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1 A bill to be entitled
2 An act relating to Internet poker; creating the "Internet
3 Poker Consumer Protection and Revenue Generation Act of
4 2011"; providing for intrastate Internet poker to be
5 provided to the public by cardroom operators through a
6 state Internet poker network operated by licensed Internet
7 poker hub operators; creating s. 849.087, F.S.; providing
8 legislative intent; providing definitions; authorizing
9 participation in and operation of intrastate Internet
10 poker; providing for the Division of Pari-mutuel Wagering
11 of the Department of Business and Professional Regulation
12 to administer the act and regulate the operation of a
13 state Internet poker network, Internet poker hub
14 operators, cardroom affiliates, and the playing of
15 intrastate Internet poker; authorizing the division to
16 adopt rules, conduct investigations and monitor
17 operations, review books and accounts and records, suspend
18 or revoke any license or permit for a violation, take
19 testimony, issue summons and subpoenas, monitor and ensure
20 the proper collection of taxes and fees, and monitor and
21 ensure that the playing of Internet poker is conducted
22 fairly and that player information is protected by
23 Internet poker hub operators; requiring Internet poker hub
24 operators to be licensed; providing qualifications and
25 conditions for licensure; providing application
26 requirements; providing for an advance payment to be
27 credited toward taxes; providing initial and renewal
28 license fees; providing for selection of Internet poker

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

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

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

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113 all intrastate Internet poker activities for the preceding
 114 calendar month and containing such other information as
 115 prescribed by the division; providing penalties for
 116 failure to pay taxes and penalties; providing for use of
 117 certain deposits; providing for distribution of moneys
 118 received from Internet poker hub operations; providing
 119 grounds for the division to deny a license or the renewal
 120 thereof or suspend or revoke a license; providing
 121 penalties; authorizing the division to adopt rules;
 122 providing for administration of the act and regulation of
 123 the intrastate Internet poker industry; providing an
 124 effective date.

125

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

127

128 Section 1. This act may be cited as the "Internet Poker
 129 Consumer Protection and Revenue Generation Act of 2011."

130 Section 2. Section 849.087, Florida Statutes, is created
 131 to read:

132 849.087 Intrastate Internet poker authorized.—

133 (1) LEGISLATIVE INTENT.—It is the intent of the
 134 Legislature to create a framework for the state to regulate
 135 intrastate Internet poker that can ensure consumer protections
 136 and additional revenue to the state by authorizing,
 137 implementing, and creating a licensing and regulatory structure
 138 and system of intrastate Internet poker to:

139 (a) Provide that intrastate Internet poker is only offered
 140 for play in a manner that is lawful under the federal Unlawful

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141 Internet Gaming Enforcement Act of 2006, which authorizes a
142 state to regulate and conduct intrastate Internet gambling, such
143 as poker.

144 (b) Provide a new source of revenue that will generate
145 additional positive economic benefits to the state through the
146 authorization of lawful and regulated intrastate Internet poker
147 in Florida instead of flowing offshore to unregulated foreign
148 operators and markets.

149 (c) Create a contractual relationship with one or more
150 Internet poker hub operators with the technical expertise to
151 ensure that wagering authorized by this section is only offered
152 to registered players who are at least 18 years of age and
153 physically present within the borders of this state at the time
154 of play.

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

160 (e) Provide for a licensed cardroom operator to become a
161 licensed provider of intrastate Internet poker through Internet
162 poker hub operators.

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

165 (g) Create a system to protect each registered poker
166 player's private information and prevent fraud and identity
167 theft and ensure that the player's financial transactions are
168 processed in a secure and transparent fashion.

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169 (h) Ensure that the regulatory agency has unlimited access
170 to the premises and records of the Internet poker hub operators
171 and cardroom affiliates to ensure strict compliance with its
172 regulations concerning credit authorization, account access, and
173 other security provisions.

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

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

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

182 (a) "Authorized game" means a game or series of games of
183 poker which are played in a nonbanking manner on a state
184 Internet poker network.

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

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

191 (d) "Department" means the Department of Business and
192 Professional Regulation.

193 (e) "Division" means the Division of Pari-mutuel Wagering
194 of the department.

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

198 (g) "Internet poker hub operator" or "poker hub operator"
199 means a computer system operator that is licensed by the state
200 and contracts with the state to operate a state Internet poker
201 network.

202 (h) "Intrastate Internet poker" means authorized games of
203 poker played over the Internet by registered players who are
204 physically present within the borders of this state at the time
205 of play.

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

208 (j) "Nonbanking game" means an authorized game in which an
209 Internet poker hub operator or cardroom affiliate is not a
210 participant and has no financial stake in the outcome of the
211 authorized game.

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

217 (l) "Rake" means a set fee or percentage of the pot
218 assessed by an Internet poker hub operator for providing the
219 Internet poker services to registered players for the right to
220 participate in an authorized game conducted by the poker hub
221 operator.

222 (m) "Registered player" means a person who is registered
 223 with a poker hub operator under this section to participate in
 224 an authorized game conducted on a state Internet poker network.

225 (n) "State Internet poker network" means a computer system
 226 operated by one or more Internet poker hub operators that
 227 authorizes the playing of and wagering on intrastate Internet
 228 poker by registered players through the website portals of
 229 cardroom affiliates.

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

233 (3) INTRASTATE INTERNET POKER AUTHORIZED.—

234 (a) Under the Unlawful Internet Gaming Enforcement Act of
 235 2006, a state is authorized to regulate and conduct intrastate
 236 Internet poker as long as all players and the online wagering
 237 activities are located within the state.

238 (b) Notwithstanding any other provision of law, a person
 239 in Florida may participate as a registered player in an
 240 authorized game or tournament provided on a state Internet poker
 241 network by a cardroom affiliate or may operate a state Internet
 242 poker network as an Internet poker hub operator described in
 243 this section if such game and poker operations are conducted
 244 strictly in accordance with the provisions of this section and
 245 federal law.

