

PUBLIC HEARING

before

GAMBLING STUDY COMMISSION

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Held:
July 26, 1972
Assembly Chamber
State House
Trenton, New Jersey

MEMBERS PRESENT:

Senator Wayne Dumont, Jr. (Chairman)
Assemblyman Vincent O. Pelligchia (Vice Chairman)
Senator Joseph A. Maressa
Senator William V. Musto
Assemblyman Brian T. Kennedy
Assemblywoman Ann Klein
Assemblyman Charles E. Reid
Colbert Currin
Allen B. Taylor, Jr.
Mayor Paul T. Jordan
John J. Nero

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UNITED STATES DEPARTMENT OF AGRICULTURE

Washington, D. C.

OFFICE OF THE ASSISTANT SECRETARY FOR TECHNICAL ASSISTANCE

FOR THE DEVELOPING COUNTRIES

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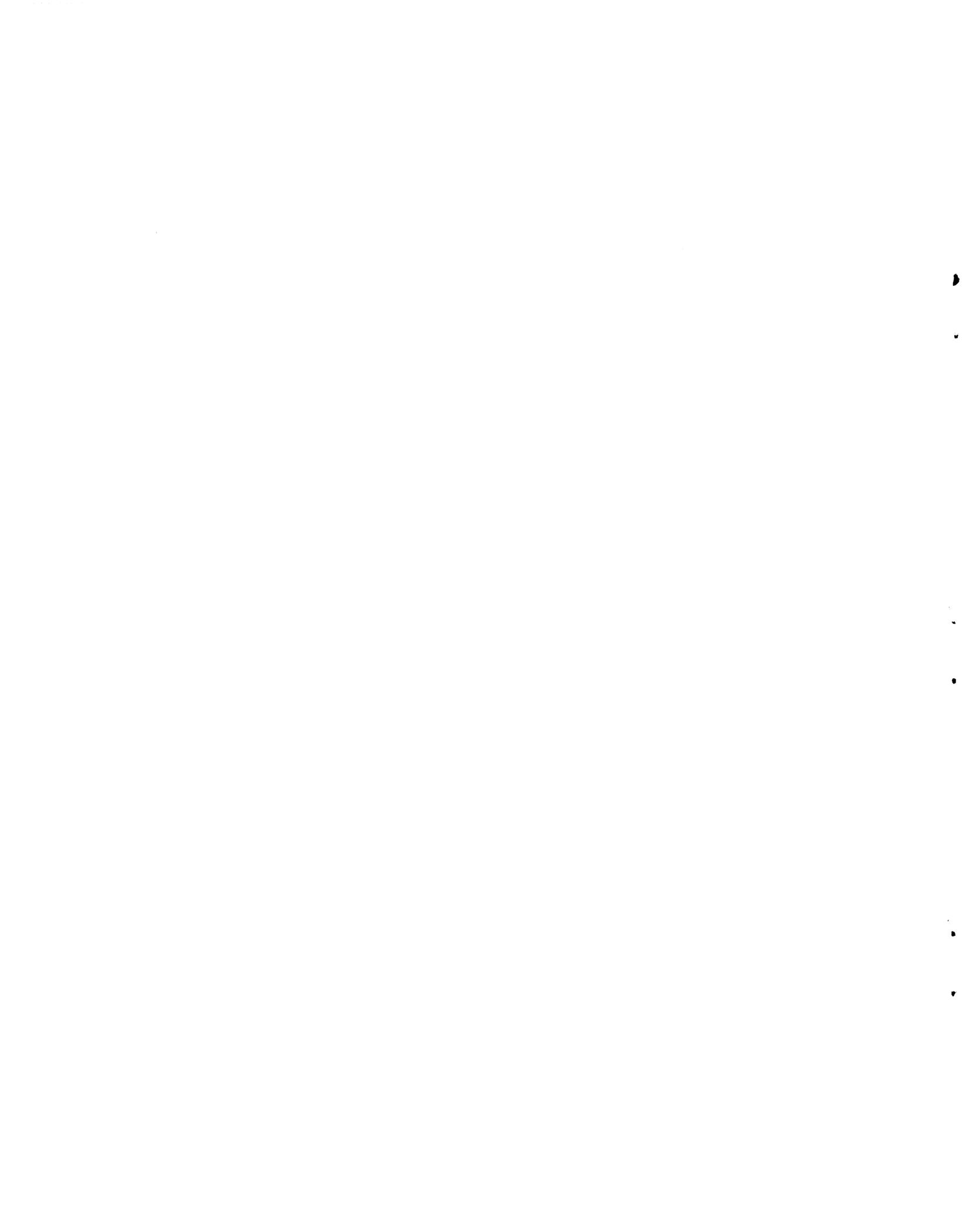
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Sincerely,

[Signature]

I N D E X

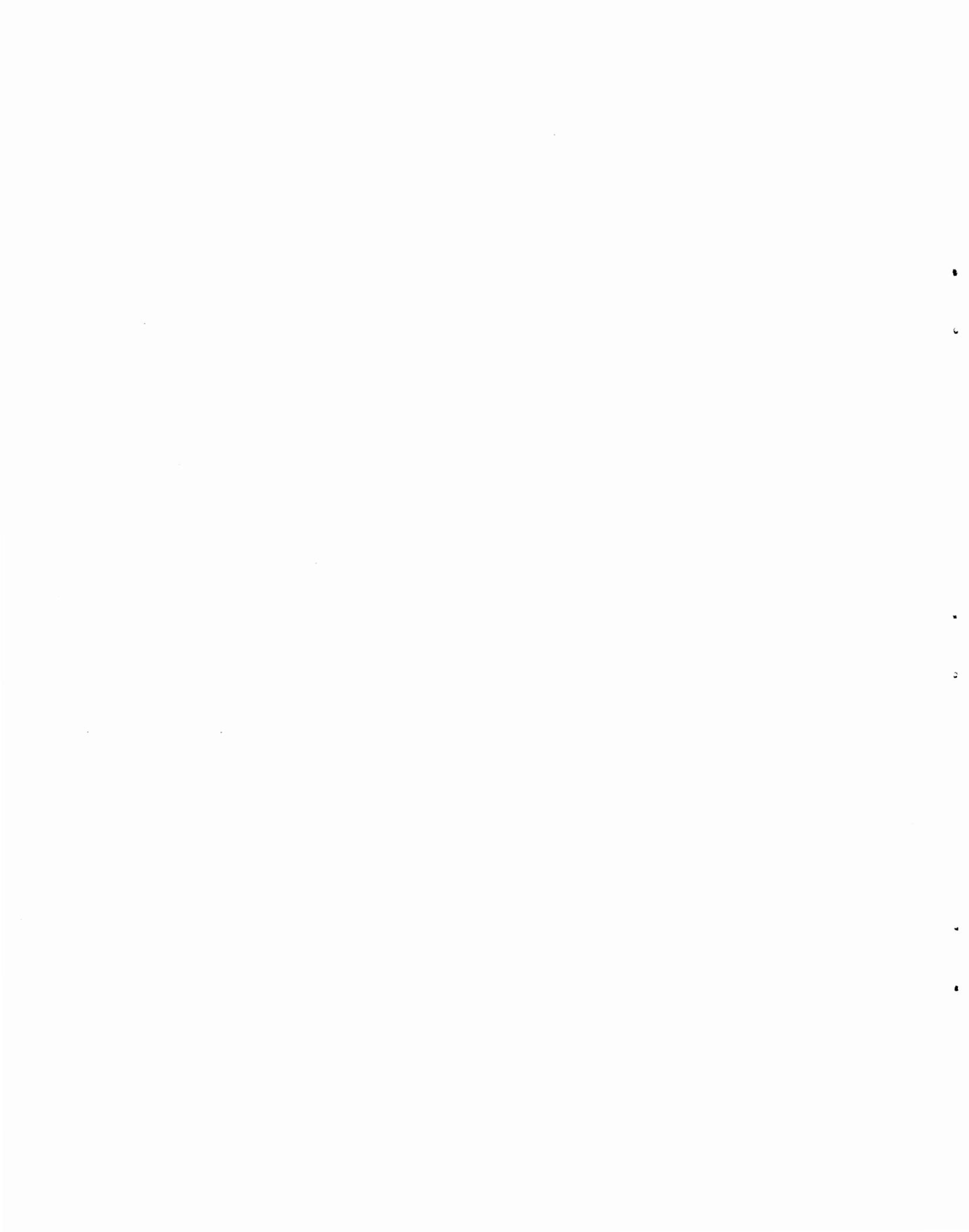
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SENATOR WAYNE DUMONT, JR. (Chairman): The hearing will please come to order.

This is the first in what may be a series of public hearings, not necessarily all confined to Trenton, by the Gambling Study Commission which, under the resolution that created the Commission, is not confined to any particular types of legalized gambling but may investigate and study all of them, particularly, of course, those that are not presently legal.

I want to introduce to you first the members of the Commission because this is a Commission that has always had an excellent attendance of Commission members. There are 12 members on it in all, four citizen members, four members of the Assembly and four members of the Senate. It is completely bipartisan, six Democrats and six Republicans, and the appointments were all made by the Speaker of the Assembly and by the President of the Senate, including two citizen members appointed by each gentleman.

Starting over on my left, your right, Assemblywoman Ann Klein from Morris County; Assemblyman Charles Reid from Bergen County; John J. Nero, a citizen member from Cherry Hill; Colbert Currin, a citizen member from Paterson; Assemblyman Vincent Pellecchia who is Vice Chairman of the Commission and over on my right, your left, Allen B. Taylor, Jr., citizen member from Wildwood Crest in Cape May County; Senator Joseph A. Maressa who represents part of Camden, part of Gloucester County; Mayor Paul T. Jordan of Jersey City and Senator William Musto of Hudson County and I am Wayne Dumont from Sussex and Warren Counties.

We have word that at least one of the two who are presently absent will be here and I will introduce them as they arrive - as he arrives or they arrive.

Now we have a list of witnesses who indicated in advance their desire to testify. We also will try to hear from others who are not on the list to the extent

that we can today. We won't take much time off for lunch and we will try to proceed until 5:00 or slightly thereafter before quitting for the day so that as many witnesses as we can hear, we will - both pro and con.

Is the Attorney General here at the present time?

(not present)

Well, he is due and we will hear him in due time then, after he has arrived.

The next one on the list is Alan Owen, Executive Director, Greater Atlantic City Chamber of Commerce. Mr. Owen, would you care to testify now? Will you take the seat over here please?

A L A N O W E N: Senator, Assemblymen, in addition to the title that you used in reference to me, which is correct, I am also the Executive Secretary of the New Jersey Travel and Resort Association whose resolution on this subject dates back a year and has been reviewed.

We are very grateful for the renewal of interest in the continuing study by this Committee into the purpose for which you were created. No one here that I represent is intimating that the substantial, and it is substantial, and huge revenue that we see from legalized gambling, if it is to be adopted, would be the total solution to all of our State's future fiscal needs. We would not be that naive or blind to the realities and to our understanding of your responsibilities as elected officials.

However, other testimony today, by people that I know, will factually project amounts that could very well offset much of the future added State spending, whatever that is, when applied to other sources of revenue that, frankly, we have heard little of. I refer to one statement, particularly, earlier this year from President Nixon following his creation of a high level, also non-partisan, advisory commission on intergovernmental relations. This committee is at work now rounding out a searching study that promises "to reform present property tax structures through the states." This specific quote

from the President could be a key to our own State's goals, that we all share, "later in the year, I shall make my final recommendations for relieving the burden of property taxes and providing both fair and adequate financing for our children's education."

The February 12th edition of Business Week Magazine from which this was taken featured a story titled, "The Coming Change in the Property Tax" which ended with these words, "no matter where the money comes from"- and I just interrupt to say that they were discussing things like revenue sharing, even the value added tax and everything - "the Federal Government will be paying most of the nation's education bill."

Gentlemen, this Legislature has recently indicated that though our State's needs do not stop with education financing, it has slowed the proposed sweeping tax reforms, so complex, so broad, reforms which in the opinion of those that I represent may certainly eventually come inexorably, maybe inevitably, but there is little time for-- this is the time for realism and it seems realistic to say that the people of New Jersey are not very receptive to a nice new income tax backed by the other formula on property and business and on and on. But from developing testimony concerning the popularity of varied forms of legalized gaming, not much different really than the lottery, than the track - flat or trot - the games of chance and the widespread bingo betting have already been good and lucrative and haven't really created serious crime conditions because of the proper controls that you, the Legislators, have set up, the fine Commissions, the close surveillance and policing, etc. Well, we see this now as something that can be looked at that certainly is more palatable to the citizenry than new forms of taxation. For example, casino gaming, already tried tested and truly successful and entertaining is rewarding the governments and the states who created them.

Gentlemen, we would like to bury forever the

phrase relating to an east coast Las Vegas. Frankly, I doubt if anyone could afford to create a new Las Vegas today. But more important, all of us are family people. We don't want to create a situation and an environment that is bad. I have four children from 9 to 13. We don't want an environment that is other than healthy for youngsters to grow up in, for our children to grow up in. We want no 24-hour temptation on every side. In earlier hearings before the previous Committee, we have frankly been appalled at what we consider some naive testimony, creating or seeking to create what we allege are false fears based, for example, on brief visits - two or three days - to admittedly fabulous Las Vegas by certain high-ranking State officials.

You are going to see a reprint - it will be passed out today - of the front page of a newspaper, The Las Vegas Sun, the day after we were certain in the State that last year's efforts at the same goal were dead and this reprint, which will be distributed, brags of how they, the Las Vegas Sun, stopped New Jersey, how they romanced a New Jersey newspaper publisher, how they joined the Las Vegas Sheriff's office for a "coordinated exchange of information." They were so happy to cooperate and to tell New Jersey that based on Nevada's experience we should not have legalized gaming. Now how naive can we really be?

The publisher's Gal Friday on that same front page writes, "memo to Hank" - the publisher of the Las Vegas Sun - "Guess I'm feeling a bit smug but it's a great feeling to know the Sun has influence in so many areas."

We are advocating support for a referendum that will permit the electorate to vote on this because a favorable vote would result in the creation of a new industry.

This industry will be the source of literally thousands of supporting spinoff jobs - in service and supply industries, in construction, in redevelopment programs and rebuilding of many sites, of hotels and motels and the spinoff businesses that will profit. It will keep the tourists in New Jersey instead of watching - and this is documented and can easily be shown - hundreds and hundreds of charter plane loads departing from our State with hundreds of people aboard each - carloads, busloads - millions of people heading for existing legalized gambling resorts.

Now our 50¢ lottery, our \$2.00 betting window, our 25¢ bingo card, are now catering to those with the small bets. Casinos, we see, would cater to higher spending tourists and not threaten the incomes or the livelihood of those who cannot afford it, very frankly.

