

By Senator Diaz de la Portilla

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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

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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

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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;

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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

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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,

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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

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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.

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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

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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

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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

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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

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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

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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

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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

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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:

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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

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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.

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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

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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

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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

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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

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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.

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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

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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

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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

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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.—

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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.

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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

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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,

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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,

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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

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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

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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

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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

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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

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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;

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- 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

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- 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

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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

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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

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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

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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

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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

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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

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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.

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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

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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.