246 (4) AUTHORITY OF DIVISION.—The division shall administer
 247 this section and regulate the operation of a state Internet
 248 poker network, the Internet poker hub operators, the cardroom
 249 affiliates, and the play of intrastate Internet poker under this

250 section and the rules adopted pursuant to this section, and is
251 authorized to:

252 (a) Adopt rules related to Internet poker, including, but
253 not limited to, rules governing the issuance of operator and
254 individual occupational licenses to Internet poker hub
255 operators, cardroom affiliates, and their employees; operation
256 of a state Internet poker network and technical system
257 requirements; security of the financial information of
258 registered players and registered player accounts; bonuses,
259 awards, promotions, and other incentives to registered players;
260 recordkeeping and reporting requirements; the distribution of
261 Internet poker income; and the imposition and collection of all
262 fees and taxes imposed by this section.

263 (b) Conduct investigations and monitor operation of a
264 state Internet poker network and the playing of authorized games
265 on a network.

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

268 (d) Suspend or revoke any license or permit, after
269 hearing, for any violation of this section or the rules adopted
270 pursuant to this section.

271 (e) Take testimony, issue summons and subpoenas for any
272 witness, and issue subpoenas duces tecum in connection with any
273 matter within its jurisdiction.

274 (f) Monitor and ensure proper collection of taxes and fees
275 imposed by this section. The internal controls of Internet poker
276 hub operators shall ensure no compromise of revenue to the
277 state. The division shall monitor, audit, and verify the cash

278 flow and accounting of a state Internet poker network revenue
 279 for any given operating day.

280 (g) Monitor and ensure that the playing of Internet poker
 281 is conducted fairly and that all personal and financial
 282 information provided by registered players is protected by the
 283 Internet poker hub operators.

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

288 (a) Only a person holding a valid Internet poker license
 289 issued by the division may provide intrastate Internet poker for
 290 play to registered players.

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

293 (c) A person seeking a license or renewal of a license to
 294 operate as an Internet poker hub operator shall make application
 295 on forms prescribed by the division. Applications for Internet
 296 poker hub operator licenses shall contain all of the information
 297 the division, by rule, determines is required to ensure
 298 eligibility under this section.

299 (d) As a condition of licensure and to maintain continued
 300 authority to conduct intrastate Internet poker, an Internet
 301 poker hub operator licensee must provide the documentation
 302 required under this section on a timely basis to the division
 303 and the documentation must be appropriate, current, and
 304 accurate. A change in ownership or interest of an Internet poker
 305 hub operator licensee of 5 percent or more of the stock or other

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306 evidence of ownership or equity in an Internet poker hub
307 operator licensee or any parent corporation or other business
308 entity that in any way owns or controls an Internet poker hub
309 operator licensee must be approved by the division before the
310 change, unless the owner is an existing holder of the license
311 who was previously approved by the division. A change in
312 ownership or interest of an Internet poker hub operator licensee
313 of less than 5 percent, unless the change results in a
314 cumulative total of 5 percent or more, must be reported to the
315 division within 20 days after the change. The division may then
316 conduct an investigation to ensure that the license is properly
317 updated to show the change in ownership or interest. Reporting
318 is not required under this paragraph if the person is holding 5
319 percent or less of the equity or securities of a corporate owner
320 of an Internet poker hub operator licensee that has its
321 securities registered pursuant to s. 12 of the Securities
322 Exchange Act of 1934, 15 U.S.C. ss. 78a-78kk, and if the
323 corporation or entity files with the United States Securities
324 and Exchange Commission the reports required by s. 13 of that
325 act or if the securities of the corporation or entity are
326 regularly traded on an established securities market in the
327 United States. A change in ownership or interest of less than 5
328 percent which results in a cumulative ownership or interest of 5
329 percent or more must be approved by the division before the
330 change, unless the owner is an existing holder of the license
331 who was previously approved by the division.

332 (e)1. Upon the awarding of a contract to be an Internet
333 poker hub operator by the division under subsection (6), an

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334 Internet poker hub operator licensee shall pay to the division a
335 nonrefundable payment of \$10 million. This payment shall be
336 treated as an advance payment to the state by each Internet
337 poker hub operator and shall be credited against the tax on
338 monthly gross receipts derived from the play of intrastate
339 Internet poker under paragraph (25) (a) until the original amount
340 is recouped by each Internet poker hub operator.

341 2. Upon the submission of the initial application for an
342 Internet poker hub operator license, and annually thereafter, on
343 the anniversary date of the issuance of the initial license, an
344 Internet poker hub operator licensee shall pay a nonrefundable
345 license fee of \$500,000 for the succeeding 12 months of
346 licensure to fund the division's regulation and oversight of the
347 operation and play of intrastate Internet poker. All funds
348 received under this paragraph shall be deposited by the division
349 with the Chief Financial Officer to the credit of the Pari-
350 mutuel Wagering Trust Fund.

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

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361 (7) QUALIFICATIONS FOR AN INTERNET POKER HUB OPERATOR.—For
362 the purposes of this section, the division shall consider all of
363 the following as minimum qualifications to determine whether an
364 Internet poker hub operator applicant or any subcontractor
365 included in the hub operator applicant's state application is
366 legally, technically, and financially qualified to become the
367 state's Internet poker hub operator:

368 (a) The applicant or subcontractor is an entity authorized
369 to conduct business in this state.

370 (b) The applicant or subcontractor has not accepted any
371 wager of money or other consideration on any online gambling
372 activity, including poker, from any Florida resident since
373 October 13, 2006. However, this paragraph does not disqualify an
374 applicant or subcontractor who accepts online pari-mutuel wagers
375 from any Florida resident through a legal online pari-mutuel
376 wagering entity authorized in another state.

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

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

384 (e) The applicant or subcontractor has existing and
385 established experience with Internet gaming, or is licensed to
386 conduct Internet gaming activities, in one or more jurisdictions
387 outside the United States where Internet gaming is legal and
388 regulated.

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389 (f) The applicant, the applicant's subcontractors, and all
390 entities with an ownership interest in the applicant or the
391 applicant's subcontractors have demonstrated compliance with all
392 federal and state laws in the jurisdictions in which they
393 provide services.

394 (g) The applicant has provided all necessary documentation
395 and information relating to all proposed subcontractors of the
396 applicant.

397 (h) The applicant has provided a description of how it
398 will facilitate compliance with all of the standards set forth
399 in this section, including, but not limited to, those for:

400 1. Registered player processes and requirements relating
401 to intrastate play, age verification, and exclusion of problem
402 gamblers.