Again, forgetting Vegas, travel to Estoril, to Baden Baden, Luino, or Divan, which are in Portugal, Germany, Italy and France, respectively, and you will note more of what we advocate. While we stress the gaming casino as exhibit "A", so to speak, this legislature in its wisdom will have the power and the choice of what forms of legalized gambling to consider but only after the people are given the right to speak - to say, yes, let's make it possible for you, the Senators and Assemblymen, to establish, to regulate and to benefit these same citizens who will speak by their constitutional right to amend and mandate their will.

There can be no limit and we do not seek to have any municipality share in the "take" from the proceeds to the benefits that will come. They will get benefits anyway.

If you gentlemen, as will be brought out by others testifying today, were to take 16% like the track

handle - or set your own figure - and with coming Federal property tax changes, plus the orderly tax reforms that will be coming in New Jersey, and let such forms of revenue as we are discussing today pay the rest of the bill, you won't have to give us any new taxes. Don't give us any new taxes. I don't think anyone, no matter how realistic they are, wants any form of new taxes.

Thank you very much.

SENATOR DUMONT: Thank you, Mr. Owen. Please wait before we ask you questions.

I would like to introduce Assemblyman Brian T. Kennedy of Monmouth County, also a member of the Commission. There is only member now absent and he may be here later.

We will now have questions by members of the Commission of Mr. Owen.

Mrs. Klein?

ASSEMBLYWOMAN KLEIN: Mr. Owen, what kind of a public question specifically are you referring to?

MR. OWEN: Public question? Do you mean for referendum, ma'am?

ASSEMBLYWOMAN KLEIN: Yes.

MR. OWEN: It was my understanding on the previous hearings that were conducted that a joint resolution that would call for a Constitutional amendment would be voted on by the public to then permit this, or the future Legislature, to have the power to create such forms of additional legalized gambling - beyond the bingo and lottery that we now have - as you, in your wisdom, would seek to create and to operate and to govern and to do whatever you see with it.

ASSEMBLYWOMAN KLEIN: You are referring to a public question which would remove from the Constitution all inhibitions against gambling in the State - subject to the Legislative action?

MR. OWEN: Yes, ma'am, again, subject to the Legislative action, that is correct. Whatever form you -

you are the ones that would decide and vote on what would be placed before the public.

ASSEMBLYWOMAN KLEIN: Previously the public has voted on specific kinds of gambling, such as lottery or bingo. In this case they would be saying, "we will leave it up to the Legislature from now on to decide what kind of gambling there will be in the State and this will not be subject to public referendum", is that right?

MR. OWEN: Ma'am, if this is your desire to place it in that type of context, you have the power to place on that referendum a list of types of gambling that you might review or base it on other legislation that exists in places that do have it. We consider that you would know what to do in that case.

ASSEMBLYWOMAN KLEIN: Your testimony is to the effect that the decision should be left to the Legislature through a referendum which would remove the Constitutional requirement for a public vote on each type of gambling.

MR. OWEN: The vote would then be final; if you say what they are voting for, then they will be voting once.

ASSEMBLYWOMAN KLEIN: Mr. Owen, do you have in mind a franchise-type gambling, State-run gambling, private gambling; what do you have in mind?

MR. OWEN: I don't want to personalize it, ma'am. I don't feel that I am qualified to say what form of gambling there should be. We say this, the State has legal race tracks, yet we don't have race tracks in every city or in every county. Through the wisdom of this Legislature, you have limited it to the three tracks that exist. If you decide, in your wisdom and in your studies, that this should be limited to a number, if you decide that you feel the State should operate and train the croupiers, as is done, for example, in Puerto Rico, this again would be a matter for you, yourselves, to judge. I am not going to project that.

ASSEMBLYWOMAN KLEIN: You don't have any recommendations yourself?

MR. OWEN: Specifically, no, ma'am.

ASSEMBLYWOMAN KLEIN: Do you visualize gambling throughout the State or in certain areas of the State? What would be your recommendations on that?

MR. OWEN: I think, as we have testified in the past, if adopted on a Statewide level, the option of where it should be located should be left to the county or the municipality. We don't seek an exclusive. I don't think an exclusive, frankly, is ever going to be obtained. I don't think it is practical. I am sure people up in Sussex County, up in Great Gorge, would like to see it. They have been here to testify before. We have heard from people around the Monmouth area, the Asbury Park area; we have heard, certainly, from people around Atlantic and Southern New Jersey, yes.

ASSEMBLYWOMAN KLEIN: Thank you very much.

SENATOR DUMONT: Assemblyman Charles Reid.

ASSEMBLYMAN REID: Mr. Owen, you indicated that the people have rejected the tax program and that President Nixon had been projecting revenue sharing. According to the information I have, the revenue sharing program, as projected by President Nixon, results in about \$45 million to the State and the education bill that we talked about represents more than one billion dollars a year. What type of revenue do you anticipate from this gambling program if it is approved by the people?

MR. OWEN: I would defer, sir, to someone else who will be testifying today and who has concentrated on this and come here with this type of information. Last year, because we mentioned figures, we very frankly found that to be a big reason why we were attacked.

We feel that - and again I would refrain from answering specifically, sir, because it will be brought

up, I believe, by the next person to follow me, if the Senator follows the schedule. When we mentioned a figure for a lottery, we know what happened when it actually went into effect. We don't think that the projections are as unrealistic as they were considered to be a year ago. But, with your permission, sir, I would rather refrain and let the next person answer that.

ASSEMBLYMAN REID: I respect your position but it upsets me that you made a statement that you want no new taxes and the inference was that if we approved this, there would be no new taxes. I just wish to make that perfectly clear.

MR. OWEN: Sir, if I may, perhaps, I think I stated that the orderly need for additional taxes would inevitably come. I refer to the fact that this Legislature, by its recent move, seems to have halted the huge, sweeping and total tax reform as it was presented, at least for the moment. That was my reference, not that we would not need it. As a matter of fact, in my opening sentence I said we are not naive enough to be blind to the realities of knowing that additional revenues will come, but I think the meaning that I am trying to project there is that there are alternatives for at least for the present or the near future. Who knows what will happen? We don't know whether the Federal Government will limit themselves along the lines that you just mentioned either, sir.

If what they say is true and this Commission that is now studying it comes up with a need, they are going to recognize the figures that New Jersey and 49 other states project for the need on this matter of education.

ASSEMBLYMAN RIED: There just appears to be a difference in your testimony between your opening statement and some of your closing statements. I just want to clarify this.

MR. OWEN: That could be, sir. I could be wrong in analyzing this.

SENATOR DUMONT: Any more questions? Assemblyman

Pellecchia?

ASSEMBLYMAN PELLECCCHIA: Mr. Owen, I have had several discussions with you in the past and I'd just like to clarify some of the things that some of my very dear colleagues have made statements with reference to - the income tax and the amount of taxes that we need and require.

A statement was made that the amount of revenue that would be derived from this particular type of gambling would not suffice insofar as the State is concerned. I would just like to know from you one thing, are you familiar with some of the revenue that has been raised by the State of New York through gambling?

MR. OWEN: That State of New York, sir?

ASSEMBLYMAN PELLECCCHIA: Yes.

MR. OWEN: Just by reading the periodicals and the like. I don't know those totals; I couldn't quote them.

ASSEMBLYMAN PELLECCCHIA: Well, would this refresh your memory, \$159 million revenue through gambling?

MR. OWEN: I wouldn't consider that a stretch of the imagination.

ASSEMBLYMAN PELLECCCHIA: These figures are from the Bureau of Census of State Government and Finance in 1970, so obviously they must have increased.

The point I am trying to make is the revenue that has been gathered by several states. The State of New Jersey has raised, approximately, in 1970, \$35 million through sources of race track betting and the rest of these things. Are you familiar with that?

MR. OWEN: Yes, sir, I think we rank 4th or 5th in the country now.

ASSEMBLYMAN PELLECCCHIA: How do we rank with the State of Nevada?

MR. OWEN: I think we are now taking in as much as the State of Nevada who limit themselves by their own decision, obviously, to what percentages they are

now taking from legalized gaming.

ASSEMBLYMAN PELLECCCHIA: Would you be surprised to know that we are raising more funds today than the State of Nevada is raising?

MR. OWEN: No, sir, I am familiar with it, having read that same type of material.

ASSEMBLYMAN PELLECCCHIA: There are several other questions but I think that I would like to leave them to the person who is going to testify next.

MR. OWEN: Thank you, sir.

SENATOR DUMONT: Senator Maressa?

SENATOR MARESSA: I have one question, Mr. Chairman.

Mr. Owen, you seem to indicate that there is something in Las Vegas that you would not like to see at our shore, in Atlantic City, perhaps. I have never been to Las Vegas but I understand they have top-shelf entertainment, lavish hotels, motels, etc. and as Secretary of the New Jersey Travel and Resort Association I'd be interested in knowing what it is about what they have that you would not like to have here.

MR. OWEN: Sir, we feel this way: We don't think there is a need for that 24-hour, around-the-clock open gaming from this standpoint. For example, I noticed or I heard on the air on the way out here that representatives of the horse racing industry were going to appear and it has been thought in the past that these two were not harmonious, casino gaming, for example, and track.

Again, we find that the track is an outstanding attraction and we see no reason why everything has to be in direct competition. We think that the people would like to still enjoy the sunshine, beaches, the boardwalk, or the lakes, if they happen to be from the mountain country, etc. If people are track minded in the daytime and the flats are all run in the daytime, fine. Let them go to the track. We are not trying to halt that industry or affect them. As a matter of fact, speaking for myself,

I'm not a big bettor. I have had the good fortune to be in the casinos that I mentioned in those various countries on study trips that we have made and on vacations, but we don't feel that it is necessary to have slot machines, for example, in drug stores and to have legalized gaming going around the clock.

But, again, these are the kinds of controls and restrictions that we expect the future Legislature to set up and we would frankly endorse, even if we were to have one site. We are being realistic; we are not trying to turn ourselves into anything that would threaten the family-type atmosphere that we have.

Now we all get along by having tracks; we get along and the families don't stop coming to New Jersey because we are selling lotteries and taking them into church halls and fraternal halls for bingo and the like. This is not necessarily a judgement along those lines. There is a place for controls, there is a place for sensible operation and still the ability to derive the kind of revenue that will be brought out, I think, in testimony that follows.

ASSEMBLYMAN MARESSA: Do I detect the innuendo then that race track operations during the day do not interfere with the operation of legalized gambling at the shore but perhaps night harness racing would?

MR. OWEN: Not necessarily. I am saying that these are the things that have been mentioned in the past, but at the same time I don't see anything different there than the choice of going to a movie or going to a night club in the evening when you are at the shore or at the mountains or staying in your hotel and going to the entertainment that is provided. You are not going to go to the movies every night, you are not going to go to the harness races every night or to, let's say, a legalized casino. But if you come in - and we visualize, and it is not unrealistic to say, that you will see all the airlines setting up stations to fly you in, not for just

overnight stays but for three, four, and five days, you are not going to live in these places you are going to have - just as you do right now - a choice of entertainment, a choice of places to spend your money and a choice of activities. I go to the trotters, but not every night. I find time to go out to dinner at a restaurant or to dine at the trotter track.

ASSEMBLYMAN MARESSA: Would you be prepared to testify, from your own personal knowledge, what effect legalized gambling in Atlantic City, if you will, will have upon the proposed extension of the Lindenwald High-Speed Line?

MR. OWEN: Sir, it doesn't take too much of a stretch of the imagination. I think that, frankly, this is not an argumentative question but actually an opportunity to say that I have avoided trying to be subjective about my community. I think our Mayor, who is here, can touch on that as a representative Mayor of a resort city. But certainly, an extension of that high-speed rapid transit line would find the customers a lot more readily available than they might be today, or at least it would certainly provide additional business. We think we could support it now, very frankly. I don't want to say anything that would get us in trouble for any chances we have for that, and I mean it sincerely too.

ASSEMBLYMAN MARESSA: Thank you.

SENATOR DUMONT: Mr. Owen, would you be in favor - if this were submitted to a statewide referendum, and when I say this I am talking about assuming it were confined to casino gambling and it were to pass on a statewide referendum - of local referendum thereafter - municipal?

MR. OWEN: Yes, sir, if this was the will of the Legislature. I think we know the tenor of our city and if it would cause any further delays, as an individual I would say no, and I am doing this tongue in cheek. But if this is the way it should be, absolutely. To give

everyone a right to express themselves further, if this is the will of the Legislature, certainly, we would not obstruct that.

SENATOR DUMONT: You recall that is the way it was done with bingo and raffles. In 1953 a statewide referendum was held and then in the spring of 1954 there were municipal referenda held; are you familiar with that?

MR. OWEN: Yes, I am familiar with that. I think there is no doubt about what the results would be of local referendum, in the area that I am most familiar with. I am sure there are other areas that would not. I have talked to people in an Association like the Resort Association. We don't find 100% - you don't find that very much on any issue or anything that you would project.

SENATOR DUMONT: All right, thank you. Is there anything else you wish to add? Are there any other questions?

MR. OWEN: Nothing except my gratitude for the time that you have given me to express myself.

SENATOR DUMONT: Thank you, Mr. Owen. Thank you for coming.

Attorney General George Kugler?

ASSEMBLYMAN PELLECCCHIA: Mr. Chairman?

SENATOR DUMONT: Yes, Assemblyman Pelleccchia:

ASSEMBLYMAN PELLECCCHIA: While we are waiting for the Attorney General, I would like to read this telegram which was sent to me by Assemblyman Perskie from Atlantic County. "Dear Ozzie: I cannot attend Wednesday's hearing but you know that I stand four square behind the efforts to provide legalized gambling under State ownership and control for the State of New Jersey. Please try to arrange for an Atlantic City hearing if at all possible. Please also arrange for the record to reflect my position in this matter. Signed, Assemblyman Steven P. Perskie."

SENATOR DUMONT: That telegram should be entered into the record, please.

Mr. Attorney General, we are delighted to have you here this morning and we appreciate your coming. We would be glad to hear from you at this time.

HONORABLE GEORGE F. KUGLER, JR.: Senator Dumont, I am happy to be here to help in any way I can. I wrote to the Committee and asked if there were any specific questions you wanted answered and a letter came back indicating that you just thought it was the obligation of the Committee to check with the State's Attorney General to see if he had anything to say. I think I have expressed myself on this problem extensively in the past. I am sure the eminent members of this Committee have read the testimony of the last hearing and I don't want to bore you with that again. I am still of the same opinion as I was then as to legalized casino gambling. As you know, I have served on the Off Track Betting Study Commission and you, I am sure, have read that report; it speaks for itself.

If there is anything else I can help you with I'd be glad to do it. I don't know specifically if the members have any questions to ask.

