
812 criminal history record check under this paragraph and shall

36-00490A-11

2011812

813 forward the payment to the Department of Law Enforcement. The  
814 cost of processing fingerprints and conducting a criminal  
815 history record check under this paragraph for an intrastate  
816 Internet poker occupational license shall be borne by the person  
817 being checked. The Department of Law Enforcement may invoice the  
818 division for the fingerprints submitted each month. Under  
819 penalty of perjury, each person who is licensed or who is  
820 fingerprinted as required by this subsection must agree to  
821 inform the division within 48 hours if he or she is convicted of  
822 or has entered a plea of guilty or nolo contendere to any  
823 disqualifying offense, regardless of adjudication.

824 (g) All moneys collected under this subsection shall be  
825 deposited into the Pari-mutuel Wagering Trust Fund.

826 (h) The division may deny, revoke, or suspend any  
827 occupational license if the applicant or holder of the license  
828 accumulates unpaid obligations, defaults in obligations, or  
829 issues drafts or checks that are dishonored or for which payment  
830 is refused without reasonable cause.

831 (i) The division may fine or suspend, revoke, or place  
832 conditions upon the license of any licensee who provides false  
833 information under oath regarding an application for a license or  
834 an investigation by the division.

835 (j) The division may impose a civil fine of up to \$10,000  
836 for each violation of this section or the rules of the division  
837 in addition to or in lieu of any other penalty provided for in  
838 this subsection. The division may adopt a penalty schedule for  
839 violations of this section or any rule adopted pursuant to this  
840 section for which it would impose a fine in lieu of a suspension  
841 and adopt rules allowing for the issuance of citations,

36-00490A-11

2011812

842 including procedures to address such citations, to persons who  
843 violate such rules. In addition to any other penalty provided by  
844 law, the division may exclude from all licensed pari-mutuel,  
845 cardroom, and slot machine facilities in this state, for a  
846 period not to exceed the period of suspension, revocation, or  
847 ineligibility, any person whose occupational license application  
848 has been declared ineligible to hold an occupational license or  
849 whose occupational license has been suspended or revoked by the  
850 division.

851 (15) REGISTERED PLAYERS; ELIGIBILITY.-

852 (a) All registered players must be located within this  
853 state at the time of play of intrastate Internet poker.

854 (b) A person who has not attained 18 years of age may not  
855 be a registered player or play intrastate Internet poker.

856 (c) All Internet poker hub operators and cardroom  
857 affiliates shall exclude from play any person who has submitted  
858 a completed Internet Poker Self-Exclusion Form.

859 1. All Internet poker hub operators and cardroom affiliates  
860 shall have an Internet Poker Self-Exclusion Form available  
861 online and accessible on the Internet page that is displayed  
862 when:

863 a. A person opens the Internet page to register as a  
864 registered player; or

865 b. A registered player accesses the first page of the  
866 Internet page prior to playing.

867 2. Upon receipt of a completed Internet Poker Self-  
868 Exclusion Form, an Internet poker hub operator or cardroom  
869 affiliate shall immediately provide a copy of the completed form  
870 to each Internet poker hub operator, each cardroom affiliate,

36-00490A-11

2011812

871 and the division. The division shall ensure that all other  
872 cardroom affiliates exclude the person from the play of  
873 intrastate Internet poker.

874 3. Each Internet poker hub operator and cardroom affiliate  
875 shall retain the original form to identify persons who request  
876 to be excluded from play.

877 4. Each Internet poker hub operator and cardroom affiliate  
878 shall prominently display a link to the website of a responsible  
879 gaming organization that is under contract with the division  
880 pursuant to s. 551.118(2) for services related to the prevention  
881 of compulsive and addictive gambling.

882 5. A person may not bring any action against an Internet  
883 poker hub operator or a cardroom affiliate for negligence or any  
884 other claim if a person who has filled out an Internet Poker  
885 Self-Exclusion Form gains access and plays despite the request  
886 to be excluded.

887 (16) INTRASTATE INTERNET POKER; AUTHORIZED GAMES.-

888 (a) In order to offer a specific game of poker for play, an  
889 Internet poker hub operator shall provide the division with:

890 1. A description of any game of poker and the betting rules  
891 it proposes to offer to registered players; and

892 2. Documentation relating to development and testing of the  
893 game's software.