403 2. Network system requirements, including, but not limited
404 to, connectivity, hardware, software, anti-fraud systems, virus
405 prevention, data protection, access controls, firewalls,
406 disaster recovery, and redundancy.

407 3. Gaming systems, including, but not limited to, hardware
408 and software that ensures that: games are legal, games are
409 independent and fair, game and betting rules are available to
410 all registered players, and all data used for the conduct of
411 each game is randomly generated and unpredictable.

412 4. Ongoing auditing by the division and accounting
413 systems, including, but not limited to, those for registered
414 player accounts, participation fees, distribution of funds to
415 registered players, and distribution of revenue to the state.

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

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

428 (a) All necessary documentation and information relating
429 to the applicant and its direct and indirect owners, including,
430 but not limited to:

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

433 2. Current and historical audited financial and accounting
434 records.

435 3. Any and all documents relating to legal and regulatory
436 proceedings in this state and other jurisdictions involving the
437 applicant.

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

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

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

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

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

450 1. A description of the services to be provided by each
451 subcontractor.

452 2. Information for each subcontractor as set forth in this
453 section.

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

456 (c) A description as to how the applicant will facilitate
457 compliance with all of the standards set forth in this section,
458 including, but not limited to, those for:

459 1. Registered player requirements relating to:

460 a. Intrastate play.

461 b. Age verification.

462 c. Exclusion of problem gamblers.

463 2. Network system requirements, including, but not limited
464 to:

465 a. Connectivity.

466 b. Hardware.

467 c. Software.

468 d. Anti-fraud systems.

469 e. Virus prevention.

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- 470 f. Data protection.
- 471 g. Access controls.
- 472 h. Firewalls.
- 473 i. Disaster recovery.
- 474 j. Redundancy.
- 475 3. Gaming systems, including, but not limited to, hardware
476 and software that ensures that:
- 477 a. Games are legal.
- 478 b. Games are independent and fair.
- 479 c. Game and betting rules are available to all registered
480 players.
- 481 d. All data used for the conduct of each game is randomly
482 generated and unpredictable.
- 483 4. Accounting systems, including, but not limited to,
484 those for:
- 485 a. Registered player accounts.
- 486 b. Participation fees.
- 487 c. Transparency and reporting to the division.
- 488 d. Distribution of revenue to the state, funds pursuant to
489 contract, and funds to registered players.
- 490 e. Ongoing auditing.
- 491 (d) A description of the games and services the applicant
492 proposes to offer to registered players.
- 493 (e) A description by the applicant of how it will ensure
494 that registered players are at least 18 years of age or older
495 and facilitate registered player protections and resolution of
496 player disputes.

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

511 (9) ANNUAL BOND REQUIRED.—The holder of a license to be an
512 Internet poker hub operator in the state shall be financially
513 and otherwise responsible for the operation of a state Internet
514 poker network and for the conduct of any employee involved in
515 the operation of the online poker network. Before the issuance
516 of an Internet poker hub operator license, each qualified
517 applicant for such a license must provide evidence of a surety
518 bond in the amount of \$1 million, payable to the state, for each
519 year that the licensee is licensed to be an Internet poker hub
520 operator in the state. The bond shall be issued by a surety or
521 sureties authorized to do business in the state and approved by
522 the division and the Chief Financial Officer in his or her
523 capacity as treasurer of the division. The bond shall guarantee
524 that an Internet poker hub operator fulfills all financial

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525 requirements of the contract. Such bond shall be kept in full
526 force and effect by an Internet poker hub operator during the
527 term of the license.

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

531 (a) The accepted proposal agreed to by the division, on
532 behalf of the state, and an Internet poker hub operator
533 applicant shall govern the interpretation of the contract
534 creating a contractual relationship entered into between the
535 state and the Internet poker hub operator.

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

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

543 (d) If this section is amended, an Internet poker hub
544 operator may declare the contract null and void within 60 days
545 after the effective date of the amendment and must provide at
546 least 90 days' prior written notice to the division of such
547 intent; otherwise, the Internet poker hub operator agrees to be
548 bound by the amendments to this section adopted after the terms
549 of the contract are established.

550 (e) In the event of commercial infeasibility due to a
551 change in federal law rendering the provision of intrastate
552 poker services illegal, an Internet poker hub operator may

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553 abandon the contract after providing the division with at least
554 90 days' prior written notice of its intent to end the contract
555 and a statement explaining its interpretation that continuing to
556 provide services under the contract is commercially infeasible.

557 (f) If a dispute arises between the parties to the
558 contract, either the division or the Internet poker hub operator
559 may go through an administrative law or circuit court for an
560 initial interpretation of the contract and the rights and
561 responsibilities in the contract.

562 (g) After each year of operation of intrastate Internet
563 poker in the state, the division shall review and evaluate the
564 current level of liquidity in the state Internet poker network
565 to determine if there is a need to authorize additional Internet
566 poker hub operators. If the division finds there is sufficient
567 evidence to support authorizing additional Internet poker hub
568 operators, then the division may select additional Internet
569 poker hub operators pursuant to subsection (6) and may authorize
570 additional Internet poker hub operators based on the
571 qualifications specified in subsection (7). However,
572 notwithstanding the power to authorize additional Internet poker
573 hub operators under this paragraph, only three Internet poker
574 hub operators may operate at any one time in the state.

575 (11) CARDROOM AFFILIATE LICENSE REQUIRED; APPLICATION;
576 FEES.—A cardroom affiliate license may only be issued to a
577 cardroom operator who is licensed under s. 849.086, actively
578 operates a cardroom with a minimum of 10 licensed tables, and
579 complies with all the requirements of s. 849.086 and the rules
580 adopted pursuant to that section.

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

584 (b) After the initial cardroom affiliate license is
585 granted, the annual application for the renewal of that license
586 shall be made in conjunction with the applicant's annual
587 application for its cardroom and pari-mutuel licenses under s.
588 849.086 and chapter 550, respectively.

589 (c) A person seeking a license or renewal of a license to
590 operate as a cardroom affiliate shall make the application on
591 forms prescribed by the division. An application for a cardroom
592 affiliate license shall contain all of the information the
593 division, by rule, determines is required to ensure eligibility.