SENATOR DUMONT: As you know, the area to be covered by this commission is quite broad and it is not to be confined necessarily to casino gambling or off track betting. It also involves bookmaking or numbers and betting on organized athletic events. We have a witness here today on telephone bingo and we have the quarter horse people coming in. Jai Alai has been mentioned also plus other different types of gambling. Would you care to comment on any those, or your position with respect to any of them?

MR. KUGLER: Senator Dumont, I'd like to say just generally, to reemphasize certain statements that I hold in common with other people involved in law enforcement, and certainly your independent body of the

ment, including Superintendent Kelly of the New Jersey State Police.

Number one, I don't think that we should kid ourselves into thinking that by legalizing any type of gambling we are going to wipe out the illegal type of gambling that is a counterpart. I don't think history has demonstrated that and I don't think that it will happen. It may affect it somewhat, but illegal gambling has benefits that the State cannot bestow on legal gambling, namely, income taxes - people don't have to pay income taxes, or at least probably don't on proceeds from illegal gambling - and the anonymous character of their gambling. Many people that play the horses, I am sure illegally today - and I am not a moralist on this nor do I oppose it on religious grounds - certainly wouldn't want their companies or their employers to know that; for instance, the purchasing agent, or the president, or the vice president, or any executive, or anybody, in a company who regularly places horse bets would prefer to remain anonymous. It is their pleasure. They may not even want their families to know. So the illegal bookies have that advantage.

The third advantage, of course, that they have with which we cannot compete, I don't think, is the credit operation. That is on a practical basis. We are raiding numbers banks and bookies almost on a daily basis. We spend a lot of time doing that in this State and I think the biggest deterrent, as I am told by people in the racing industry, to illegal bookmaking, for instance, has been the policy, the rather strict policy, of the courts of sentencing bookies to jail. But that does not mean for a minute that law enforcement will not continually be engaged in knocking out illegal activities. There is a lot of money to be made in it, there is a lot of things that they can offer people that want to bet that we cannot, as I indicated before, and they will continually be there and law enforcement will still be involved, whether

you legalize it or don't legalize it. It is not going to go away; in my opinion, it hasn't gone away anywhere it has been tried.

I think you also should recall and learn from history that whenever this has been tried, and wherever it has been tried, you have had problems with criminal elements moving in. I don't care what area of the world you pick out. Even in our own country, we are wrestling now with problems connected with the lottery. Can we send checks through the mail? The post office department is now trying to stop us from sending checks through the mail because there are very strict federal laws against advertising gambling and the Congress saw fit, in its wisdom, when they considered some of these acts and knowing full well that states were going to legalize lotteries - it was presented to them, you can read the committee hearing - knowing full well that many states were engaged in horse track betting, they still passed these laws and did not except out states who were going to legalize particular gambling operations. So, therefore, we cannot advertise, we cannot go on television or on interstate media. We have strict restrictions.

If you trace the history and the reason for this legislation, it is because of the terrible scandals that rose out of legalized gambling in the late 1800's. I have read these books and these historical studies. I commend them for your reading. I have testified to them before. This is the reason. This is how we learn from history. We are all aware of the scandals that occurred out in the islands off our shores when organized crime moved into some of the casinos in the Bahamas. I think with a little effort you can well document that.

Great Britain in their annual report of 1969 reported the problems that they were having with the criminal element. Wherever there is fast money being made and quick money, you are going to have it. That is not to say on a limited basis that you can't control it. If

you move gambling into an area like Nassau and Paradise Island, which I have had the pleasure of visiting, and you have a bridge and people can go over and gamble in that very beautiful resort and they can control who goes there and who doesn't go there because of the natural setting - and incidentally, they don't allow their citizens to gamble, it is too bad for the citizens that only visitors to gamble there for the revenue - that you can control. But as you all know New Jersey is an urban, suburban area connected by a vast network of highways and other transportation facilities to huge metropolitan and megalopolis areas such as New York and Wilmington and Philadelphia. To set casino gambling or any other type gambling down in this state, I think you should think very, very carefully before you do that. It creates a lot of different problems from an isolated area like Reno or Las Vegas, Nevada, where virtually the only way you can get there is by airplane. You are going to attract an awful lot of different elements from what we are used to here in New Jersey in this fine family resort area that we have now.

Now I think you can learn those things from history and I think also the third point I'd like to make, which I think is a salient point, is this idea of submitting the issue of gambling of any type to the voters. Of course, it should be submitted to the voters and the voters should have a chance to vote on it. But the voters should also be told specifically and in detail what type of gambling, how expensive it is going to be, what communities it is going to be in and how it is going to be controlled in the plan before they are asked to vote on it. They shouldn't be led to believe that it is going to be a tax panacea when, in fact, maybe the figures don't demonstrate that.

I think we make more money out of gambling revenues in New Jersey on the limited scale that we have right now than Las Vegas makes in two or three years.

We make more in one year. I think the figures will bear that out - the last time I looked at it - but at least we make more, I believe.

Gambling is becoming more competitive. I think you should watch that problem. Every time it becomes successful in one state it is raised in another state and, when you take money from people for gambling, you are using money and resources that they would normally spend on something else, which would be subject to sales tax and other tax revenue. There is just so much money to go around and it is not the panacea that many people think it is.

Those are my judgments as I observed and watched this development.

SENATOR DUMONT: Assemblyman Kennedy?

ASSEMBLYMAN KENNEDY: No questions.

SENATOR DUMONT: Senator Maressa?

SENATOR MARESSA: Mr. Kugler, I think Chairman Dumont asked you the question specifically: Would you like to comment on jai alai or legalizing sporting pools, etc.? I don't think you really answered that question. I think the main thrust of your discussion concerned legalizing, perhaps, casino gambling and the criminal element involved in casino gambling. What do you think about those? Could you take them individually?

MR. KUGLER: Well, I have watched jai alai games; I think they are fascinating to watch. I just like to watch them. I don't know whether-- As I sat there and as many of us sat there watching the jai alai, we all commented how easy it would be to fix a game of jai alai. I heard people talking around who were indicating -- when they lost, of course, they were disgruntled bettors -- they thought that one player laid down on the job.

I don't think that law enforcement can control jai alai to the extent to assure the public that it is not fixed, I have to say that, if you are going to gamble on

it. I don't think there is any way of doing it. I am not suggesting at all that jai alai presently conducting is fixed; I just say that the opportunity is there. Now we have all read, even in our race tracks, which are run just as cleanly as any could be, of the recent congressional testimony and the opportunities there and the sensationalism that came out of that hearing.

When you have that easy money and it is that easy to fix, you have a problem. I am sure we all recall, if you are talking about gambling on basketball, just what illegal gambling - not legalized gambling on college events - has done in the past year. You can recall the scandals that have occurred in the various colleges, of attempts to point-shave and fix games. Now if you are going to spread that and you are going to increase it and you are going to put the State's imprimatur on it, I ask you, are you going to increase the opportunities to corrupt the college players, the opportunities to fix basketball games or any other games and, indeed, can any law enforcement organization control that?

Those are the hard questions that you gentlemen will have to answer. I can't answer them for you except to predict that you are going to have great problems because history tells us that you are going to have problems.

SENATOR MARESSA: Is it the question of increasing it, or spreading it as you put it, or bringing it out in the open? It is going on, you will admit that.

MR. KUGLER: Certainly it is going on.

SENATOR MARESSA: Would legalizing it bring it out into the open?

MR. KUGLER: It would just make it, I think, more prevalent and more widespread and it would make more people interested in gambling who now don't become interested. It would probably interest our youth more than they are now. A very interesting thing that we learned in the Off Track Betting Study Commission, the youth just don't

go to the race tracks. Young people - there have been surveys made - are not interested in racing. I don't know why that is. My own son, for instance, has gone and he seems to like it; others don't. The facts are, undisputed all over this country, that racing is going down hill - horse racing. Young people are not interested in it. I don't know why that is, whether they haven't made an effort to promote it or not, but if you are going to open up gambling parlors and gambling casinos -- I had an open mind when I was on that Commission, as did all the members, but it was our unanimous judgment that for the problems that would be raised of legalizing off-track betting, at this point in time, without further study, it was not our judgment that we should recommend to the Legislature or the Governor that we install off-track betting for the little bit of relatively small revenue that we might raise from it. We felt that we should get more information as to the tracks, as did other people, and watch New York and see how that works out.

We have a very successful lottery. I think we have serious problems in our racing industry right now though that commend to you people to try to help solve with corrective legislation. Our revenues, I think, are going to go down in our racing industry unless we find a better way to fund purses, which we don't have now.

There is a great competition between our surrounding states and us now for paying higher purses and unless we get together with some kind of arrangement with our sister states, that competition is going to kill racing - it has to kill racing. It is going down hill and it needs desperately some attention by this Legislature or you are going to lose revenues from just the racing we have now.

SENATOR MARESSA: Thank you.

SENATOR DUMONT: Senator Musto?

SENATOR MUSTO: Mr. Attorney General, I would like

I don't think I could agree with anyone more than I do with you about the problems that we would have in the legalization of gambling. My question to you is this, aren't the problems greater today and haven't they been throughout this history that you are talking about even greater because we haven't legalized gambling? We haven't once tried it. I wonder why our law enforcement people - and most of them seem to feel that way - don't want to try it. This puzzles me. You don't have to stay with it, but why not try it? I think you will have to admit that the problems we have without legalization have been with us from time immemorial and they haven't gotten any better. We might have developed the Ladies in Waiting and things of that nature, but I don't think that solves our problem. I say to you, why don't we try it?

MR. KUGLER: Well, it is interesting when you bring up the Ladies in Waiting. I notice they want to legalize gambling so their husbands can engage in it legally. I don't know whether that is what this Committee contemplates, that you license bookmakers. I say to you, we have tried it. I say we have tried it in this State. We now have legalized lottery.

SENATOR MUSTO: Has it been successful?

MR. KUGLER: It has to be very competitive with the numbers and very attractive to people that like to bet on numbers but it doesn't stop the illegal numbers business, Senator; that's what I am saying.

SENATOR MUSTO: I agree with you there. I agree there is no panacea, but I get confused with your statements because you point out the problems of the legalization of gambling, which I agree will exist, but then I get confused because you say you like jai alai, you enjoy it, but you think gambling might be difficult to control. That doesn't mean we shouldn't try it if the people want it. There may be difficulties.

Let me ask you a question, you wouldn't want

to close down the race tracks in the State of New Jersey or have a horse race without gambling would you?

MR. KUGLER: I couldn't hear the last part of your question.

SENATOR MUSTO: Would you want to close down the race tracks in the State of New Jersey?

MR. KUGLER: Right now? No, I wouldn't have any interest in closing them down.

SENATOR MUSTO: You are in favor of them being open and gambling existing at the race tracks?

MR. KUGLER: I think the race tracks have severe problems. I think you will find that.

SENATOR MUSTO: We recognize those problems but we even have problems where we don't have legalization. We have problems whether it is legalized or not legalized. What we are trying to do, I hope, is to give the people what they want, not what I want or you want but give the people what they want.

(applause)

SENATOR DUMONT: No demonstrations, please.

SENATOR MUSTO: If controls are to be necessary, that is our job, give it the necessary controls so that we can exist with gambling as we do with smoking. You said you wouldn't want to pass a law to outlaw cigarettes. I don't believe you would want to outlaw drinking. So what do we do?

MR. KUGLER: Well, you get into the question of whether you want a law to legalize marijuana.

SENATOR MUSTO: Right.

MR. KUGLER: Would you want that, sir?

SENATOR MUSTO: I don't.

MR. KUGLER: There is an illegal marijuana problem.

SENATOR MUSTO: I will answer that. I am not as acquainted with the problem of marijuana as I am with gambling and drinking and smoking. I know the public

wants to drink, I know they want to smoke and they are going to smoke whether you like it or not and they are going to gamble whether you like it or not. So it is my thought, and I am not trying to sell a point here, but I am trying to get your view more, your opinion more, as to why you oppose the legalization of gambling because I get confused at times with your statements.

It just seems to me that if we recognize the fact and have come to a conclusion - a conclusion - there is no conclusion on marijuana at all, it is very controversial - there is a conclusion on gambling. Your friends gamble, your acquaintances gamble, your friends drink, acquaintances drink, and it is an accepted fact that they do these things. If there is a race track over here, you can gamble; outside you can't make a bet, but you know you can make a bet and you know they have been making bets since time immemorial and we can't stop it. You talk about problems in the legalization of gambling; I think the greatest problems we have are because we haven't legalized gambling. At least we ought to try.

MR. KUGLER: Senator, I would disagree with you 100% when you say we can't control illegal gambling at the present time when I think we are controlling it. It exists but we are controlling it. Outside the tracks, around the tracks, and hundreds of miles from the tracks, it is under control, a reasonable amount of control, and you are seeming to create the impression that by legalizing it you are going to cure it. That is where you make your big mistake.

SENATOR MUSTO: You said that.

MR. KUGLER: No, I didn't.

SENATOR MUSTO: I say by legalizing it, you will minimize it.

MR. KUGLER: How would you minimize it? It isn't going to stop any more by legalizing it; it is going to get worse.

SENATOR MUSTO: Have you tried it? You can't

say that until you have tried it, sir. You have to try it as you did with the lottery. They told me that you couldn't have a lottery that would be successful in the State of New Jersey, that the people wouldn't buy it because they couldn't get credit and they couldn't get a bookie and they couldn't get anything, and yet the lottery is one of the most successful ventures we have ever had, because we tried it. Maybe 50 years from now they won't want it any more, so what? So you just don't have it.

MR. KUGLER: Senator, it was also claimed you would stop the illegal numbers game by having a lottery, and you have not stopped it.

SENATOR MUSTO: Who claimed that?

MR. KUGLER: Some of the backers.

SENATOR MUSTO: This is what I don't like that comes out of the mouths of the law enforcement people or the people engaged in law enforcement. They make these statements themselves. I have been with it for 26 years and I never said the lottery was a panacea, I never said legalized gambling was a panacea for anything, nor did I ever say you would eliminate it all, but you will have to admit one thing, when we repealed prohibition - they may still be making gin in the bathtubs and liquor in the bathtubs - you got rid of most of it today.

The point is, I don't know why we rebel against trying it; if it isn't successful, we haven't lost a thing. We don't lose a thing.

MR. KUGLER: I think it has been tried.

SENATOR MUSTO: Where?

MR. KUGLER: In many areas. I think it has been tried in New Jersey.

SENATOR MUSTO: Well, the only efforts we have had in New Jersey, and I will go back to legalizing the games of chance on the boardwalk and

bingo and race tracks and the trots and now the lottery, that's been tried, and every one of them have been successful because you people in law enforcement have done a tremendous job. I think because of the job you have done it has been successful, it has maintained integrity, and I don't see why we can't legalize certain forms of gambling and still maintain that integrity. So you do get a situation where you have a basketball fix, or a football fix--

MR. KUGLER: That doesn't bother you?