894 (b) Upon submission of the information required in  
895 paragraph (a), an Internet poker hub operator may begin offering  
896 the game. If the division does not object to the proposed game  
897 of poker within 30 days after receipt of the submission, the  
898 game will be considered authorized and the Internet poker hub  
899 operator submitting the proposal may continue to offer the game

36-00490A-11

2011812

900 to registered players.

901 (c) Games and betting events shall be operated strictly in  
902 accordance with the specified game and betting rules.

903 (d) An Internet poker hub operator shall ensure that the  
904 authorized games of poker are fair. For each proposed or  
905 authorized game offered for play, the gaming system shall  
906 display the following information:

907 1. The name of the game.

908 2. Any restrictions on play.

909 3. The rules of the game.

910 4. All instructions on how to play.

911 5. The unit and total bets permitted.

912 6. The registered player's current account balance, which  
913 shall be updated in real time.

914 7. Any other information that an Internet poker hub  
915 operator determines is necessary for the registered player to  
916 have in real time to compete fairly in the proposed or  
917 authorized game.

918 (e) All proposed and authorized game results shall be  
919 conducted in such a fashion that:

920 1. Data used to create results shall be unpredictable such  
921 that it is infeasible to predict the next occurrence in a game,  
922 given complete knowledge of the algorithm or hardware generating  
923 the sequence, and all previously generated numbers.

924 2. The game or any game event outcome shall not be affected  
925 by the effective bandwidth, link utilization, bit error rate, or  
926 other characteristic of the communications channel between the  
927 gaming system and the playing device used by the player.

928 (f) An Internet poker hub operator shall deploy controls

36-00490A-11

2011812

929 and technology to ensure the ability to minimize fraud or  
930 cheating through collusion, such as external exchange of  
931 information between different players, or any other means.

932 1. If an Internet poker hub operator becomes aware that  
933 fraud or cheating is taking place or has taken place, it shall  
934 immediately take steps to stop such activities and inform the  
935 division of all relevant facts.

936 2. An Internet poker hub operator shall immediately inform  
937 the division of any complaints of fraud or collusion and shall  
938 investigate whether the complaints are true and shall  
939 expeditiously act to prevent further fraud or collusion from  
940 taking place on the Internet poker hub. An Internet poker hub  
941 operator shall report the results of the investigation in  
942 writing to the division within 24 hours after the complaint and  
943 shall continue to report every 24 hours until its investigation  
944 is concluded. This paragraph does not prevent the division from  
945 conducting an independent investigation or initiating an  
946 administrative action to protect registered players from fraud  
947 and collusion on the Internet poker hub site and does not  
948 prohibit a registered player, the Internet poker hub operator, a  
949 cardroom affiliate, or the division from reporting suspected  
950 criminal activities to law enforcement officials.

951 3. A registered player may not bring an action for damages  
952 against an Internet poker hub operator for attempting to prevent  
953 fraud or cheating if the Internet poker hub operator can  
954 demonstrate that it acted to prevent such actions as soon as it  
955 became aware of them.

956 (g) If the gaming server or software does not allow a game  
957 to be completed, the hand shall be voided and all funds relating

36-00490A-11

2011812

958 to the incomplete hand shall be returned to the registered  
959 player's account.

960 (17) REGISTERED PLAYER ACCOUNTS.-

961 (a) An Internet poker hub operator shall register players  
962 and establish registered player accounts prior to play and shall  
963 ensure that personally identifiable information is accessible to  
964 players and regulators but is otherwise secure.

965 (b) A person may not participate in any game on a state  
966 Internet poker network unless the person is registered as a  
967 player and holds an account.

968 (c) Accounts may be established in person or by mail,  
969 telephone, or any electronic means.

970 (d) To register and establish an account, a person must  
971 provide the following registration information:

972 1. First name and surname.

973 2. Principal residence address.

974 3. Telephone number.

975 4. Social security number.

976 5. Legal identification or certification to prove that the  
977 person is at least 18 years of age.

978 6. Valid email address.