594 (d) As a condition of licensure and to maintain continued
595 authority for the conduct of intrastate Internet poker, the
596 cardroom affiliate licensee must provide the documentation
597 required under this section on a timely basis to the division
598 and the documentation must be appropriate, current, and
599 accurate. A change in ownership or interest of a cardroom
600 affiliate licensee of 5 percent or more of the stock or other
601 evidence of ownership or equity in the cardroom affiliate
602 licensee or any parent corporation or other business entity that
603 in any way owns or controls the cardroom affiliate licensee must
604 be approved by the division prior to the change, unless the
605 owner is an existing holder of the license who was previously
606 approved by the division. A change in ownership or interest of a
607 cardroom affiliate licensee of less than 5 percent, unless the
608 change results in a cumulative total of 5 percent or more, must

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

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

631 (f) A cardroom affiliate licensee may not sell or lease
632 all or any portion of its cardroom licensed under s. 849.086 to
633 any person or entity, or contract with any person or entity to
634 operate its website, conduct marketing or promotional
635 activities, or conduct any other aspects of business associated
636 with the play of poker under s. 849.086 or intrastate Internet

637 poker under this section, that does not meet and comply with all
 638 requirements and provisions of this section and s. 849.086.

639 (g) The annual cardroom affiliate license fee shall be
 640 \$1,000. The annual license fee shall be deposited by the
 641 division with the Chief Financial Officer to the credit of the
 642 Pari-mutuel Wagering Trust Fund.

643 (h) The division shall adopt rules regarding cardroom
 644 affiliate licenses and renewals.

645 (12) BUSINESS AND EMPLOYEE OCCUPATIONAL LICENSE REQUIRED;
 646 APPLICATION; FEES.—

647 (a) A person employed by or otherwise working for an
 648 Internet poker hub operator or a cardroom affiliate in any
 649 capacity related to and while conducting intrastate Internet
 650 poker operations must hold a valid occupational license issued
 651 by the division.

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

656 (c) An Internet poker hub operator or cardroom affiliate
 657 may not contract with, or otherwise do business with, a business
 658 required to hold a valid intrastate Internet poker business
 659 occupational license, unless the business holds such a valid
 660 license.

661 (d) A proprietorship, partnership, corporation,
 662 subcontractor, or other entity must obtain a valid intrastate
 663 Internet poker business occupational license issued by the
 664 division to partner with, contract with, be associated with, or

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665 participate in the conduct of intrastate Internet poker
666 operations with an Internet poker hub operator or a cardroom
667 affiliate.

668 (e) The division shall establish, by rule, a schedule for
669 the annual renewal of Internet poker hub operator and cardroom
670 affiliate occupational licenses. Intrastate Internet poker
671 occupational licenses are not transferable.

672 (f) A person seeking an intrastate Internet poker
673 occupational license, or renewal of such a license, shall make
674 the application on forms prescribed by the division and include
675 payment of the appropriate application fee. An application for
676 an intrastate Internet poker occupational license shall contain
677 all of the information the division, by rule, determines is
678 required to ensure eligibility under this section.

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

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

684 (i) Pursuant to rules adopted by the division, any person
685 may apply for and, if qualified, be issued an intrastate
686 Internet poker occupational license valid for a period of 3
687 years upon payment of the full occupational license fee for each
688 of the 3 years for which the license is issued. The intrastate
689 Internet poker occupational license is valid during its
690 specified term at any Internet poker hub operator or a cardroom
691 affiliate where intrastate Internet poker is authorized to be
692 conducted.

693 (j) The intrastate Internet poker occupational license fee
 694 for initial application and annual renewal shall be determined
 695 by rule of the division but may not exceed \$50 for an
 696 occupational license for an employee of an Internet poker hub
 697 operator or a cardroom affiliate licensee or \$1,000 for a
 698 business occupational license for nonemployees of the licensee
 699 providing goods or services to an Internet poker hub operator or
 700 a cardroom affiliate occupational licensee. Failure to pay the
 701 required fee constitutes grounds for disciplinary action by the
 702 division against an Internet poker hub operator or a cardroom
 703 affiliate occupational licensee.

704 (k) A person holding a valid individual cardroom
 705 occupational license issued by the division under s. 849.086(6)
 706 is not required to obtain an individual employee occupational
 707 license under this subsection.

708 (13) BUSINESS AND EMPLOYEE OCCUPATIONAL LICENSE DENIAL,
 709 REVOCAION, SUSPENSION, LIMITATION, OR NONRENEWAL.—The division
 710 may:

711 (a) Deny an application for, or revoke, suspend, or place
 712 conditions or restrictions on, a license of a person or entity
 713 that has been refused a license by any other state gaming
 714 commission, governmental department, agency, or other authority
 715 exercising regulatory jurisdiction over the gaming of another
 716 state or jurisdiction.

717 (b) Deny an application for, or suspend or place
 718 conditions or restrictions on, a license of any person or entity
 719 that is under suspension or has unpaid fines in another state or
 720 jurisdiction.

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

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

738 (e) Deny, revoke, or refuse to renew any Internet poker
 739 hub operator or cardroom affiliate occupational license if the
 740 applicant for the license or the licensee has been convicted of
 741 a felony or misdemeanor in this state, in any other state, or
 742 under the laws of the United States if such felony or
 743 misdemeanor is related to gambling or bookmaking as described in
 744 s. 849.25.

745 (14) BUSINESS AND EMPLOYEE OCCUPATIONAL LICENSE;
 746 FINGERPRINTS; FEES; CITATIONS.—

747 (a) A person employed by or working with an Internet poker
 748 hub operator or a cardroom affiliate must submit fingerprints

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749 for a criminal history record check and may not have been
750 convicted of any disqualifying criminal offense specified in
751 subsection (7). Division employees and law enforcement officers
752 assigned by their employing agencies to work within the premises
753 as part of their official duties are excluded from the criminal
754 history record check requirements under this subsection.

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

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

772 (d) All fingerprints submitted to the Department of Law
773 Enforcement and required by this section shall be retained by
774 the Department of Law Enforcement and entered into the statewide
775 automated fingerprint identification system as authorized by s.
776 943.05(2) (b) and shall be available for all purposes and uses

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777 authorized for arrest fingerprint cards entered into the
778 statewide automated fingerprint identification system under s.
779 943.051.