SENATOR MUSTO: Of course, but that is happening today when it is illegal. It is illegal and it is happening.

MR. KUGLER: And you don't think it would be worse if we make it more widespread?

SENATOR MUSTO: I say this, in my opinion, no. Let's try it. You haven't tried it. Let's try it. It is worth the effort.

MR. KUGLER: I think Nick Jemas said it best when he testified before the Off Track Betting Commission. He is the national president of the Jockey's Association. They have everything, I think, to gain by off track betting and having more gambling at the tracks, so he had an interest in seeing more racing days and more gambling at the races, limiting ourselves specifically. He said, if you legalize off track betting you are going to eventually destroy gambling at the race tracks and you are eventually going to destroy racing. That was the considered opinion of the jockeys. There will be too much of it, there is not enough money in the economy to put into it, and all the attendant problems that go with racing.

SENATOR MUSTO: I buy all that and I think we can meet those problems. I agree with you there.

MR. KUGLER: It is a question of scope, I think; that is what it is a question of.

SENATOR MUSTO: You are now talking about competition, you are now talking about too much gambling,

we shouldn't have that and I think we are intelligent enough to handle that. I think we are intelligent enough to know that we shouldn't have too much of anything but that doesn't determine the merits or demerits of legalizing gambling; it only shows inefficiency in being able to handle a problem.

I think the main point before us is that the people of this nation, not only this State.--It is true, you talk about gambling in New Jersey and you just mentioned those Federal laws, they ought to be ashamed of themselves in Congress at some of the laws they have on gambling, why they don't change them I don't know. But this is a national problem. I think we should look at it that way. It isn't a question of whether we can handle it; we can handle it, if the people want it. I think the big thing we want to decide at these hearings and throughout this country is, is gambling something that we can control with the public? Can we tell the people that gambling is illegal and have them listen? In my humble opinion I don't think they will, anymore than if we tell them not to smoke and they stop smoking, anymore than we tell them not to drink and they won't drink. That is what bothers me about gambling. I think this is a decision for the people to make and that is why we hold these hearings. I don't think the fact that you can have too much gambling or too many race tracks or too much jai alai or too much of anything should be part of this hearing except to get information so that we will be knowledgeable in that area because we certainly should learn enough so that we can run our gambling industry like any other business is run. If you get too much of anything, it will go broke.

My point is, I think that we should take a personal point of view regarding gambling, per se. It is my opinion, a humble one though it is, that this is something that the people of this nation should decide, not the law enforcement people, not the Senators, not the Assemblymen. I think that is something they should decide

and after they make that decision it is our job to see to it that it's run properly for them, that it is full of integrity, as honest as can be, and if you don't make a nickle on it, so what? Money is not the object of legalizing gambling; that is the last thing on the list - the revenue you make. But if you are going to make a lot of dough, like you did when you repealed prohibition, it is a nice thing to have. If you didn't make \$1.00 on the lottery, the lottery would still be a good thing if the people wanted to buy a lottery ticket. But if you can make \$80 million, \$90 million or \$1 billion on a lottery, all the better.

Again, the main thing, I think we should decide is, would we be better off in the long run by legalizing gambling, would it help law enforcement? Just think, in your Department, the relief you would have if that was removed from your problem. You know what a problem that is to you; it has been there for all the years I have been in the Legislature.

MR. KUGLER: Are you suggesting that by legalizing gambling you are going to say there will not be any laws against gambling of any kind?

SENATOR MUSTO: No.

MR. KUGLER: Well then we are still going to be involved in the law enforcement, Senator.

SENATOR MUSTO: We would have to be but I am suggesting that neither you nor I have the answer as to how effective that will be, both from an economy point of view or relief of the operation of your office, until you try it. You have to try this before you will know or I will know just how effective it will be. And for us to say we know the answer before we try it, I think it is very, very unfair.

MR. KUGLER: Senator, if we try it and we find out we are spending as much on law enforcement in controlling it - or more - would you be in favor of doing away with it at that point?

SENATOR MUSTO: No, not for that reason alone. That is not sufficient.

MR. KUGLER: Then it is really irrelevant in your mind?

SENATOR MUSTO: No, it's part of it.

MR. KUGLER: Because I think you will find that we will spend as much or more on law enforcement in controlling it so the State can take revenues from it.

SENATOR MUSTO: Well, why don't you reverse that? You take a negative point of view. Why don't you say to me, Senator, if we find that we can save hundreds of millions of dollars by legalizing gambling, would you be for it? I would say, yes. Then I would say to you, would you be for it?

MR. KUGLER: If I see that legalizing gambling does away with the law enforcement problem or materially reduces it, of course, I would say you don't have that element to worry about any more and you have that for the plus side.

SENATOR MUSTO: How will you know until you try it?

MR. KUGLER: Conversely you won't say that if it costs more, or as much, that you would do away with gambling.

SENATOR MUSTO: Because there is more to it.

MR. KUGLER: Of course, there is.

SENATOR MUSTO: The main thing here is, you say conversely I wouldn't say it. You are not being fair because the main objective here is to satisfy the public, satisfy the public and make them happy.

MR. KUGLER: Well, I think you have a leadership obligation too, Senator, and I think I do too and that is why I consented to come here. Now you may disagree with my opinion and I may disagree with yours but I think it one of my functions to give what my opinion is and that is why I am here.

SENATOR MUSTO: I apologize if you feel I am criticizing your opinion. I am not doing that, believe that. I am criticizing what I find throughout this whole nation of ours, from most of the people engaged in either law enforcement or the offices that represent law enforcement, as yours does, that they don't try it. They know the public wants it. They know better than I do, or ever will, how much the public wants gambling. They see it every day in the week. Go look at the files. Go look at the records. It is there. The public wants to gamble and they will gamble and we are not going to stop them from gambling.

Now this is the knowledge I have obtained over the years and I get upset only because we don't try it. Yet, every time we have tried it piecemeal, whether it was bingo, or the lottery, or the race track, or any other form of gambling, it has been highly successful financially, which I put at the bottom of the list, and it has been run well. So you have had your problems and scandals in racing, etc., but you have done a wonderful job. I think on the whole our law enforcement people have done an excellent job in this country regulating gambling. You can't get perfection, but it is a lot better where they are regulating it than it is where are aren't regulating it, that I can tell you and the records will indicate that. That is my only point here. I'd like to encourage everyone to try it, just try it once. That's all.

SENATOR DUMONT: Assemblyman Pellecchia?

ASSEMBLYMAN PELLECCCHIA: Mr. Kugler, I would personally like to compliment you on your comments. I appreciate your position and I recognize that the State of New Jersey is doing a fine job in taking care of the laws of the State.

Some things do bother me though. One of them is, you refer to the Ladies in Waiting and you refer to the fact that they may be interested in having their husbands become bookies after they leave the penitentiary. I would

submit to you, sir, that this is not their purpose - at least the way it was explained to me. Further, I would submit to you that if we did have legalized gambling that this would curtail that type of person. Sure there will be some left, some remnants who might be looking for on-the-cuff action, as they call it, but in the main where there would be no gamblers on the street, or no people on the street, wouldn't you think that the law enforcement officers of this State would then better serve their purpose of picking up the real criminals of the State and not those who go out and gamble?

MR. KUGLER: Well, my problem with your question is I can't feature the people that are involved in book-making now stopping their activities as bookmakers just because the State goes into some kind of an off-track betting set up. Unless they are in on the action, they are going to continue to make book and we are going to have to continue running them through our criminal justice proposition if for no other reason but to guard the State's revenues from its legal operation, and you are not going to affect that in one iota. That is my point, that is the only point I am trying to make. As long as we recognize that and you go into it with your eyes wide open and you don't kid the people into thinking that by, what you call, legalized gambling you are going to do away with law enforcement problems, then I have no objection to it. I am here trying to raise a strong voice to you that you are not going to lessen law enforcement money spent or problems by what you call legalized gambling unless you say, carte blanche, that there will be no more law against gambling.

Now if you do that, obviously, law enforcement won't be involved in it. If you say that anybody can gamble anywhere, at anytime, with anybody, then, of course, law enforcement doesn't get involved in it. But if you are going to set up monopolies by the State, if you are going to set up Commissions, or you are going to license

private individuals or whatever way you are going to do it, you are still going to have illegal bookmaking and illegal numbers and you are still going to have a law enforcement problem, maybe even a more serious law enforcement problem. That is what I am trying to suggest.

ASSEMBLYMAN PELLECCCHIA: Sir, aren't you putting the cart before the horse? Don't you think the people of the State of New Jersey have every right to have an opportunity to vote on this issue, on whether they would want the Legislature to then go into it and more or less set up the rules of how it would function?

MR. KUGLER: I think the Legislature ought to study the problem first and let them know what they think from history and from others trying it is the best way to do it. They can then tell that to the voters so that they will know. I think the Legislature ought to make it clear, as long as you are asking, to the voters how much revenue is going to be expected, whether or not it is going to affect their need for other taxes, what is going to be involved, and not create the impression that it's going to be a panacea and you are going to do away with the law enforcement problem. I am not suggesting that you are doing that personally but there are some people that are backing legalized gambling that are creating that impression - we are going to make hundreds of millions of dollars. It is not so and I think you ought to make that very clear to the people.

ASSEMBLYMAN PELLECCCHIA: Sir, I didn't intend to raise the subject but since you do represent the State at this particular time, a committee was established for off track betting and I think that the Assembly and the Senate passed \$25 thousand for them to go and investigate OTB betting. They could have taken a ferry across to New York City and gotten the information that is required on OTB betting. Nevertheless this committee was established and there hasn't been 5¢ appropriated for this committee to do the things that you are asking us to

do and it simply because OTB betting gets priority by the administration. I think it is wrong, and it would be wrong on our part, if we don't thoroughly investigate this, but I don't think any roadblocks should be thrown in our way. This is a statement that doesn't require a reply and I am not looking for a reply.

Something did intrigue me. You referred to some book back in the 1980's, or the 1800's, and it seems to me with the kind of success that your department is having, that we are not operating out of a book from the 1800's. I certainly think that you are doing a fine job. The thing that bothers me, and I may be redundant on some of the things that Senator Musto has said, certainly we should have learned a lesson since 1932 on what happened to the alcohol problem that we had in the country. If for no other reason than this, we ought to at least give this an opportunity to work.

We are not saying here to you, or asking you, to comment on the fact that we should go into this particular type of gambling. All we are saying is, we would want the people of this administration to cooperate with us to get this on as a referendum on whether or not the people of the State of New Jersey can't control themselves. Would you agree with that?

MR. KUGLER: I think I have already answered that, I think we all, I in the Executive and you in the Legislature, as long as you ask me, have a leadership function to investigate and inform the public on just what they are voting on and I think as long as you do that, of course, the public should have a right to vote on it. I don't think that has been done up to this point.

ASSEMBLYMAN PELLECCCHIA: Thank you.

I understand, you mentioned the fact, that you have been through several of the cities where there is legalized gambling. I haven't had that opportunity. Have you ever had any conversation about legalized gambling with the Attorney General from Nevada?

MR. KUGLER: Yes.

ASSEMBLYMAN PELLECCCHIA: What was his position?

MR. KUGLER: He has serious problems with it in Nevada. I sent Colonel Kelly and two of my deputies out there back when the Sears Commission was studying this and I think you can ask Colonel Kelly, whom I understand has consented to be here, Senator.

SENATOR DUMONT: Not today. He was invited to come here today but he will come to another hearing.

MR. KUGLER: He will be glad to give you the information that he got from a survey of the gambling in Las Vegas. I don't have the details at my fingertips.

ASSEMBLYMAN PELLECCCHIA: You say they spent two or three days out there - a week or so?

MR. KUGLER: I can't recall how long they were out there. I remember Senator McDermott didn't like the money they spent out of the public treasure for them to go out there. I remember that flack but I don't know how long they were there. I just can't recall, I'm sorry.

ASSEMBLYMAN PELLECCCHIA: Did they make a report to you, sir?

MR. KUGLER: I beg your pardon?

ASSEMBLYMAN PELLECCCHIA: Did they make a report to you of any sort or was a report made of that trip?

MR. KUGLER: They didn't make a formal report of that trip to me, they reported to me orally and Colonel Kelly testified before the Sears Committee.

ASSEMBLYMAN PELLECCCHIA: Are you aware that all the gambling casinos out there have their own security force?

MR. KUGLER: Yes.

ASSEMBLYMAN PELLECCCHIA: Well, wouldn't that deter from some of the problems that you raised in reference to more people to protect?

MR. KUGLER: Whether the gambling establishment itself could have a security force that would do away with the problem of the State?

ASSEMBLYMAN PELLECCCHIA: Of more law enforcement officers to protect the people of the State of New Jersey.

MR. KUGLER: No, not at all. I think the security forces at the gambling casinos are involved to protect the owners and the investors of the gambling casino from the employees stealing from them mostly - and the patrons. The job of law enforcement in surveillance of such an operation would be to see that the State gets its proper cut and they are entirely different functions. I think they would agree with that if you asked them.

ASSEMBLYMAN PELLECCCHIA: You are aware of the fact that we can't legislate morality and this is something that is beyond our control. I am sure we are all aware of that. Are you aware of the statement made by the former Attorney General, John Mitchell, in Life Magazine last February, that if gambling were legalized he would welcome the resulting losses to organized crime?

MR. KUGLER: I have no knowledge of that statement.

ASSEMBLYMAN PELLECCCHIA: It was in the February magazine. He felt strongly about the position. He felt it would take away some of the revenue that these people are picking up.

MR. KUGLER: I can tell you a member of his staff advised the Federal Communications Commission, however, that they should not authorize radio stations to broadcast lottery information and gambling information under the law. Even though you say that is his view, I can tell you that as a fact.

ASSEMBLYMAN PELLECCCHIA: I had quite a few more questions but I am going to cut it short. I will ask one question that concerns me. We were so successful in the lottery and because of the success of the lottery all of the other states are now, more or less, copying our lottery. Doesn't it concern you that the State of New York has already passed a legalized gambling bill and it

will be on a general referendum in 1973 for the voters to decide upon?

MR. KUGLER: It doesn't concern me at all, no. New York has made a terrible mess of off-track betting - an absolute mess of it - and they are very close to destroying the racing industry because of the way they have handled it. So I think we can learn by their mistakes but I certainly don't think we should copy their example.