979 7. The source of funds to be used to establish the account  
980 after the registration process is complete.

981 (e) An individual may not register for more than three  
982 registered player accounts per calendar year. A registered  
983 player may not have more than three registered player accounts  
984 at any time.

985 (f) Prior to completing the registration process, an  
986 Internet poker hub operator shall explain to the person in a

36-00490A-11

2011812

987 conspicuous fashion the privacy policies of the Internet poker  
988 hub, and the person must assent to the following policies:

989 1. Personal identifying information will not be shared with  
990 any nongovernment third parties except for licensed  
991 subcontractors of an Internet poker hub operator for the sole  
992 purpose of permitting registered players to participate in games  
993 on the Internet poker hub or upon receipt of a court order to  
994 subpoena such information from the Internet poker hub.

995 2. All personally identifiable information about registered  
996 players will be shared with the division, the Department of Law  
997 Enforcement, and any other governmental agency that receives a  
998 court order to subpoena such information.

999 (g) An Internet poker hub operator shall also require that  
1000 a person agree to the terms of a use agreement applying to  
1001 registered players.

1002 (h) An Internet poker hub operator shall provide a  
1003 registered player with the means to update the information  
1004 provided in paragraph (d).

1005 (i) An Internet poker hub operator may revoke the accounts  
1006 of a registered player for the following reasons:

1007 1. The registered player provided false information in the  
1008 registration process;

1009 2. The registered player has not updated registration  
1010 information to keep it current; or

1011 3. The registered player has violated an Internet poker hub  
1012 operator's terms of use agreement.

1013 (j) An Internet poker hub operator may suspend or revoke  
1014 the account of a registered player if the operator suspects the  
1015 registered player has participated in illegal activity on a

36-00490A-11

2011812\_\_

1016 state Internet poker network.

1017 (k) An Internet poker hub operator shall establish and  
1018 maintain an account for each registered player. An Internet  
1019 poker hub operator shall:

1020 1. Provide a means for a registered player to put funds  
1021 into an account; however, a registered player may not increase  
1022 the amount in an account after a game has started and before its  
1023 completion.

1024 2. Maintain records on the balance of each registered  
1025 player's account.

1026 3. Prohibit a registered player from placing a wager unless  
1027 the player's account has sufficient funds to cover the amount of  
1028 the wager.

1029 4. Not provide credit to a registered player's account or  
1030 act as an agent for a credit provider to facilitate the  
1031 provision of funds.

1032 5. Provide a means for a registered player to transfer  
1033 money out of the player's account.

1034 (l) An Internet poker hub operator shall put in place other  
1035 systems that provide registered players with the ability to  
1036 control aspects of their play. Upon registration and at each  
1037 time when a registered player logs on to a state Internet poker  
1038 network, an Internet poker hub operator shall permit the  
1039 registered player to adjust the player's play settings to:

1040 1. Set a limit on the deposits that can be made per day;

1041 2. Set a limit on the amount that can be wagered within a  
1042 specified period of time;

1043 3. Set a limit on the losses that may incur within a  
1044 specified period of time;

36-00490A-11

2011812

- 1045       4. Set a limit on the amount of time that can be played  
1046 after logging on to the Internet poker hub; or
- 1047       5. Prevent the Internet poker hub from allowing the  
1048 registered player to play for a definite or indefinite period of  
1049 time.
- 1050       (m) During play, in order to assist a registered player to  
1051 decide whether to suspend play, the registered player's screen  
1052 shall:
- 1053           1. Indicate how long the player has been playing;  
1054           2. Indicate the player's winnings or losses since the time  
1055 of last logging in;
- 1056           3. Give an option to the player to end the session or  
1057 return to the game; and
- 1058           4. Require the player to confirm that the player has read  
1059 the message.
- 1060       (18) REGISTERED PLAYER ACCOUNTS; RECORDS AND REPORTS.—
- 1061       (a) An Internet poker hub operator shall establish a book  
1062 of accounts, regularly audit, and make all financial records  
1063 available to the division. An Internet poker hub operator shall  
1064 demonstrate that it has a system of maintaining records and  
1065 reports that are readily available to the division. The records  
1066 and reports shall include the following:
- 1067           1. Monthly auditable and aggregate financial statements of  
1068 gaming transactions.
- 1069           2. Calculation of all fees payable to government.
- 1070           3. The identity of players.
- 1071           4. The balance on the player's account at the start of a  
1072 session of play.
- 1073           5. The wagers placed on each game time stamped by the games