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

796 (f) The division shall request the Department of Law
797 Enforcement to forward the fingerprints to the Federal Bureau of
798 Investigation for a national criminal history records check
799 every 3 years following issuance of a license. If the
800 fingerprints of a person who is licensed have not been retained
801 by the Department of Law Enforcement, the person must file a
802 complete set of fingerprints as provided for in paragraph (a).
803 The division shall collect the fees for the cost of the national
804 criminal history record check under this paragraph and shall

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

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

818 (h) The division may deny, revoke, or suspend any
819 occupational license if the applicant or holder of the license
820 accumulates unpaid obligations, defaults in obligations, or
821 issues drafts or checks that are dishonored or for which payment
822 is refused without reasonable cause.

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

827 (j) The division may impose a civil fine of up to \$10,000
828 for each violation of this section or the rules of the division
829 in addition to or in lieu of any other penalty provided for in
830 this subsection. The division may adopt a penalty schedule for
831 violations of this section or any rule adopted pursuant to this
832 section for which it would impose a fine in lieu of a suspension

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833 and adopt rules allowing for the issuance of citations,
834 including procedures to address such citations, to persons who
835 violate such rules. In addition to any other penalty provided by
836 law, the division may exclude from all licensed pari-mutuel,
837 cardroom, and slot machine facilities in this state, for a
838 period not to exceed the period of suspension, revocation, or
839 ineligibility, any person whose occupational license application
840 has been declared ineligible to hold an occupational license or
841 whose occupational license has been suspended or revoked by the
842 division.

843 (15) REGISTERED PLAYERS; ELIGIBILITY.—

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

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

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

851 1. All Internet poker hub operators and cardroom
852 affiliates shall have an Internet Poker Self-Exclusion Form
853 available online and accessible on the Internet page that is
854 displayed when:

855 a. A person opens the Internet page to register as a
856 registered player; or

857 b. A registered player accesses the first page of the
858 Internet page prior to playing.

859 2. Upon receipt of a completed Internet Poker Self-
860 Exclusion Form, an Internet poker hub operator or cardroom

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861 affiliate shall immediately provide a copy of the completed form
862 to each Internet poker hub operator, each cardroom affiliate,
863 and the division. The division shall ensure that all other
864 cardroom affiliates exclude the person from the play of
865 intrastate Internet poker.

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

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

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

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

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

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

884 2. Documentation relating to development and testing of
885 the game's software.

886 (b) Upon submission of the information required in
887 paragraph (a), an Internet poker hub operator may begin offering
888 the game. If the division does not object to the proposed game

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889 of poker within 30 days after receipt of the submission, the
890 game will considered authorized and the Internet poker hub
891 operator submitting the proposal may continue to offer the game
892 to registered players.

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

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

899 1. The name of the game.

900 2. Any restrictions on play.

901 3. The rules of the game.

902 4. All instructions on how to play.

903 5. The unit and total bets permitted.

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

906 7. Any other information that an Internet poker hub
907 operator determines is necessary for the registered player to
908 have in real time to compete fairly in the proposed or
909 authorized game.

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

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

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916 2. The game or any game event outcome shall not be
917 affected by the effective bandwidth, link utilization, bit error
918 rate, or other characteristic of the communications channel
919 between the gaming system and the playing device used by the
920 player.

921 (f) An Internet poker hub operator shall deploy controls
922 and technology to ensure the ability to minimize fraud or
923 cheating through collusion, such as external exchange of
924 information between different players, or any other means.

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

929 2. An Internet poker hub operator shall immediately inform
930 the division of any complaints and investigate whether the
931 complaints are true and shall expeditiously act to prevent
932 further fraud or collusion from taking place on the Internet
933 poker hub. An Internet poker hub operator shall report the
934 results of the investigation in writing to the division within
935 24 hours after the complaint and shall continue to report every
936 24 hours until its investigation is concluded. This paragraph
937 does not prevent the division from conducting an independent
938 investigation or initiating an administrative action to protect
939 registered players from fraud and collusion on the Internet
940 poker hub site and does not prohibit a registered player, the
941 Internet poker hub operator, a cardroom affiliate, or the
942 division from reporting suspected criminal activities to law
943 enforcement officials.

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944 3. A registered player may not bring an action for damages
945 against an Internet poker hub operator for attempting to prevent
946 fraud or cheating if the Internet poker hub operator can
947 demonstrate that it acted to prevent such actions as soon as it
948 became aware of them.

949 (g) If the gaming server or software does not allow a game
950 to be completed, the hand shall be voided and all funds relating
951 to the incomplete hand shall be returned to the registered
952 player's account.

953 (17) REGISTERED PLAYER ACCOUNTS.—

954 (a) An Internet poker hub operator shall register players
955 and establish registered player accounts prior to play and shall
956 ensure that personally identifiable information is accessible to
957 players and regulators but is otherwise secure.

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

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

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

- 965 1. First name and surname.
- 966 2. Principal residence address.
- 967 3. Telephone number.
- 968 4. Social security number.
- 969 5. Legal identification or certification to prove that the
970 person is at least 18 years of age.
- 971 6. Valid email address.

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

974 (e) An individual may not register for more than three
975 registered player accounts per calendar year. A registered
976 player may not have more than three registered player accounts
977 at any time.

978 (f) Prior to completing the registration process, an
979 Internet poker hub operator shall explain to the person in a
980 conspicuous fashion the privacy policies of the Internet poker
981 hub, and the person must assent to the following policies:

982 1. Personal identifying information will not be shared
983 with any nongovernment third parties except for licensed
984 subcontractors of an Internet poker hub operator for the sole
985 purpose of permitting registered players to participate in games
986 on the Internet poker hub or upon receipt of a court order to
987 subpoena such information from the Internet poker hub.

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

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

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

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

1000 1. The registered player provided false information in the
 1001 registration process;

1002 2. The registered player has not updated registration
 1003 information to keep it current; or

1004 3. The registered player has violated an Internet poker
 1005 hub operator's terms of use agreement.

1006 (j) An Internet poker hub operator may suspend or revoke
 1007 the account of a registered player if the operator suspects the
 1008 registered player has participated in illegal activity on a
 1009 state Internet poker network.