ASSEMBLYMAN PELLECCCHIA: It seems to me I have heard the "racing industry" so many times during this hearing, and it has only started, I think we are more concerned about the racing industry than we are about the people of the State of New Jersey. We are concerned simply on whether they want legalized gambling and how we can best raise some revenue to help the State. I believe that this is our prime purpose and the fact that records show the State of New York has raised \$159 million in gambling doesn't coincide with your statement that they made a mess of it. That is a lot of mess, \$159 million. I would hope that we might be able to do the same thing. If this is a mess, I am for it. I have no further questions.

SENATOR DUMONT: Mr. Nero?

MR. NERO: I don't have any questions, Mr. Kugler, but I thought we came here to hear testimony and it looks like the members now are testifying. If we are going to question each other we might as well have a little chamber of our own and let the people wait outside. I'd like to address a question to Assemblyman Pelleccchia. He talked about New York raising \$159 million but ask him where they raised it, it wasn't casino type gambling, it was horse racing. While we would attract maybe a million and a half, New York brings in five or six million on a Saturday. So we are not saying they bet on the casinos, they bet on the races. Maybe, like Mr. Kugler said, we should look at our races and see if we can't

improve our racing, like New York has done.

ASSEMBLYMAN PELLECCCHIA: Sir, was that question posed to me?

MR. NERO: Yes, it was.

SENATOR DUMONT: I don't think that the members of the Commission ought to be asking each other questions. We are primarily here to get statements from the witnesses and to ask them questions. There isn't anything that prohibits a member of the Commission from making some statement, as a matter of fact, as long as he follows it up with a question at the end of it so that it isn't just a statement by itself. But I don't think we ought to get into a situation where we are casting recriminations against each other because we are primarily here to study and to investigate and we want to hear from the Attorney General and we are glad to have him here this morning regardless of what his opinion may be in regard to being for or against legalized gambling because this Commission is set up to hear both sides, not just one side of the story.

Mr. Nero, do you have anything else to add?

MR. NERO: No, that's all.

SENATOR DUMONT: Mrs. Klein?

ASSEMBLYWOMAN KLEIN: General Kugler, you said something about, if all our restrictions on gambling were removed in the State that there would be no law enforcement involved; what would be the results of doing that do you anticipate?

MR. KUGLER: I think it would be horrible to have no restrictions at all on gambling. My own view is, I think that would be a horrible situation. I can't envision that. I don't think anybody on this Committee suggests that, that you just remove all laws. I think I just can't imagine everybody having unrestricted gambling; you would have frauds of all kinds and people would really suffer very badly.

ASSEMBLYWOMAN KLEIN: Well, it seems to me that it had been suggested because it has been likened to cigarette smoking, to drinking, which of course has some regulation, but it is not illegal; it was suggested we can't legislate morality, that people want to be free to gamble and that it is up to us to let people do what they want to do. What do you really think would happen if the State had no laws regarding gambling?

MR. KUGLER: I think you would have a lot of little people hurt. I think you would have gambling casinos set up which would defraud the public. I think you would have bookmaking establishments set up which would take bets on all kinds of sporting events and not pay off, or pay off less than odds. You would have resulting shootings and you would have all kinds of problems. You name them. You would have everything, all kinds of corrupt practices, as a result of that type of operation. I think that is why every place where there is gambling there are laws controlling it.

ASSEMBLYWOMAN KLEIN: This Commission was set up by the Legislature to study all forms of gambling and make recommendations for referendum. One of the recommendations that has come, up to this point, has been simply to have a referendum removing all Constitutional limitations and leaving it up to the Legislature to then decide what kinds of proposals to make and legislate in terms of gambling. I gather from your testimony that you don't think that is the correct route to take, that it would be better for the Commission to make a specific recommendation for a specific kind of program and then put that to a referendum, is that correct?

MR. KUGLER: I think that is what the Constitution says too. As I read my copy of the Constitution, it says you should name the specific kinds and types of gambling and submit that to the voters. And I think if you read the minutes of the Constitutional Convention, you will find that is the very reason why it was put in there.

Voters should know what you are talking about and not just put it in a general fashion.

ASSEMBLYWOMAN KLEIN: But this question of removing that restriction would be, in effect, a Constitutional amendment?

MR. KUGLER: Yes.

ASSEMBLYWOMAN KLEIN: You don't think that would be a good amendment?

MR. KUGLER: Well, you could then take it away from the people if you do it that way and leave it up to the Legislature. I think the people ought to have the final say on whether there should be gambling and the types and kinds of gambling, with the advice and leadership and consultation of the Legislature and the Executive.

ASSEMBLYWOMAN KLEIN: Would you have any recommendations for this Commission as to what particular type of gambling might be most worthwhile to look at first?

MR. KUGLER: Well, I think off-track betting.

ASSEMBLYWOMAN KLEIN: That has been examined?

MR. KUGLER: We have not completed our examination of that. I think there is more information needed there and it may well be the Commission will come out with an affirmative recommendation when we get the additional information that we feel is needed there. I don't want to speak for the rest of the Commission members but I think they are on the right track and I think that is the first place you should look and watch New York, in my opinion, and see how it works out there and get the further surveys that we feel are needed before we make a recommendation in that area. ~~That's the only~~ thing that I would do, in my own opinion.

ASSEMBLYWOMAN KLEIN: Well, since there is an Off-Track Racing Commission which is working on that, that would add up to this Commission really having no place at this point while that is under consideration, would you believe that?

MR. KUGLER: That's correct. I don't think there is any point in doing it twice, no, unless this body doesn't have faith in that Commission; then, of course, they could perform another one.

ASSEMBLYWOMAN KLEIN: Well, leaping into the future, beyond the off track betting, do you think that looking into the lottery on a, let's say, daily basis with a lower price ticket, more in line with the numbers as practiced today, would this be an area that you think might have some effect on detracting from organized crime's part?

MR. KUGLER: I think the Lottery Commission has done that. It has made a survey. Indeed, very soon it is going to come out with some new programs in the lottery which they feel from their studied information will cut into the illegal numbers more and will bring in more revenue to the State. I think they have already done that; if you will consult with them, I think you will find that is so.

So, I really don't think you have to do that.

ASSEMBLYWOMAN KLEIN: Are they going to be testifying, Senator?

SENATOR DUMONT: Again, the Chairman of that Commission could be invited. I think we would have to know-- Certainly we ought to invite them to testify at a later hearing.

ASSEMBLYWOMAN KLEIN: So really, we have one Commission on-off track betting and we have the Lottery Commission looking into this numbers bit.

MR. KUGLER: Yes, they have done a lot of surveys and they have done a lot of study and given a lot of thought to it. They made some of that information available to our Off-Track Betting Commission and I am sure they would be glad to talk to you people about it.

Of course, I think you also have to recognize some of it should not be made public at this time either but they'd be glad to inform the Committee privately.

ASSEMBLYWOMAN KLEIN: Under the present lottery regulations they feel that they could expand, or do you, as Attorney General, feel that they could expand in that way?

MR. KUGLER: Yes, I think they can make further steps and I think they are going to. I think they will tell you that.

ASSEMBLYWOMAN KLEIN: What does that leave for us to look at?

MR. KUGLER: I have forgotten; I haven't read your legislation recently. Of course, there are a lot of other forms of gambling. You could look into casino gambling again and make a detailed study of its operations in places where it is presently operating and see if it is suitable for New Jersey.

ASSEMBLYWOMAN KLEIN: You mentioned that you thought casino gambling would attract to this State certain elements that we are not accustomed to seeing here in our resort areas. Could you be more specific?

MR. KUGLER: Well, I think the best way to do it is for some of the Committee to go to some of the areas where they have casino gambling and watch its operation and imagine that being placed in whatever particular area they are interested in taking their families and see if that is what they want for New Jersey. They can speak more eloquently than I can. I can only tell you my reaction to it; I wouldn't want it here.

ASSEMBLYWOMAN KLEIN: Thank you.

SENATOR DUMONT: Mr. Taylor?

MR. TAYLOR: Mr. Attorney General, I have one question and it is going to be a rather general question, Mr. Chairman, possibly rather than asking questions continually of all the witnesses, they might just wish to put it in their presentation. I would be interested in knowing, sir, if gambling were approved in the State of New Jersey, would you be interested in licensing or do you think that the State should operate

the gambling?

MR. KUGLER: The better way?

MR. TAYLOR: In your thinking.

MR. KUGLER: From what standpoint, sir?

MR. TAYLOR: Well, we can't say what we are going to do on gambling. Revenue is a thought.

MR. KUGLER: Do you mean would we collect more revenue if we operated it than if we licensed it?

MR. TAYLOR: You, as Attorney General, would you prefer to see us license operators - and I can't say what the gambling would be - or would you prefer to see the State operate the gambling?

MR. KUGLER: What kind of gambling?

MR. TAYLOR: I don't know. Like the lottery, we operate the lottery. Take the casinos, if we were going to go for casinos, should we operate the casinos ourselves, go into the business, or should we license someone?

MR. KUGLER: If you take the casino, it depends on what you are trying to do. If you are trying to raise a tremendous amount of revenue from casino gambling, then you have to engage in all the gimmicks that a profitable and high revenue producing casino gambling promotes, namely, importing people by the busloads to gamble, giving them credit, advertising, having the State - if your State is going to operate it - in the business of collecting gambling debts, having them police the operation, having them train croupiers in schools. If you want the state to be in that business, that is what the State has to do; they have to have flights to come in and promote flights, bring in top flight entertainment, give them free housing and entertainment and liquor for the weekend while they do their gambling. This is the way the big operations work that make money. Now you have to decide, if you are going to do that, if you want the State to do it or if you think the State should engage in that.

If, on the other hand, you have some vision

of casino gambling as a place where only those who - as I have heard it described in the other hearings - wear tuxedos will go to, in a high type gambling place and you limit it and restrict it and you don't give credit and you don't fly people in for free weekends and you don't go offer them in their home states when they don't pay their debts, that is a different type of operation but you won't make too much money from that operation.

You know, you just have to decide what you want to do and what your purpose is and then you have to make the decision whether it is right for the State to engage in that or whether you are going to license other people to do it, or whether it right for anybody to do it. That is the problem with it.

MR. TAYLOR: Well then, as Attorney General, you wouldn't have an opinion on how it should be operated in the State?

MR. KUGLER: I don't have an opinion at this time as to what is best. I can't even tell you with the race tracks, whether we would be better off with the State taking over the race tracks or whether we should have them as a licensed operation because we haven't studied it carefully enough. That is a serious problem and a serious judgment to make and I wouldn't tell you off the top of my head ~~without~~ some more professional information being fed into me before I could give you an opinion on whether I think we should do that even and that is on on-going thing. I think the State operation of the lottery was a happy solution and much better than private operation. It has worked out, from a security standpoint and from a revenue standpoint, very well. We had a good Commission. They thought the thing out carefully and they did an excellent job on it and they have made money on it.

MR. TAYLOR: Thank you, sir.

SENATOR DUMONT: Mayor Jordan?

MAYOR JORDAN: General, how important do you feel the loss of revenue to organized crime would be through the extensive legalization of gambling in the State of New Jersey? Would you say that impact would be very important or not too important? I don't think, at least in my own mind, there is much question about the fact that even if we license bookmakers, at least in my community, there would be other people out doing other things, but as a layman reading newspapers and magazine articles about the tremendous amount of revenue that is generated for organized crime to fund other activities that society has judged to be obnoxious, how important would that loss of revenue be, in your judgment, to organized crime?

MR. KUGLER: I just don't think that you are going to cut into it to any substantial degree, whatever revenue is, and I can't estimate it. I have seen the estimates printed and every time you look into them I think the estimates are more ridiculous; I don't know how anybody can make such an estimate. I think you can say that a substantial amount of revenue is going into "organized crime" from illegal gambling and it is a source of their funds for other operations which are obnoxious to society. I wouldn't begin to guess for you and I don't think anyone else could, how much that amounts to, but my own view is that we won't cut into that operation too much by legalizing, or to use a more proper term, by having the State license the operations or having the State run the operations, because I still think they are going to do it. They make a lot of money; there is a tremendous profit margin there and there is no reason they are going to stop just because the State competes with them. That is the way I look at it.

MAYOR JORDAN: Thank you.

SENATOR DUMONT: General, you have spoken about the prohibition against advertising; isn't there a proposal in the U. S. House of Representatives, legislation,

in fact even by the New Jersey delegation, that would do away with the ban on advertising?

MR. KUGLER: Yes, there is and we have been down to Washington on several occasions trying to do something about the laws that are on the books now and so far we have met with no success at all.

SENATOR DUMONT: Well then, actually, you are not in agreement that the ban that presently exists is necessarily good, is that correct?

MR. KUGLER: No, I didn't say that. I said if I were a Congressman I think I would support some of the statutes in their present form; selfishly, to promote New Jersey's lottery which is my job now since the Legislature and the people have decided that we would have a lottery and it is successful. I felt it was my job to try to do everything I can to see that we can advertise the lottery and that's what I did, as did Governor Cahill and our local congressional delegation, both Democrats and Republicans. Most of them have been very cooperative, as have the other states, where there are legalized lotteries and legalized horse betting, in trying to get those laws changed. But so far they can't seem to get them out of Committee down there.

SENATOR DUMONT: Well, you are aware also of the fact that a bill passed the Assembly and it is pending in the Senate that would remove the prohibition on advertising of bingo and raffles in New Jersey by organizations now conducting those games, are you not?

MR. KUGLER: No, I wasn't aware of that.

SENATOR DUMONT: The bill passed the Assembly in May, I think. It did not receive sufficient votes in the Senate the first time it was considered but it may be reconsidered, to do away with the present ban on advertising bingo and raffles.

You mentioned the fact that the people ought to be well advised of what type of gambling they would be asked to vote upon before they voted upon it. You may

be familiar with the situation that existed in 1953 when we placed on the ballot for the first time the question of bingo and raffles by many different types of organizations. There was no particular study made in advance of that question, the people overwhelmingly approved it and then it was approved in nearly all of the municipalities in the State, either bingo or raffles or both, in all but possibly 30 out of the 567 municipalities. It was a special election conducted in conjunction with the primary in the following year.

Now actually we didn't start to study just what we would do about bingo and raffles until after the people had first approved the question, so what you are suggesting is that studying ought to be done first, is that correct - before any question is submitted?

MR. KUGLER: That is correct.

SENATOR DUMONT: Well, was that done in the case of the lottery, or wasn't a good bit of the studying done after the question was submitted?

MR. KUGLER: I think a lot of the study was done before the question was submitted. I think a lot of study has been done since the question was submitted, but that doesn't necessarily make it right.

SENATOR DUMONT: My recollection is that the Committee that was headed by former Senator Harry Sears, on the lottery, was not even created until after the question was submitted to the people.