36-00490A-11

2011812\_\_

1074 server.  
 1075 6. The result of each game time stamped by the games  
 1076 server.  
 1077 7. The amount won or lost by the player.  
 1078 8. The balance on the player's account at the end of the  
 1079 game.  
 1080 (b) An Internet poker hub operator shall reconcile all data  
 1081 logs files regarding the registered players' accounts on a  
 1082 monthly basis.  
 1083 (19) INTERNET POKER HUB OPERATOR; TECHNICAL SYSTEMS  
 1084 REQUIREMENTS.—  
 1085 (a) An Internet poker hub operator shall put in place  
 1086 technical systems that materially aid the division in fulfilling  
 1087 its regulatory, consumer protection, and revenue-raising  
 1088 functions and allow the division unrestricted access to and the  
 1089 right to inspect the technical systems.  
 1090 (b) An Internet poker hub operator shall ensure that the  
 1091 network is protected from manipulation or tampering to affect  
 1092 the random probabilities of winning plays.  
 1093 (c) An Internet poker hub operator shall define and  
 1094 document its methodology for the following:  
 1095 1. The development, implementation, and maintenance of  
 1096 gaming software in a manner representative of industry best  
 1097 practice standards.  
 1098 2. Server connectivity requirements that include:  
 1099 a. Minimum game server connectivity requirements that  
 1100 ensure players are protected from losses due to connectivity  
 1101 problems.  
 1102 b. The system's ability to recover all transactions

36-00490A-11

2011812\_\_

1103 involving player funds in the event of a failure or malfunction.

1104 c. Aborted game procedures.

1105 3. Ability of the system to recover all information  
1106 required for viewing a game interrupted due to loss of  
1107 connectivity.

1108 4. Consumer protection requirements.

1109 5. Responsible advertising, marketing, and promotion that  
1110 ensure that players are not misled through advertising or  
1111 promotional activities, and will ensure that the terms and  
1112 conditions of their promotions are followed.

1113 6. Anti-money-laundering controls.

1114 7. Preventive and detective controls addressing money  
1115 laundering and fraud risks which shall be documented and  
1116 implemented.

1117 (d) An Internet poker hub operator shall retain all such  
1118 documentation for at least 12 months.

1119 (20) FEE FOR PARTICIPATION.—An Internet poker hub operator  
1120 shall charge a fee or a tournament fee to registered players for  
1121 the right to participate in authorized games or tournaments  
1122 conducted on a state Internet poker network. The participation  
1123 fee may be a per-hand charge, a flat fee, an hourly rate, or a  
1124 rake subject to the posted maximum amount but may not be based  
1125 on the amount won by players. The fee shall be designated and  
1126 conspicuously posted on the registered player's screen prior to  
1127 the start of each proposed or authorized game.

1128 (21) PROHIBITED RELATIONSHIPS.—

1129 (a) A proprietorship, partnership, corporation,  
1130 subcontractor, or other entity must obtain a valid intrastate  
1131 Internet poker business occupational license issued by the

36-00490A-11

2011812

1132 division to partner with, contract with, be associated with, or  
1133 participate in the conduct of intrastate Internet poker  
1134 operations with an Internet poker hub operator or a cardroom  
1135 affiliate.

1136 (b) A person employed by or performing any function on  
1137 behalf of the division may not:

1138 1. Be an officer, director, owner, or employee of any  
1139 person or entity licensed by the division.

1140 2. Have or hold any interest, direct or indirect, in or  
1141 engage in any commerce or business relationship with any person  
1142 licensed by the division.

1143 (c) An employee of the division or a relative living in the  
1144 same household as the employee may not play at any time on a  
1145 state Internet poker network.

1146 (d) An occupational licensee of an Internet poker hub  
1147 operator or a relative living in the same household as the  
1148 occupational licensee may not play at any time on a state  
1149 Internet poker network. This paragraph does not apply to an  
1150 occupational licensee of a cardroom affiliate.