1010 (k) An Internet poker hub operator shall establish and
 1011 maintain an account for each registered player. An Internet
 1012 poker hub operator shall:

1013 1. Provide a means for a registered player to put funds
 1014 into an account; however, a registered player may not increase
 1015 the amount in an account after a game has started and before its
 1016 completion.

1017 2. Maintain records on the balance of each registered
 1018 player's account.

1019 3. Prohibit a registered player from placing a wager
 1020 unless the player's account has sufficient funds to cover the
 1021 amount of the wager.

1022 4. Not provide credit to a registered player's account or
 1023 act as an agent for a credit provider to facilitate the
 1024 provision of funds.

1025 5. Provide a means for a registered player to transfer
 1026 money out of the player's account.

1027 (1) An Internet poker hub operator shall put in place
 1028 other systems that provide registered players with the ability
 1029 to control aspects of their play. Upon registration and at each
 1030 time when a registered player logs on to a state Internet poker
 1031 network, an Internet poker hub operator shall permit the
 1032 registered player to adjust the player's play settings to:
 1033 1. Set a limit on the deposits that can be made per day;
 1034 2. Set a limit on the amount that can be wagered within a
 1035 specified period of time;
 1036 3. Set a limit on the losses that may incur within a
 1037 specified period of time;
 1038 4. Set a limit on the amount of time that can be played
 1039 after logging on to the Internet poker hub; or
 1040 5. Prevent the Internet poker hub from allowing the
 1041 registered player to play for a definite or indefinite period of
 1042 time.
 1043 (m) During play, in order to assist a registered player to
 1044 decide whether to suspend play, the registered player's screen
 1045 shall:
 1046 1. Indicate how long the player has been playing;
 1047 2. Indicate the player's winnings or losses since the time
 1048 of last logging in;
 1049 3. Give an option to the player to end the session or
 1050 return to the game; and
 1051 4. Require the player to confirm that the player has read
 1052 the message.
 1053 (18) REGISTERED PLAYER ACCOUNTS; RECORDS AND REPORTS.—

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1054 (a) An Internet poker hub operator shall establish a book
 1055 of accounts, regularly audit, and make all financial records
 1056 available to the division. An Internet poker hub operator shall
 1057 demonstrate that it has a system of maintaining records and
 1058 reports that are readily available to the division. The records
 1059 and reports shall include the following:

- 1060 1. Monthly auditable and aggregate financial statements of
- 1061 gaming transactions.
- 1062 2. Calculation of all fees payable to government.
- 1063 3. The identity of players.
- 1064 4. The balance on the player's account at the start of a
- 1065 session of play.
- 1066 5. The wagers placed on each game time stamped by the
- 1067 games server.
- 1068 6. The result of each game time stamped by the games
- 1069 server.
- 1070 7. The amount won or lost by the player.
- 1071 8. The balance on the player's account at the end of the
- 1072 game.

1073 (b) An Internet poker hub operator shall reconcile all
 1074 data logs files regarding the registered players' accounts on a
 1075 monthly basis.

1076 (19) INTERNET POKER HUB OPERATOR; TECHNICAL SYSTEMS
 1077 REQUIREMENTS.—

1078 (a) An Internet poker hub operator shall put in place
 1079 technical systems that materially aid the division in fulfilling
 1080 its regulatory, consumer protection, and revenue-raising

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1081 functions and allow the division unrestricted access to and the
1082 right to inspect the technical systems.

1083 (b) An Internet poker hub operator shall ensure that the
1084 network is protected from manipulation or tampering to affect
1085 the random probabilities of winning plays.

1086 (c) An Internet poker hub operator shall define and
1087 document its methodology for the following:

1088 1. The development, implementation, and maintenance of
1089 gaming software in a manner representative of industry best
1090 practice standards.

1091 2. Server connectivity requirements that include:

1092 a. Minimum game server connectivity requirements that
1093 ensure players are protected from losses due to connectivity
1094 problems.

1095 b. The system's ability to recover all transactions
1096 involving player funds in the event of a failure or malfunction.

1097 c. Aborted game procedures.

1098 3. Ability of the system to recover all information
1099 required for viewing a game interrupted due to loss of
1100 connectivity.

1101 4. Consumer protection requirements.

1102 5. Responsible advertising, marketing, and promotion that
1103 ensure that players are not misled through advertising or
1104 promotional activities, and will ensure that the terms and
1105 conditions of their promotions are followed.

1106 6. Anti-money-laundering controls.

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1107 7. Preventive and detective controls addressing money
1108 laundering and fraud risks which shall be documented and
1109 implemented.

1110 (d) An Internet poker hub operator shall retain all such
1111 documentation for at least 12 months.

1112 (20) FEE FOR PARTICIPATION.—An Internet poker hub operator
1113 shall charge a fee or a tournament fee to registered players for
1114 the right to participate in authorized games or tournaments
1115 conducted on a state Internet poker network. The participation
1116 fee may be a per-hand charge, a flat fee, an hourly rate, or a
1117 rake subject to the posted maximum amount but may not be based
1118 on the amount won by players. The fee shall be designated and
1119 conspicuously posted on the registered player's screen prior to
1120 the start of each proposed or authorized game.

1121 (21) PROHIBITED RELATIONSHIPS.—

1122 (a) A proprietorship, partnership, corporation,
1123 subcontractor, or other entity must obtain a valid intrastate
1124 Internet poker business occupational license issued by the
1125 division to partner with, contract with, be associated with, or
1126 participate in the conduct of intrastate Internet poker
1127 operations with an Internet poker hub operator or a cardroom
1128 affiliate.

1129 (b) A person employed by or performing any function on
1130 behalf of the division may not:

1131 1. Be an officer, director, owner, or employee of any
1132 person or entity licensed by the division.

1133 2. Have or hold any interest, direct or indirect, in or
 1134 engage in any commerce or business relationship with any person
 1135 licensed by the division.

1136 (c) An employee of the division or a relative living in
 1137 the same household as the employee may not play at any time on a
 1138 state Internet poker network.

1139 (d) An occupational licensee of an Internet poker hub
 1140 operator or a relative living in the same household as the
 1141 occupational licensee may not play at any time on a state
 1142 Internet poker network. This paragraph does not apply to an
 1143 occupational licensee of a cardroom affiliate.