MR. KUGLER: You could be correct on that. My recollection was otherwise. If you are right, I stand corrected. But I still think you are dealing with an entirely different problem when you are talking about church bingo and raffles and even the lottery. They don't destroy people like casino gambling can and like other types of gambling can and I don't think that claim is made. They don't have the same problems attendant as these other types of gambling and I think, therefore, it is a different problem entirely.

SENATOR DUMONT: Senator Musto, just let me ask you one question, were you on the Commission of which Senator Sears was the Chairman?

SENATOR MUSTO: Yes.

SENATOR DUMONT: Was that named after the question was submitted to the people, or before?

SENATOR MUSTO: That was named after the question was submitted.

SENATOR DUMONT: All right.

But you distinguish all of those operations, General, from any of the other types of gambling that might be submitted to the people in the future, is that correct?

MR. KUGLER: I would distinguish them but I would also say had I had any say in it, I would have preferred to fathom out, study out, before the lottery was created, before submitting it to the people, just what was going to be done. I think that is the proper way of doing it, as long as you ask me. I think that is the constructive way of doing it and I think that is the way it should be done.

SENATOR DUMONT: You do not then approve of the avenue of approach used by the New York Legislature in endeavoring to repeal the anti-gambling prohibition entirely and then leaving it up to the discretion of the Legislature and the Governor to determine by appropriate legislation what would be authorized in the way of gambling thereafter?

MR. KUGLER: I do not approve of that, no.

SENATOR DUMONT: Are there any further questions?

ASSEMBLYMAN REID: Yes, I have a question, Senator.

ASSEMBLYMAN DUMONT: Assemblyman Reid?

ASSEMBLYMAN REID: Mr. Kugler, you mentioned that you had very strong feelings that if gambling were legalized it would not wipe out illegal gambling operations, is that correct?

MR. KUGLER: Yes.

ASSEMBLYMAN REID: You mentioned a number of reasons, one is that the person who is involved in illegal gambling doesn't pay income tax - that is obvious and true, I support that. The other point you made is that the illegal gambling was an anonymous thing. Now I can understand in certain areas where this might have an effect but going back to the lottery, for example, which is considered a form of the numbers game, this has received pretty much acceptance on the part of the people and I would assume that if you legalize the numbers game you would also have a similar acceptance.

Now I realize the posture on casino gaming may be in a different category. There are different types of gambling. We are talking about the possibility of legalizing poker games, etc., which by the mere acceptance of the general public would probably make it not fall into this anonymous gaming situation that you mentioned. What, if any effect, do you feel that would have on law enforcement? I will take the numbers game as an example. The average person who bets the numbers is the average guy, so to speak. In fact, he would probably prefer to work within the structure of the law than outside. What effect do you think this would have if the numbers game was legalized?

MR. KUGLER: I am not sure I understand your question.

ASSEMBLYMAN REID: Well, what reason, -- Outside of the income tax reason, the numbers game is generally a small payoff, although it can be pretty high in certain cases. In the case of the numbers game, I think this would have acceptance by your neighbor or by your friends.

MR. KUGLER: Yes, I don't think there would be any problem with that third factor that I talked about. I think you would have a problem with your credit and competition because you can't give credit like the numbers

writers can, and there is the income tax problem. But the anonymous problem I don't think would be existent in the numbers. My point in the anonymous problem was -- just let's take if you had a business and you knew that one of your foremen, or a person that dealt with your business day-to-day, bet on the horses every day, \$100.00 or so, with his bookie, or with a bookmaking establishment, you may have some question as to whether or not you would want him running your business or running a part of your business. He would know that, and he wouldn't want you to know it. He may bet with an illegal bookie but he wouldn't bet in an off track betting parlor where you could see him; that is all I am saying.

ASSEMBLYMAN REID: What I am trying to get at is, there appears to be, from a law enforcement standpoint, certain areas where it may be helpful not to legalize it.

As we said before about the numbers game - because that's a relatively reasonable thing to do - it has acceptance. You wouldn't have the anonymous problem. What effect, if you legalize numbers, would it have on law enforcement in getting rid of the illegal aspects of it?

MR. KUGLER: We have the lottery now, which is a form of numbers, and we are still raiding numbers banks every day.

ASSEMBLYMAN REID: Has there been any decrease, in your estimation, in the numbers program, or is this a whole new--

MR. KUGLER: I haven't made a detailed study of it to tell you whether there has been a decrease, but the initial reaction from those in the gambling squads is that it hasn't had too much effect. Right or wrong, that is their judgment. I can tell you as a fact, if you want to come and look at our reports that we file, that we make an awful lot of numbers raids, even on the State Police level.

ASSEMBLYMAN REID: Do you feel the average

person who buys a lottery ticket is a different person than the person who has traditionally played the numbers?

MR. KUGLER: Yes, I think that is true. I think the lottery has appeal to a lot of people who did not play the numbers before. There are still an awful lot of people in this country and in this State that will not do something simply because it is illegal and I think those people, now that it is legal, have bought lottery tickets and these people didn't play the numbers before.

ASSEMBLYMAN REID: Maybe what I am really asking is, to what extent, if any, do you feel you could tap the illegal market by legalizing gambling?

MR. KUGLER: That is a question a lot of the others asked. I think you might affect it somewhat but not to a great extent.

ASSEMBLYMAN REID: Is there any given form of gambling that you feel would be more affected by this?

MR. KUGLER: It would seem that a lottery, such as ours, which has wide acceptance, which is readily available to great numbers of the public, unlike the New York lottery - that's why that failed because you had to stand in line and you had problems getting tickets -- You don't have that problem with ours. Also there is the fact that it is reasonably cheap - 50 cents. If you had to look at it ahead of time, you would think that would compete strongly with illegal numbers because it is very similar to it. The payoff is guaranteed. The payoff is quite nice. There are quite high odds. The million dollar lottery is very attractive and yet, even with those things, in my judgment, it has not fit into the illegal numbers track, so it is hard to say.

ASSEMBLYMAN REID: I sort of gathered the impression you think some extension of the lottery would be the most acceptable to your office in terms of its effect on law enforcement, while the other types of

games, such as casino gaming, you have grave reservations about.

MR. KUGLER: Yes.

ASSEMBLYMAN REID: Am I interpreting you correctly?

MR. KUGLER: Yes.

SENATOR DUMONT: Senator Musto?

SENATOR MUSTO: I just wanted to clear the air on this one area because it puzzles me again, General.

You would have to admit, I believe, in line with this question, that the lottery is not the numbers business and actually we haven't legalized anything in this State in the way of gambling that organized crime was particularly in.

My question deals with the decrease in the amount of revenue that would go to organized crime. Would you admit that if we did - I am not saying that you want to or I want to - but if we did have a daily numbers play, if we did have a daily off track betting play, I think you would have to admit that would, of necessity, have to cut into the revenue that organized crime is getting today.

MR. KUGLER: I think it would cut into it somewhat but I don't think it would cut into it substantially. We have numbers; the lottery is nothing but numbers.

SENATOR MUSTO: General, what does "substantial" mean? How much money have they bet in the New York off track betting parlors this year, with one of the worst setups in the country you could have? All that money would have gone to organized crime. They wouldn't go to the race track. They would be betting that with the bookie, the money they would be betting there.

MR. KUGLER: I am not sure that that is so. You may have created a whole new generation of gamblers by having off track betting. I don't know.

SENATOR MUSTO: I am not going to argue that point with you, General. The point I am trying to make is

when they go to that off track betting parlor in New York and make a \$2.00 bet or \$4.00 bet, or whatever they make - I haven't even gone there - the point is it is there. Certainly those people wouldn't be going to the race track to bet. They would be betting with the bookie. Wouldn't you readily admit to that?

MR. KUGLER: I am not sure I follow what you said. You said they wouldn't be going to the race track?

SENATOR MUSTO: John Jones is making a \$2.00 bet in New York City today, I am certain, on a horse - there must be a John Jones over there.

MR. KUGLER: Yes.

SENATOR MUSTO: Now where would he be making that \$2.00 bet if he wasn't making it in the parlor in New York City today - the off track betting parlor?

MR. KUGLER: He could go to the track or he could make it through his bookie, any one of the three.

SENATOR MUSTO: So there is a great amount of revenue that is going, legally, to the State or to the individuals handling it that would have gone to illegal operators of betting then; that is the point I am making.

MR. KUGLER: I say some of it, yes, but I don't know whether or not, Senator, and I don't think you do and I don't think anybody does, there are not a lot of new bettors created by off track betting who normally would not have gone to a bookie. Furthermore, some that go to the off track betting parlor still bet with the bookies. I think you can show that.

SENATOR MUSTO: Well then, you are only adding up to the point that if they do, they are the same ones that would be betting that money - money they bet at the off track betting place - with the bookie. The point I am making is that I think it is unfair to this hearing and the information we want to gather.

MR. KUGLER: I understand your point.

SENATOR MUSTO: I am not arguing with you now. I have a disagreement with you, period, but I respect your

judgment and I respect your opinion. But I think it is unfair to this hearing or any hearing that we have held on gambling that when the witnesses come before us - and I don't mean to quarrel because what you say carries a lot of weight - I think that we have to give an overall general judgment of this and face reality. It just seems to me that we are not facing the facts when we say that if we legalize off track betting and if we legalize the numbers business on a daily play, that it wouldn't cut into the revenue that is going to the illegal operators today.

Now to come back with an answer that says, "well you, know we have the lottery today and that hasn't had an effect upon it" is not a fair reply because the lottery we have, as successful as it is, and we are very proud of it, is no more related to the numbers play than is off track betting. It is not related to it at all. It is not a comparison. We will not have a fair comparison until we try it. That is my point again.

MR. KUGLER: Well, there is no point in my arguing with you, Senator, that is your opinion and I have expressed mine.

SENATOR MUSTO: I appreciate your point of view, I just jumped into the thing again only because it seems so obvious to me that you have to cut into the revenue of organized crime. You just have to do it, if you legalize it on a daily play, like the numbers.

MR. KUGLER: Those who, maybe not yourself, promoted the legalization of the lottery said that it would cut into the numbers operation substantially. Now that is a fact. You can look it up if you want to. But it hasn't cut into the numbers operation substantially. That is the point I am making.

SENATOR MUSTO: I agree with that. But when you are asked the question, "would a legalization of the number play, on a daily basis" - as was asked before - or the legalization of off track betting--

MR. KUGLER: If you create a different form of legalized numbers play you are going to cut into the lottery play.

SENATOR MUSTO: That is not the point before the Commission. So, if we do, we do. That is not the argument. You may be absolutely right. If you put another race track in the State of New Jersey you may cut into Monmouth's profits, or Camden's. You could be perfectly justified. But we are discussing legalized gambling here today, not the effect that jai alai would have on quarter horse racing, both at night. Certainly they will have an effect on one another. The question before us is what can we do about the problem of gambling throughout this nation? What can we do to make it more natural with our way of living, if we have to live with it, such as we live with smoking and drinking and I think they are fair comparisons? We do have controls on smoking. We do have controls on drinking. I think we need controls on gambling but that is only an opinion.

Again, I respect your opinion but I think the responses ought to be germane to what our problem is.

SENATOR DUMONT: Mr. Nero?

MR. KUGLER: Senator, I really have to be moving along. I have another engagement I have to get to.

SENATOR DUMONT: Mr. Nero, do you have a question?

MR. NERO: I think Senator Musto answered my question by asking General Kugler whether we are creating a new market or not. I think I am satisfied with that.

SENATOR DUMONT: Thank you for coming today, General, we appreciate it.

We will now have a five minute recess.

(short recess)

SENATOR DUMONT: We will now resume the hearing. Are the ladies who were to testify, I believe there are two of you, Mrs. Loffredo and Mrs. Thompson, are you both here? Mrs. Loffredo is going to testify for the

group?

(affirmative response)

SENATOR DUMONT: O.K. Do you know about how long she will need so I can get some idea?

(response, 5 minutes)

SENATOR DUMONT: Well, there will probably be questions asked of you as well. All right, we will try, if we can, to work it in before lunch.

We are going to hear from the Honorable Joseph F. Bradway, Jr. at this time, the Mayor of Atlantic City.
M A Y O R J O S E P H F. B R A D W A Y, J R.: Thank you for this opportunity to present my views. If I may, let me start off by saying that I wish to propose that a possible alternative to raise State revenues would be served by additional forms of legalized gambling, such as off track betting, jai alai, dog racing and casino gambling.

The beauty of this form of revenue raising is that it is a discretionary method of taxation and only those that desire to get involved can do so. It is a brand new, clean, non-polluting industry. It would create somewhere in the vicinity of 20,000 jobs. Probably the payroll that would be derived by virtue of legalized casino gambling would be in excess of \$200 million. It will be an effective weapon to fight against organized crime by removing some degree of funds from the organized crime pool. This was debated earlier and I won't touch on it but I think certainly we have to recognize that any money you take away from organized crime certainly has to cut down their activities to some extent.

To estimate the revenues that would be derived would be virtually impossible from my viewpoint. I would like to draw your attention to the original estimates of the lottery, though. The lottery, when it was originally set up estimated revenues would be raised in the vicinity of from six to twelve million dollars. I think the revenues, in actuality, that have been raised have been

somehwere in excess of forty to forty-five million. I think we could be far wrong in our estimation of the revenues to be derived from gambling. I think the revenues, as has been stated earlier, derived from the various forms of gambling, as exists in New Jersey now, far exceed the revenues in Las Vegas and in the entire State of Nevada.

May I also remind you that the New York Legislature has, in fact, passed a gambling bill. This will be on a referendum in 1973. It has been asked, of what effect is this? I think if we realistically look at it, any other bordering state entering into gambling will affect our revenues. I think time is of the essence. I think whether this Commission does a study and then, based on the study, come in with a referendum or whether we have a referendum and then the study, as was done with the lottery, we must keep our eye on New York. Should they get this passed prior to us it would not be beneficial to us.

It was also stated that the former Attorney General of the United States, John Mitchell, commented in Life Magazine last February that if gambling were legalized, he would welcome the resulting losses to organized crime. If he feels that way, certainly I can't dispute it. It appears logical that, in fact, there would be losses in funds to organized crime.

If I may give you an excellent analysis on the subject, I'd like to refer to the New Jersey State Bar Journal, Spring 1972 issue, and an article titled "To Bet in New Jersey" by Allen J. Cornblat, and the April 1972 issue of Newsweek Magazine. Here is some of that data that Newsweek compiled: "Gambling now stands as a major U. S. industry, right up there with the automobile, oil, construction and other industrial giants. Consequently, more entrepreneurs and politicians are looking to the gambling market for the profits and revenues that could help solve chronic city and state financial crisis. Last year in the twenty-eight states that allow

para-mutual wagering on horse races, tracks handled about six billion dollars and the states realize some five hundred million dollars in direct taxes as well as millions more in cities on track admissions, horse sales and other transactions. New York City's off-track betting has been hampered by its inefficiency but still ranks as a remarkable success, handling 1.5 million per day in its 59 crowded offices in only the five boroughs of New York City, where the biggest complaint seems to be the long lines of people waiting to play."