1151 (22) PROHIBITED ACTS; PENALTIES.—

1152 (a) An Internet poker hub operator may conduct any proposed  
1153 or authorized game under subsection (16) unless specifically  
1154 prohibited by the division or by this section.

1155 (b) A person who has not attained 18 years of age may not  
1156 hold an intrastate Internet poker occupational license or engage  
1157 in any game conducted therein.

1158 (c) It is a violation of the laws of this state for any  
1159 entity to offer Internet poker for free or for money or any  
1160 other consideration to individuals present in this state unless

36-00490A-11

2011812

1161 that entity can demonstrate that it is in compliance with the  
1162 laws and tax regulations of the United States and of this state.

1163 (d) Any entity that has accepted any wager of money or  
1164 other consideration on any online gambling activity, including  
1165 poker, from any Florida resident since October 13, 2006, is not  
1166 eligible to apply for licensure and participate in intrastate  
1167 Internet poker in this state for a period of 3 years after the  
1168 effective date of this act.

1169 (e) Except as otherwise provided by law and in addition to  
1170 any other penalty, any person who knowingly makes or causes to  
1171 be made, or aids, assists, or procures another to make, a false  
1172 statement in any report, disclosure, application, or other  
1173 document required under this section or any rule adopted under  
1174 this section is subject to an administrative fine of up to  
1175 \$10,000.

1176 (f) Any person who manipulates or attempts to manipulate  
1177 the outcome, payoff, or operation of the play of intrastate  
1178 Internet poker by tampering, collusion, or fraud, or by the use  
1179 of any object, instrument, or device, by any means, commits a  
1180 felony of the third degree, punishable as provided in s.  
1181 775.082, s. 775.083, or s. 775.084.

1182 (g) All penalties imposed and collected under this  
1183 subsection shall be deposited into the Pari-mutuel Wagering  
1184 Trust Fund.

1185 (23) LICENSE FEES.—

1186 (a) Upon the submission of the initial application for an  
1187 Internet poker hub operator license and annually thereafter, on  
1188 the anniversary date of the issuance of the initial license, an  
1189 Internet poker hub operator licensee shall pay a nonrefundable

36-00490A-11

2011812

1190 license fee of \$500,000 for the succeeding 12 months of  
1191 licensure.

1192 (b) Upon submission of the initial application for a  
1193 cardroom affiliate license and annually thereafter, as  
1194 prescribed by the division, the licensee shall pay to the  
1195 division a nonrefundable license fee of \$1,000 for the  
1196 succeeding 12 months of licensure.

1197 (c) The license fees required under this subsection shall  
1198 be deposited into the Pari-mutuel Wagering Trust Fund to be used  
1199 by the division for the regulation, investigations, and  
1200 enforcement of the intrastate Internet poker provisions under  
1201 this section. These payments shall be accounted for separately  
1202 from taxes or fees paid pursuant to chapters 550 and 551 and s.  
1203 849.086.

1204 (24) ADVANCE PAYMENT BY AN INTERNET POKER HUB OPERATOR.—  
1205 Upon the awarding of a contract to be an Internet poker hub  
1206 operator by the division under subsection (6), an Internet poker  
1207 hub operator licensee shall pay to the division a nonrefundable  
1208 payment of \$10 million. This payment shall be treated as an  
1209 advance payment to the state by each Internet poker hub operator  
1210 and shall be credited against the tax on monthly gross receipts  
1211 derived from the play of intrastate Internet poker under  
1212 paragraph (25) (a) until the original amount is recouped by each  
1213 Internet poker hub operator.

1214 (25) TAX RATE; OTHER PAYMENTS; PENALTIES.—

1215 (a) Each Internet poker hub operator shall pay a tax to the  
1216 state of 10 percent of the operator's monthly gross receipts  
1217 derived from the play of intrastate Internet poker. However, an  
1218 Internet poker hub operator shall pay no taxes under this

36-00490A-11

2011812

1219 paragraph until the full amount of the advance payment made by  
1220 that poker hub operator under subsection (24) has been credited  
1221 against the tax. Credit of the advance payment toward the tax  
1222 shall be made upon receipt by the division of the monthly report  
1223 required under paragraph (b).