1144 (22) PROHIBITED ACTS; PENALTIES.—

1145 (a) An Internet poker hub operator may conduct any
 1146 proposed or authorized game under subsection (16) unless
 1147 specifically prohibited by the division or by this section.

1148 (b) A person who has not attained 18 years of age may not
 1149 hold an intrastate Internet poker occupational license or engage
 1150 in any game conducted therein.

1151 (c) It is a violation of the laws of this state for any
 1152 entity to offer Internet poker for free or for money or any
 1153 other consideration to individuals present in this state unless
 1154 that entity can demonstrate that it is in compliance with the
 1155 laws and tax regulations of the United States and of this state.

1156 (d) Any entity that has accepted any wager of money or
 1157 other consideration on any online gambling activity, including
 1158 poker, from any Florida resident since October 13, 2006, is not
 1159 eligible to apply for licensure and participate in intrastate

1160 Internet poker in this state for a period of 3 years after the
 1161 effective date of this act.

1162 (e) Except as otherwise provided by law and in addition to
 1163 any other penalty, any person who knowingly makes or causes to
 1164 be made, or aids, assists, or procures another to make, a false
 1165 statement in any report, disclosure, application, or any other
 1166 document required under this section or any rule adopted under
 1167 this section is subject to an administrative fine of up to
 1168 \$10,000.

1169 (f) Any person who manipulates or attempts to manipulate
 1170 the outcome, payoff, or operation of the play of intrastate
 1171 Internet poker by tampering, collusion, or fraud, or by the use
 1172 of any object, instrument, or device, by any means, commits a
 1173 felony of the third degree, punishable as provided in s.
 1174 775.082, s. 775.083, or s. 775.084.

1175 (g) All penalties imposed and collected under this
 1176 subsection shall be deposited into the Pari-mutuel Wagering
 1177 Trust Fund.

1178 (23) LICENSE FEES.—

1179 (a) Upon the submission of the initial application for an
 1180 Internet poker hub operator license and annually thereafter, on
 1181 the anniversary date of the issuance of the initial license, an
 1182 Internet poker hub operator licensee shall pay a nonrefundable
 1183 license fee of \$500,000 for the succeeding 12 months of
 1184 licensure.

1185 (b) Upon submission of the initial application for a
 1186 cardroom affiliate license and annually thereafter, as
 1187 prescribed by the division, the licensee shall pay to the

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1188 division a nonrefundable license fee of \$1,000 for the
 1189 succeeding 12 months of licensure.

1190 (c) The license fees required under this subsection shall
 1191 be deposited into the Pari-mutuel Wagering Trust Fund to be used
 1192 by the division for the regulation, investigations, and
 1193 enforcement of the intrastate Internet poker provisions under
 1194 this section. These payments shall be accounted for separately
 1195 from taxes or fees paid pursuant to chapters 550 and 551 and s.
 1196 849.086.

1197 (24) ADVANCE PAYMENT BY AN INTERNET POKER HUB OPERATOR.—
 1198 Upon the awarding of a contract to be an Internet poker hub
 1199 operator by the division under subsection (6), an Internet poker
 1200 hub operator licensee shall pay to the division a nonrefundable
 1201 payment of \$10 million. This payment shall be treated as an
 1202 advance payment to the state by each Internet poker hub operator
 1203 and shall be credited against the tax on monthly gross receipts
 1204 derived from the play of intrastate Internet poker under
 1205 paragraph (25) (a) until the original amount is recouped by each
 1206 Internet poker hub operator.

1207 (25) TAX RATE; OTHER PAYMENTS; PENALTIES.—

1208 (a) Each Internet poker hub operator shall pay a tax to
 1209 the state of 10 percent of the operator's monthly gross receipts
 1210 derived from the play of intrastate Internet poker. However, an
 1211 Internet poker hub operator shall pay no taxes under this
 1212 paragraph until the full amount of the advance payment made by
 1213 that poker hub operator under subsection (24) has been credited
 1214 against the tax. Credit of the advance payment toward the tax

1215 shall be made upon receipt by the division of the monthly report
 1216 required under paragraph (b).

1217 (b) The gross receipts tax imposed by this section shall
 1218 be paid to the division. Each Internet poker hub operator shall
 1219 remit the gross receipts tax and licensee fees to the division
 1220 to be deposited with the Chief Financial Officer, to the credit
 1221 of the Pari-mutuel Wagering Trust Fund. Such payments shall be
 1222 remitted to the division by electronic funds transfer on the 5th
 1223 day of each calendar month for taxes and fees imposed for the
 1224 preceding month's intrastate Internet poker activities.

1225 Licensees shall file a report under oath by the 5th day of each
 1226 calendar month for all taxes remitted during the preceding
 1227 calendar month. Such payments shall be accompanied by a report
 1228 under oath showing all intrastate Internet poker activities for
 1229 the preceding calendar month and such other information as may
 1230 be prescribed by the division.

1231 (c) A licensee who fails to make tax payments as required
 1232 under this section is subject to an administrative penalty of up
 1233 to \$10,000 for each day the tax payment is not remitted. All
 1234 penalties imposed and collected under this subsection shall be
 1235 deposited in the Pari-mutuel Wagering Trust Fund. If a licensee
 1236 fails to pay penalties imposed by order of the division under
 1237 this subsection, the division may suspend, revoke, or refuse to
 1238 renew the license of an Internet poker hub operator or cardroom
 1239 affiliate.

1240 (d) All of the moneys deposited in the Pari-mutuel
 1241 Wagering Trust Fund under this section shall be utilized and
 1242 distributed in the manner specified in s. 550.135(1) and (2).

1243 (26) DISTRIBUTION OF INCOME DERIVED FROM THE PLAY OF
 1244 INTERNET POKER.—

1245 (a) After the tax on the monthly gross receipts derived
 1246 from the play of intrastate Internet poker is paid to the state
 1247 as specified under subsection (25), the remaining monthly gross
 1248 receipts shall be distributed by the Internet poker hub
 1249 operators as follows:

1250 1. Seventy percent shall be distributed to eligible
 1251 licensed cardrooms and cardroom affiliates.