"The statistics on legal wagering, however, present only the tip of the iceberg. Gambling experts have estimated that for every dollar bet legally, five to seven dollars are wagered illegally. This form points to illegal action totaling as much as forty billion dollars annually and even the most conservative of the official estimates offered in 1966 by the President's Strike Force on Organized crime placed the yearly illegal betting handle at twenty billion dollars and as that twenty billion is churned through bookmaking channels, with a percentage being extracted from every dollar that comes and goes, it produces awesome results.

"Even after operating expenses, including an estimated two billion for corruption of public officials, the bookmaking industry is left with a profit of seven billion." These are some statistics as presented by Newsweek.

If I may now, let me use Atlantic City as an example of a city and tell you some of our problems which I think are not unlike any other city, and how I think a gambling referendum with local options would benefit the cities.

First, as reported in Newsweek, and I can speak from firsthand experience, I think many of our major cities in New Jersey are in a financial crisis. I think we are experiencing loss of ratables. I think that the

unions that we must pay large sums of money to are putting us in a financial bind.

Atlantic City, not unlike other cities, has large unemployment problems. Atlantic City, unique from most cities, has a seasonal economy. We have competition from other resorts. Right now there are some 44 convention cities, all of which are fighting for the conventioneer, fighting for the resort traveler. This would provide Atlantic City with an edge against our competition insofar as attracting conventions and resort vacationers. The form of entertainment that it would bring to Atlantic City, or other cities, I think would be beneficial. I think this would serve to attract tourists or visitors to these cities.

In Atlantic City's case I think the advent of a hi-speed line would be greatly augmented by virtue of having gambling. I think the sheer announcement that gambling will be put on a local option basis, should it pass a referendum, would immediately create, not only in Atlantic City but in other cities, a tremendous building boom that would reinstate ratables in the cities, which right now, any mayor of a city can indicate, is extremely needed.

The local option, I think, is something that should be taken into consideration. I think it should be put on a referendum and ask people to express their views.

The Attorney General indicated that he felt that if jai alai should be implemented that possibly players could lay down, or that it could be fixed. I submit to you that not too long ago this same concept was used in horse racing; horses were drugged, etc. If, in fact, there is going to be any foul play, irrespective of the type of gambling, this will occur. I think we should recognize it and we should not limit it to legalized casino gambling, jai alai, or anything else.

A question was asked, should it be licensed or should it be operated by the State? From my viewpoint,

I feel that it should be licensed. I think the licensing agency should be a State-formed Commission and that that State-formed Commission should delve very deeply into the background of the prospective licensees, both for their financial background and to ascertain whether it is racket oriented, etc.

The only other thing I would like to indicate is that Atlantic City, and I must speak for Atlantic City, must now address itself to providing for its citizens, conventioners, and resort travelers, some other inducement to come to Atlantic City as opposed to the other 44 convention cities. I see gambling, not as a panacea that is going to solve all of our problems but as a means of bringing a breath of fresh air into Atlantic City, and other cities at their local option, that would immediately help us with the creation of ratables. It would immediately give us the competitive edge over other convention cities. In our case, it would immediately help us to try and get a hi-speed line.

I see gambling, not as a total cure-all; I see definite problems. But I think these problems are no greater than the problems that confronted a similar Commission when they started talking about horse racing years ago.

I see, from some of the comments that have been made, there is no way in the world that any of us can possibly control gambling. People will gamble, it is their nature. I think to legalize it would only make the option available to them - the same option that is presently available to them.

I think that we must address ourselves to the fact that we cannot compare this to marijuana, we cannot get into any moral issues nor should we talk and delve into whether this is going to increase crime. I think Atlantic City, again, like many of our other cities, has crime. I don't think the advent of gambling would significantly increase that crime. I personally feel that

if anything the crime that exists there now would probably be driven out. Whether it would be replaced with racket crime or anything else, I am certainly not in a position to comment but I think that if a State-formed Commission were to pass on the licensing, I think certainly they could address themselves to that problem far better than I could. I have nothing further to add. Thank you.

SENATOR DUMONT: All right. Are there any questions?

Assemblyman Reid?

ASSEMBLYMAN REID: I just have a couple of questions. Granted that Atlantic City is one of the largest convention cities in the country and, as you say, it ranks amongst the top 40 and probably amongst the top 10 or 15, actually, and that is a great source of revenue for Atlantic City, but there is also a certain amount of competition within the State. Now if you made this a strictly local option thing where we could have a gambling casino in Newark or Jersey City, etc., what effect would this have, as opposed to having a limited amount of gambling casinos in the State?

MAYOR BRADWAY: I would like to sit here and say I'd like only Atlantic City to get gambling but I think that is impractical. I think the financial crisis that most cities are presently in would indicate that on a local option basis, they should have the opportunity of determining whether gambling would satisfy their needs, whether their physical setup - their hotels, etc. - are such that they could accommodate it.

I still feel that on a Statewide basis, Atlantic City would greatly benefit. We do have the convention facilities to attract conventions and this would be a tremendous selling point in our attempt to get conventions, whereas many other cities in the State of New Jersey do not go after conventions as actively as we do.

ASSEMBLYMAN REID: Isn't one of Atlantic City's major problems the transportation problem as well as the

new construction problem there?

MAYOR BRADWAY: Yes, and I see, the Sheeran announcement that if gambling was to be put on a local option basis, that our transportation problem would be easier solved by virtue of the fact that new ratables would immediately spring up and as the new ratables spring up, and as gambling were instituted, even though it would take a year, a year and one-half or two years, or whatever, we could address ourselves to a hi-speed line immediately. Insofar as other forms of transportation is concerned, these would be forthcoming and would be greatly enhanced by virtue of increased traffic.

ASSEMBLYMAN REID: Isn't one of your problems the airline problem. Don't you have to go into Philadelphia to get to Atlantic City?

MAYOR BRADWAY: Well we have instituted at the present time a small commuter service which last year carried over 100,000 people. The proposal that I have read, on the hi-speed line, would indicate the hi-speed line would ultimately go directly from Philadelphia International Airport to Atlantic City. So I think we could alleviate the problem of getting from the Airport to Atlantic City.

ASSEMBLYMAN REID: Do you think that type of thing could be funded by the revenues from casino gambling?

MAYOR BRADWAY: No, I think that certainly the State would see a greater need for a hi-speed line under these conditions. There will be more people coming to Atlantic City. I think that the revenues derived by the City and the State may well be utilized there and certainly the City could then address itself to looking at the creation of a Transportation Authority and try and finance it itself through increased ratables, etc.

SENATOR DUMONT: Mr. Nero?

MR. NERO: Mayor Bradway, you mentioned a figure of \$200 million. I would be the first one that would like to see that in the State treasury. Do you have anything

to substantiate that?

MAYOR BRADWAY: My figure of \$200 million related to the employment that I felt would be created. I think, if my memory serves me correctly, in Nevada there are some 22 thousand employees in gambling casinos alone. I think, again, our revenues from other forms of gambling, at this juncture, exceed and outstrip that of the entire State of Nevada and I think to speak in terms of 20 thousand new jobs is certainly conservative and I think to figure, in this type of industry, a \$10,000 average wage is not out of line either. That is how I arrived at the 200 million which, I might add, I think is very conservative.

MR. NERO: You also stated New York versus the State of New Jersey, of course I know you are intersted in Atlantic City right now but I don't think New York could give the surroundings to tourists for gambling because it could never replace the beaches and the boardwalk. That is just a comment.

You also mentioned private licensing. Why do you feel that private licensing would be better than State licensing?

MAYOR BRADWAY: My thought was that the State should control the licensing rather than get into the operation because as the Attorney General enumerated, I think the operation would become quite cumbersome for them to try to control. I think definately they should have the control over the licensing so as to keep out the rackets and the less desirable elements.

MR. NERO: You say private ownership is better than if the State owned the casinos and operated them themselves?

MAYOR BRADWAY: Yes, I would think that private entrepreneurs, with State control through a State licensing Commission, would be the better way. That is just a personal opinion.

MR. NERO: You think a private individual would do more promoting than the State would?

MAYOR BRADWAY: I feel they would be better able to cope with all the peripheral problems and the entertainment, etc., that would be coincidental with the institution of gambling.

If I may, just for one moment, my only comment relating to New York is that I think the State of New Jersey, right at this present time - or Atlantic City, let me speak of Atlantic City - is within a commuting distance of some 40 million people. If New York were to have gambling that 40 million would be cut down. Certainly the assets we have would still attract more than are presently coming but the overall effect in the revenues to be derived by the State of New Jersey would be greater should the passage by New Jersey precede that of New York.

MR. NERO: Thank you.

SENATOR DUMONT: Mr. Currin?

MR. CURRIN: Mayor, you indicated that you felt there would be a decline in your local community problem with regard to crime. What do you have to support that statement?

MAYOR BRADWAY: I think the bookmaking activities and the other activities that are presently going on in Atlantic City and other cities, by virtue of the legalization, would be cut down.

MR. CURRIN: What relation would the bookmaking activity have to casino gambling.

MAYOR BRADWAY: I think in all major cities there is some illegal type activity - card playing, black jack, etc., in back rooms - that would be legalized under a legalized casino type gambling bill should that be with the public wants.

SENATOR DUMONT: Assemblyman Pellecchia?

ASSEMBLYMAN PELLECCCHIA: Mayor, I head you refer to the Attorney General and I was wondering whether or not you recall his statement that he felt that the horse racing industry was in trouble and that there

are less people going and that any more gambling would be a drain on the horse racing industry. Do you recall a statement along that line?

MAYOR BRADWAY: Yes, I do.

ASSEMBLYMAN PELLECCCHIA: Well, in your opinion do you believe, or would you agree with me, that if we were to have this form of gambling that it would induce -- You use the figure of 40 million people, I would submit to you that I have evidence that within a radius of 500 miles of the State of New Jersey there are over 100 million people in that area. Don't you think that we would make up for this kind of a drain by drawing more people into the State of New Jersey from out of state to make up the deficit of the horse racing tracks and that it would help them, really, instead of hurting them?

MAYOR BRADWAY: Absolutely. On a legalized casino type gambling where the hours were in fact regulated I think the various tracks around the State would not, in fact, be hurt. I think the influx of people would help them. I think that your died-in-the-wool casino type gambler is of a gambling nature where he would go to the race track during the day if the casinos were not open. I think it would, in fact, compliment it. I have to take exception although I can't substantiate it, it is just an opinion.

ASSEMBLYMAN PELLECCCHIA: One of the main reasons why I personally became so involved is - you used the figure of 20,000 employees and I think, again, that is a very conservative figure - to get the people of the State back to work, that is one of my main objectives. We have too many people unemployed.

You are only referring to the amount of people that it would put to work in the immediate industry?

MAYOR BRADWAY: Yes.

ASSEMBLYMAN PELLECCCHIA: Have you any idea what the overflow or the thrust of this would be on other issues and other industries in this particular area?

MAYOR BRADWAY: In Atlantic City alone, - and again, admittedly, my figure of 20,000 is extremely conservative - if I can use that as an example, if gambling were to become a reality, immediately the increase in ratables would take the form of increased hotel rooms, increased motel rooms, which would create employment, I think there are so many peripheral benefits through employment that could be derived that I could double the 20,000 figure and not feel that I was over estimating it, even at that juncture.

Atlantic City, like many cities, has a tremendous unemployment problem, partly because we are seasonal in nature, partly because there is an unemployment problem in many cities, and certainly the hotel industry would soak up a great deal of the unemployment by virtue of increased ratables.

ASSEMBLYMAN PELLECCCHIA: Thank you.

SENATOR DUMONT: Senator Musto?

(no questions)

Mayor Jordan?

MAYOR JORDAN: First of all, my congratulations on your victory. Welcome to the club.

MAYOR BRADWAY: Thank you.

MAYOR JORDAN: What effect do you think casino gambling would have on the family fabric of your community, Mayor?

MAYOR BRADWAY: I think that the family concept would be directly related to the form that legalized casino gambling were to take. In other words, if this Commission were to come out and say, "yes we think legalized casino type gambling should be put on the referendum with these following stipulations: there would be no more than two casinos in any one city, etc." I think depending on the controls that were put on by this Commission it would have an effect or would not have an effect. Certainly if you were to go to Las Vegas casino type gambling, the 24 hour gambling, I think that would have a detrimental effect

insofar as the present family trade that presently comes to Atlantic City is concerned. Beyond that, I really don't think that the overall effect, familywise would be that grievous, again depending upon the form that this Commission would determine.

MAYOR JORDAN: Would you know offhand what percentage of your local budget goes into your police surveillance that relates to gambling? I know in Jersey City we spend about 350 to 400 thousand dollars a year to fight illegal gambling activities and just last week I increased the squad again. In spite of our surveillance, the County Prosecutor's surveillance, the State Strike Force, on and on we keep arresting the same people time after time and I know, as I sit here in Trenton, and I am sure in your city too, there is active gambling going on right now. What percentage of your local budget do you dedicate, or can you identify as going into fighting gambling?

MAYOR BRADWAY: I would say our total budget is 27½ million and out of that I would say that better than one-half million dollars, at this juncture, that I can specifically pinpoint, would go to fighting gambling. I might also add, if I may, that I object to it for the reason that it is a victimless crime. I would rather see the money diverted to pushers - drug pushers - or other crimes involving victims and I find that when I see a bookie - I am not advocating illegal bookmaking - but when I see a bookie sent away for six months and the cost of our apprehension and completion of this bookie and then I see marijuana users that get off, I would rather take that one-half million dollars and throw it against crimes involving victims rather than victimless crimes.

MAYOR JORDAN: Thank you.

SENATOR DUMONT: Are there any further questions?

(no questions)

Mayor, in your opinion, if, for example, there were statewide referendums submitted and approved regarding, let's say, casino gambling because that seems to be

the type that you are most interested in, do you think the people of Atlantic City, by a majority of voters, would approve on a local option basis?

MAYOR BRADWAY: Yes indeed, definitely.

SENATOR DUMONT: Are you primarily interested in casino gambling or in other types as well in Atlantic City?

MAYOR BRADWAY: Any type of gambling would give me a form of entertainment to attract the conventioner and the resort traveler. I personally think that Atlantic City is best suited, being equipped with hotels and boardwalk, etc., to adapt very readily to the legalized casino type gambling.

SENATOR DUMONT: Do you think that legalized bookmaking, for example, or numbers would attract tourists into Atlantic City?

MAYOR BRADWAY: No, I think it would just take a strain off our budget and I think, again, that money would be better spent elsewhere.

SENATOR DUMONT: Thank you. Are there any other questions? Mr. Nero?