1224 (b) The gross receipts tax imposed by this section shall be  
1225 paid to the division. Each Internet poker hub operator shall  
1226 remit the gross receipts tax and licensee fees to the division  
1227 to be deposited with the Chief Financial Officer, to the credit  
1228 of the Pari-mutuel Wagering Trust Fund. Such payments shall be  
1229 remitted to the division by electronic funds transfer on the 5th  
1230 day of each calendar month for taxes and fees imposed for the  
1231 preceding month's intrastate Internet poker activities.

1232 Licensees shall file a report under oath by the 5th day of each  
1233 calendar month for all taxes remitted during the preceding  
1234 calendar month. Such payments shall be accompanied by a report  
1235 under oath showing all intrastate Internet poker activities for  
1236 the preceding calendar month and such other information as may  
1237 be prescribed by the division.

1238 (c) A licensee who fails to make tax payments as required  
1239 under this section is subject to an administrative penalty of up  
1240 to \$10,000 for each day the tax payment is not remitted. All  
1241 penalties imposed and collected under this subsection shall be  
1242 deposited in the Pari-mutuel Wagering Trust Fund. If a licensee  
1243 fails to pay penalties imposed by order of the division under  
1244 this subsection, the division may suspend, revoke, or refuse to  
1245 renew the license of an Internet poker hub operator or cardroom  
1246 affiliate.

1247 (d) All of the moneys deposited in the Pari-mutuel Wagering

36-00490A-11

2011812

1248 Trust Fund under this section shall be utilized and distributed  
1249 in the manner specified in s. 550.135(1) and (2).

1250 (26) DISTRIBUTION OF INCOME DERIVED FROM THE PLAY OF  
1251 INTERNET POKER.—

1252 (a) After the tax on the monthly gross receipts derived  
1253 from the play of intrastate Internet poker is paid to the state  
1254 as specified under subsection (25), the remaining monthly gross  
1255 receipts shall be distributed by the Internet poker hub  
1256 operators as follows:

1257 1. Seventy percent shall be distributed to eligible  
1258 licensed cardrooms and cardroom affiliates.

1259 a. Before distribution under sub-subparagraph b., if the  
1260 amount to be distributed under this subparagraph for a specific  
1261 month is greater than \$35,000 multiplied by the number of  
1262 cardrooms eligible to be cardroom affiliates for that month,  
1263 each licensed cardroom operator as defined in s. 894.086 that  
1264 did not participate as a cardroom affiliate for that month shall  
1265 receive a payment for that month of \$20,833, and the remaining  
1266 sum shall be distributed pursuant to sub-subparagraph b.

1267 b.(I) Fifty percent shall be divided and distributed among  
1268 the cardroom affiliates based on each cardroom affiliate's total  
1269 rake generated from the play of authorized games defined in s.  
1270 849.086(2)(a) for the previous state fiscal year divided by the  
1271 total previous year's rake for all the cardroom affiliates, as  
1272 determined by the division.

1273 (II) Fifty percent shall be divided and distributed to the  
1274 cardroom affiliates based on the amount wagered for the previous  
1275 month through each cardroom affiliate's portal as determined by  
1276 the division, divided by the total amount wagered for the

36-00490A-11

2011812\_\_

1277 previous month through all cardroom affiliates' portals.

1278 c. If two or more cardroom affiliates join together to  
1279 operate a portal for purposes of sub-sub-subparagraphs b.(I) and  
1280 (II), their portal wagers and previous year's rake shall be  
1281 combined.

1282 d. Each permitholder that receives payments under this  
1283 subparagraph shall use at least 4 percent of its monthly gross  
1284 receipts from the play of intrastate Internet poker to  
1285 supplement pari-mutuel purses or prize money, respectively,  
1286 during the permitholder's current meet or no later than the next  
1287 ensuing pari-mutuel meet.

1288 2. Twenty-five percent shall be retained by the Internet  
1289 poker hub operators from which they shall pay all costs for the  
1290 intrastate Internet poker hub operations.