1252 a. Before distribution under sub-subparagraph b., if the
 1253 amount to be distributed under this subparagraph for a specific
 1254 month is greater than \$35,000 multiplied by the number of
 1255 cardrooms eligible to be cardroom affiliates for that month,
 1256 each licensed cardroom operator as defined in s. 894.086 that
 1257 did not participate as a cardroom affiliate for that month shall
 1258 receive a payment for that month of \$20,833, and the remaining
 1259 sum shall be distributed pursuant to sub-subparagraph b.

1260 b.(I) Fifty percent shall be divided and distributed among
 1261 the cardroom affiliates based on each cardroom affiliate's total
 1262 rake generated from the play of authorized games defined in s.
 1263 849.086(2)(a) for the previous state fiscal year divided by the
 1264 total previous year's rake for all the cardroom affiliates, as
 1265 determined by the division.

1266 (II) Fifty percent shall be divided and distributed to the
 1267 cardroom affiliates based on the amount wagered for the previous
 1268 month through each cardroom affiliate's portal as determined by
 1269 the division, divided by the total amount wagered for the
 1270 previous month through all cardroom affiliates' portals.

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1271 c. If two or more cardroom affiliates join together to
1272 operate a portal for purposes of sub-sub-subparagraphs b.(I) and
1273 (II), their portal wagers and previous year's rake shall be
1274 combined.

1275 d. Each greyhound and each jai alai permitholder that
1276 receives payments under this subparagraph shall use at least 4
1277 percent of its monthly gross receipts from the play of
1278 intrastate Internet poker to supplement greyhound purses or jai
1279 alai prize money, respectively, by the permitholder's next
1280 ensuing pari-mutuel meet. Each thoroughbred, quarter horse, or
1281 harness horse permitholder that is licensed as a cardroom
1282 affiliate shall use at least 50 percent of the permitholder's
1283 monthly net proceeds from the play of intrastate Internet poker
1284 as follows: 47 percent to supplement purses and 3 percent to
1285 supplement breeders' awards by the permitholder's next ensuing
1286 race meet.

1287 2. Twenty-five percent shall be retained by the Internet
1288 poker hub operators from which they shall pay all costs for the
1289 intrastate Internet poker hub operations.

1290 3. Four percent shall be retained by the Internet poker
1291 hub operators to fund statewide advertising, marketing, and
1292 promotion of the play of intrastate Internet poker on a state
1293 Internet poker network. The division shall perform an annual
1294 audit to verify that the Internet poker hub operators use such
1295 funds solely for the statewide advertising, marketing, and
1296 promotion of the play of intrastate Internet poker on a state
1297 Internet poker network.

1298 4. One percent shall fund services related to the
 1299 prevention and treatment of compulsive and addictive gambling
 1300 provided by the entity that is under contract with the division
 1301 under s. 551.118(2). The division shall be responsible for the
 1302 distribution and audit of the funds under this subparagraph.

1303 (b) The distribution of the preceding monthly gross
 1304 receipts shall be by the 20th day of each calendar month.

1305 (c) The division shall ensure that all distributions are
 1306 made in accordance with this section and may adopt rules to
 1307 ensure the implementation and proper distribution of funds.

1308 (d) This subsection does not prevent individual cardrooms
 1309 or a number of cardroom affiliates from joining together in a
 1310 coalition for the purpose of the marketing and promotion of the
 1311 play of intrastate Internet poker on a state Internet poker
 1312 network.

1313 (27) SUSPENSION, REVOCATION, OR DENIAL OF LICENSE; FINE.-

1314 (a) The division may deny a license or the renewal of a
 1315 license, or may suspend or revoke any license, when the
 1316 applicant has: violated or failed to comply with section or any
 1317 rule adopted pursuant to this section; knowingly caused, aided,
 1318 abetted, or conspired with another to cause any person to
 1319 violate this section or any rule adopted pursuant to this
 1320 section; or obtained a license or permit by fraud,
 1321 misrepresentation, or concealment; or if the holder of the
 1322 license is no longer eligible under this section.

1323 (b) If a cardroom affiliate's pari-mutuel permit or
 1324 license is suspended or revoked by the division pursuant to
 1325 chapter 550, or its cardroom operator's license is suspended or

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1326 revoked by the division pursuant to s. 849.086, the division
 1327 may, but is not required to, suspend or revoke the cardroom
 1328 affiliate's license. If a cardroom affiliate's license is
 1329 suspended or revoked under this section, the division may, but
 1330 is not required to, suspend or revoke the licensee's cardroom
 1331 operator's license.

1332 (c) Notwithstanding any other provision of this section,
 1333 the division may impose an administrative fine not to exceed
 1334 \$10,000 for each violation against any person who has violated
 1335 or failed to comply with this section or any rule adopted
 1336 pursuant to this section.

1337 (28) PENALTIES.—The division may revoke or suspend any
 1338 Internet poker hub operator license or cardroom affiliate
 1339 license issued under this section upon the willful violation by
 1340 the licensee of this section or any rule adopted pursuant to
 1341 this section. In lieu of suspending or revoking the license, the
 1342 division may impose an administrative fine, not exceeding
 1343 \$100,000 for each count or separate offense, upon an Internet
 1344 poker hub operator or a cardroom affiliate for willfully
 1345 violating this section or any rule adopted pursuant to this
 1346 section. All penalties imposed and collected under this section
 1347 shall be deposited into the Pari-mutuel Wagering Trust Fund.

1348 (29) RULEMAKING.—The division may adopt rules pursuant to
 1349 ss. 120.536(1) and 120.54 to administer the provisions of this
 1350 section.

1351 (30) LEGISLATIVE AUTHORITY; ADMINISTRATION OF SECTION.—The
 1352 Legislature finds and declares that it has exclusive authority
 1353 over the conduct of intrastate Internet poker in this state.

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1354 Only the Division of Pari-mutuel Wagering and other authorized
1355 state agencies shall administer this section and regulate the
1356 intrastate Internet poker industry in the state, including
1357 operation of all Internet poker hub operators and cardroom
1358 affiliates, play of authorized games, and the Internet poker
1359 computer systems authorized in this section, as provided by law
1360 and rules adopted by the division.

1361 Section 3. This act shall take effect July 1, 2011.