1291 3. Four percent shall be retained by the Internet poker hub  
1292 operators to fund statewide advertising, marketing, and  
1293 promotion of the play of intrastate Internet poker on a state  
1294 Internet poker network. The division shall perform an annual  
1295 audit to verify that the Internet poker hub operators use such  
1296 funds solely for the statewide advertising, marketing, and  
1297 promotion of the play of intrastate Internet poker on a state  
1298 Internet poker network.

1299 4. One percent shall fund services related to the  
1300 prevention and treatment of compulsive and addictive gambling  
1301 provided by the entity that is under contract with the division  
1302 under s. 551.118(2). The division shall be responsible for the  
1303 distribution and audit of the funds under this subparagraph.

1304 (b) The distribution of the preceding monthly gross  
1305 receipts shall be by the 20th day of each calendar month.

36-00490A-11

2011812

1306       (c) The division shall ensure that all distributions are  
1307 made in accordance with this section and may adopt rules to  
1308 ensure the implementation and proper distribution of funds.

1309       (d) This subsection does not prevent individual cardrooms  
1310 or a number of cardroom affiliates from joining together in a  
1311 coalition for the purpose of the marketing and promotion of the  
1312 play of intrastate Internet poker on a state Internet poker  
1313 network.

1314       (27) SUSPENSION, REVOCATION, OR DENIAL OF LICENSE; FINE.—

1315       (a) The division may deny a license or the renewal of a  
1316 license, or may suspend or revoke any license, when the  
1317 applicant has: violated or failed to comply with section or any  
1318 rule adopted pursuant to this section; knowingly caused, aided,  
1319 abetted, or conspired with another to cause any person to  
1320 violate this section or any rule adopted pursuant to this  
1321 section; or obtained a license or permit by fraud,  
1322 misrepresentation, or concealment; or if the holder of the  
1323 license is no longer eligible under this section.

1324       (b) If a cardroom affiliate's pari-mutuel permit or license  
1325 is suspended or revoked by the division pursuant to chapter 550,  
1326 or its cardroom operator's license is suspended or revoked by  
1327 the division pursuant to s. 849.086, the division may, but is  
1328 not required to, suspend or revoke the cardroom affiliate's  
1329 license. If a cardroom affiliate's license is suspended or  
1330 revoked under this section, the division may, but is not  
1331 required to, suspend or revoke the licensee's cardroom  
1332 operator's license.

1333       (c) Notwithstanding any other provision of this section,  
1334 the division may impose an administrative fine not to exceed

36-00490A-11

2011812

1335 \$10,000 for each violation against any person who has violated  
1336 or failed to comply with this section or any rule adopted  
1337 pursuant to this section.

1338 (28) PENALTIES.—The division may revoke or suspend any  
1339 Internet poker hub operator license or cardroom affiliate  
1340 license issued under this section upon the willful violation by  
1341 the licensee of this section or any rule adopted pursuant to  
1342 this section. In lieu of suspending or revoking the license, the  
1343 division may impose an administrative fine, not exceeding  
1344 \$100,000 for each count or separate offense, upon an Internet  
1345 poker hub operator or a cardroom affiliate for willfully  
1346 violating this section or any rule adopted pursuant to this  
1347 section. All penalties imposed and collected under this section  
1348 shall be deposited into the Pari-mutuel Wagering Trust Fund.

1349 (29) RULEMAKING.—The division may adopt rules pursuant to  
1350 ss. 120.536(1) and 120.54 to administer the provisions of this  
1351 section.

1352 (30) LEGISLATIVE AUTHORITY; ADMINISTRATION OF SECTION.—The  
1353 Legislature finds and declares that it has exclusive authority  
1354 over the conduct of intrastate Internet poker in this state.  
1355 Only the Division of Pari-mutuel Wagering and other authorized  
1356 state agencies shall administer this section and regulate the  
1357 intrastate Internet poker industry in the state, including  
1358 operation of all Internet poker hub operators and cardroom  
1359 affiliates, play of authorized games, and the Internet poker  
1360 computer systems authorized in this section, as provided by law  
1361 and rules adopted by the division.

1362 Section 3. This act shall take effect July 1, 2011.