MR. NERO: Mayor, could you answer one question? How many people are unemployed in Atlantic City in the off-season at the present time?

MAYOR BRADWAY: Offseason, I would say, our unemployment statistics are roughly 14%.

MR. NERO: How many thousands of people is that?

MAYOR BRADWAY: We have 50 thousand people, so we are talking roughly about 7,500.

MR. NERO: You said this would be seasonal and you might employ as high as 40,000 people.

MAYOR BRADWAY: No, when I kicked out the 40,000 people I am talking about on a statewide basis. Insofar as Atlantic City is concerned, certainly they couldn't consume 40,000 people but we definitely could employ great numbers. I was talking about this on a statewide basis.

MR. NERO: How many do you think Atlantic City would employ?

MAYOR BRADWAY: Well, again, depending on the form that came out, if in fact the licensing were such that it were limited to 2 casinos, I would say that probably Atlantic City, in and of itself, could now employ on a year-round basis, which would relieve our unemployment and our welfare rolls, etc., at least 7,500 people on a year-round basis.

MR. NERO: And how about on a seasonal basis?

MAYOR BRADWAY: On a seasonal basis it would still be the same amount now employed plus the additional 7,500 that I think the peripheral businesses would bring in - chamber maids and whatever in the hotels and the restaurants that would crop up, etc.

MR. NERO: Then in the off-season you would still have 7,500 unemployed wouldn't you?

MAYOR BRADWAY: I don't believe so, not if, in our off-season, gambling would provide employment for 7,500; they would then be removed from the unemployed ranks over to the employed ranks. So unless 7,500 new people moved into town that were unemployed--

MR. NERO: Thank you.

MAYOR BRADWAY: If I may, let me thank you all and extend an invitation to you, if it is convenient, to hold your next hearing in Atlantic City. We would love to have you in Atlantic City so we can show you some of the hotels and our set-up.

ASSEMBLYMAN REID: Mayor, I'd just like to ask you one more question, if I may. I understand in the event we do have casino gambling it would definitely increase rates, it would stimulate construction, and it would help to rebuild the city. I assume that is one of your major reasons for wanting this. I also understand it would probably extend your season, is that what you are saying?

MAYOR BRADWAY: Yes.

ASSEMBLYMAN REID: There would be less seasonal dropoff?

MAYOR BRADWAY: Atlantic City now must depend on a 13 week season and if it is to increase its rotables and move forward in any way, shape, or form, it must now address itself to longer than a 13 week season. This would make it a year-round resort.

ASSEMBLYMAN REID: To what extent do you think your season would be extended under the casino type gambling?

MAYOR BRADWAY: I think, conservatively, Atlantic City could then address itself to not less than a 10 month economy as opposed to a 3 month economy now. I think it would be year-round.

ASSEMBLYMAN REID: Presently you are saying at your off season you are running about 14% unemployed.

MAYOR BRADWAY: Yes.

ASSEMBLYMAN REID: It is traditional in any resort area that you tend to involve people at their peak which means that you would still have an unemployment problem which you feel would be less. Do you have any idea of the percentage it would be lessened by?

MAYOR BRADWAY: No, I would be just guessing but by the sheer extension of the season from - and again I am being conservative - the three months, which we presently have up to the 8 months, the unemployment, which you can see, would drastically be reduced. I think that the distinguishing factor between the seasons would be less. Now we are confined from June 15th to Labor Day and I think April, May, September, October, November, which are still very fine months weatherwise, would still attract people in the hordes that they come in during the summer.

ASSEMBLYMAN REID: You pointed out that you thought this may involve as many as 20,000 employees Statewide?

MAYOR BRADWAY: Yes.

ASSEMBLYMAN REID: I assume that you feel a great percentage of that would be in Atlantic City?

MAYOR BRADWAY: On the local option basis, if it were to go that way, certainly Atlantic City's unemployment problem would be tremendously helped by virtue of it. How many of the 20,000 I couldn't predict.

ASSEMBLYMAN REID: I realize it is very hard to project but if Statewide we had 20,000 more employees we have no guarantee these people are going to come from existing ranks of unemployment, they might well be people coming in from out-of-state to seek jobs. This in a sense means that we are increasing our population and not necessarily helping those who are now in the ranks of the unemployed.

MAYOR BRADWAY: Right. I think, from our viewpoint, out of the 20,000 - and admittedly that is extremely conservative - I think Atlantic City would create new jobs of between 6,000 to 7,500. Whether people would come from out-of-state for these jobs or whatever, -- if they came from out-of-state they would have to buy homes which again would increase my ratables, so my situation would be greatly helped by virtue of any increased employment.

ASSEMBLYMAN REID: Do you see any negative aspect to it at all?

MAYOR BRADWAY: The only negative aspect I see to legalized casino gambling, and it has been thrown out many, many, times - I personally don't concur with it - is the organized crime. This is why I have indicated that I think if, with a State controlled Commission, any possibility of the organized crime would be reduced - insofar as Atlantic City were concerned - should you go for other than casino type gambling, then conceivably it would hurt my family trade and the family units that come down. The casino type gambling, I do not feel would hurt the family trade.

ASSEMBLYMAN REID: Thank you.

SENATOR DUMONT: Do you have anything further,

Mayor Bradway?

MAYOR BRADWAY: No, sir.

SENATOR DUMONT: Thank you very much, Mayor.

Mrs. Mary Loffredo on behalf of the Ladies in Waiting.

M R S. M A R Y L O F F R E D O: The Ladies in Waiting are here today in support of legalized gambling. We want so much to make everyone aware of the harsh sentences being given to convicted gamblers. We have with us today, Mrs. Storcella, one of the Ladies in Waiting. Both here and her husband are to serve their sentences together while their four children are to be left home alone, unattended, while, at the same time, gunmen and people who commit violent crimes get suspended sentences. We feel strongly for a need to legalize gambling. As the gentleman said, "try it, you will like it."

In conclusion, I would like to say we are having an open meeting tonight at Washington School on the corners of Chestnut and Roebing Avenue. We would like everyone to attend and see our viewpoint on legalized gambling. Thank you.

SENATOR DUMONT: Does anyone have any questions they would like to ask Mrs. Loffredo?

Assemblyman Pellecchia?

ASSEMBLYMAN PELLECCCHIA: I have just one statement, it is not a question.

I feel that the Judiciary certainly should have some compassion for that woman and her husband. If they have children and they are going to serve together, at least if they have committed a crime there should be some leniency to have them at least serve their sentences separate. If there is anything I can do, I would like to speak on her behalf to the Judiciary.

MRS. LOFFREDO: We would appreciate that very much.

SENATOR DUMONT: Assemblywoman Klein?

ASSEMBLYWOMAN KLEIN: I would just like to

clarify something. Would you tell me what the Ladies in Waiting is?

MRS. LOFFREDO: Yes, we were just a group of women - my husband is serving a sentence on a gambling charge in the Mercer County Workhouse - who exchanged our thoughts on what we were going to do, and that is how we got together.

ASSEMBLYWOMAN KLEIN: Do you see that the proposal for casino gambling, let's say, would have an effect upon the kind of gambling in which your husbands were involved?

MRS. LOFFREDO: Did you say have an effect?

ASSEMBLYWOMAN KLEIN: Yes.

MRS. LOFFREDO: No, I don't think so. One of the gentlemen up here made a statement that we, the Ladies in Waiting, would like to give bookmaking a license. Our husbands are serving time. We don't think that they want to come out and get a license to gamble again. I don't even think that they would be able to because they are convicted for these crimes already. So that is not our purpose. We feel that they did commit a crime but we don't feel that these crimes are being treated properly.

I don't feel that gambling should be on the top of the list when all these other things are terrible. It should be at the bottom of the list where it belongs.

ASSEMBLYWOMAN KLEIN: I see. But legalizing casino gambling certainly would not affect the situation?

MRS. LOFFREDO: No. I think it would be a real asset all the way around.

ASSEMBLYWOMAN KLEIN: What would be?

MRS. LOFFREDO: To legalize gambling.

ASSEMBLYWOMAN KLEIN: Would you tell me what kind of legalized gambling you mean?

MRS. LOFFREDO: All kinds. If this is what the people want, if they want to gamble why not let them?

ASSEMBLYWOMAN KLEIN: Then what you favor is having no restrictions on gambling; just, as I suggested to

General Kugler a few minutes back, making book would not be a crime?

MRS. LOFFREDO: No, if it were legalized its under the proper--

SENATOR DUMONT: Senator Musto?

SENATOR MUSTO: You would favor legalized gambling, as I understand it, under proper supervision?

MRS. LOFFREDO: Yes, of course.

SENATOR DUMONT: Most of the husbands involved, have they been convicted of bookmaking?

MRS. LOFFREDO: Yes.

SENATOR DUMONT: Therefore legalizing casino type gambling would not necessarily have benefited, in the past, the situation in which the husbands are involved, is that correct? There would have to be legalization of bookmaking or numbers in order to--

MRS. LOFFREDO: No, not necessarily.

SENATOR DUMONT: What has been the average, or usual type of gambling charge that has been made against these husbands?

MRS. LOFFREDO: Bookmaking.

SENATOR DUMONT: Bookmaking. And you say the sentences are unduely harsh. What, on the average, have been the sentences?

MRS. LOFFREDO: Well, my husband got 9 months. Others got one year or 18 months.

SENATOR DUMONT: Were they also fined?

MRS. LOFFREDO: Yes.

SENATOR DUMONT: And are they given any time off for good behavior when serving sentences?

MRS. LOFFREDO: Yes, I believe so, just how much I don't know.

SENATOR DUMONT: Where are they usually sent to serve the sentences, at the Mercer County Work House?

MRS. LOFFREDO: Yes. That is where most of our husbands are.

SENATOR DUMONT: Most of them have been sent

there? Were any of them sent to State Prison?

MRS. LOFFREDO: Yes.

SENATOR DUMONT: For longer sentences, or --?

MRS. LOFFREDO: Longer sentences.

SENATOR DUMONT: Do you mean a year or more?

MRS. LOFFREDO: I think it has to be over a year for them to go to the State, under a year they would go to Mercer County Work House.

SENATOR DUMONT: And for the most part these were bookmaking convictions, is that correct?

MRS. LOFFREDO: Yes.

SENATOR DUMONT: Are there any other questions?

MR. NERO: Were these men that you are talking about, was this their first, second, or third offense? Did they go back once, twice or three times? Did they stop bookmaking once they served their first sentence or did they make book again and have to serve a second sentence?

MRS. LOFFREDO: Well, my husband is serving for his first offense. He has been in for two months and two weeks.

MR. NERO: What about some of the others that you know?

MRS. LOFFREDO: I think most of them, I can honestly say, this was their first offense.

MR. NERO: Thank you.

SENATOR DUMONT: Mrs. Loffredo, are you the only one to testify on behalf of Ladies in Waiting? What about Mrs. Thompson? Her name is on the list here.

MRS. LOFFREDO: Joan?

SENATOR DUMONT: Are there any other questions of Mrs. Loffredo before she goes?

All right, Mrs. Thompson, do you wish to say something?

M R S. J O A N T H O M P S O N: I am with the Ladies in Waiting although I am not actually a Lady in Waiting. I have no one serving time nor am I under any indictment

myself.

I think what our purpose is, is to legalize all forms of gambling in the State of New Jersey because the people will gamble, whether it is legal or not. There is so much said about organized crime. It has been said that gambling is their greatest source of revenue. Well if we take their greatest source of revenue away from them then we have to have some sort of improvement.

On the harsh sentencing, these people are all being convicted as if they are members of organized crime, which many, and probably all, are not. I don't say that there are no cases where there may be someone that has something to do with this so-called organized crime but to judge people as if they are, and they are all going to jail because of someone's say-so that they belong to this organization, is unfair.

Most of these people in jail now are in on first offenses. We have had excessive bail. One particular family, on their first offense, were held on \$26,000 bail each. We let armed robbers out on less than that. I personally would rather have a bookie living next to me than a robber, raper or dope addict and I think it is unfair.

SENATOR DUMONT: Are there any questions of Mrs. Thompson?

How many are in your group, Mrs. Thompson?

MRS. THOMPSON: I beg your pardon?

SENATOR DUMONT: How many are in your group of Ladies in Waiting? I understood something about -- was there a bus load here this morning?

MRS. THOMPSON: I don't know if they came in. We plan to go Statewide with this because we feel most people, I guess you would say just the ordinary person in the neighborhood feels that it is no great crime to play a number or to bet a horse, or whatever and we plan to go Statewide with it. As it is not we have about 80 members in our organization.

SENATOR DUMONT: Senator Musto?

SENATOR MUSTO: I just wanted to clear the air for one point. You said you are really not a Lady in Waiting?

MRS. THOMPSON: Right. I sympathize with them because I feel that the laws pertaining to gambling are unjust and I just can't sit back and say nothing. I think it is my duty as a citizen to speak out.

SENATOR MUSTO: Thank you.

SENATOR DUMONT: Did you want to say something?
(affirmative response)

Are you from the same group?

(affirmative response)

Well do you want to do it now and then we will adjourn for lunch after your testimony.

Thank you, Mrs. Thompson.

MRS. THOMPSON: You are welcome.

SENATOR DUMONT: What is your name, please?

M R S. V I R G I N I A C O N T I: My name is Mrs. Virginia Conti and I am from Trenton, New Jersey.

SENATOR DUMONT: All right, proceed, Mrs. Conti.

MRS. CONTI: There is a little bit more to be said about legalized gambling here in the State of New Jersey. Number one, first and foremost I see it as putting a little bit of respectability back into the State in which we live.

Second, as far as our own city is concerned with out tax rate being so high and people moving out the way they are, that is another asset.

With legalized gambling any bookie today would be able to buy a license to permit it and file a Federal Income Tax Return.

Another thing that is against the law today for which the bookies are sentenced, and we have been confronted with this almost every night in our papers, Saturday a man robbed and attacked - assault and battery - a woman and they were the charges he was booked on. Two

hours after those charges were lodged against the man the woman died of internal injuries. He is absolved of murder. He went scot-free with just a fine.

In tonight's paper, "Youth who killed friend gets probationary term" and he was already on probation when he did this.

How come these killers go free? It is in black and white. What are the bookies, if there are bookies, doing wrong to serve such strong sentences? It is unfair.

You know in any ballgame three strikes and you are out. You say, all right, "the first charge, the second charge," this should be a lesson, let's do something so they can go as many times as they want by legalizing this. When you legalize it you have the income coming in from a bookie. It is a revenue. Lord only knows for the amount of taxes we are paying, not only living in the City of Trenton - and we are paying through the nose - we also have the County and from there you go to the State, let's start bringing in the revenue. If this is going to do it, let's do it. I think through legalizing gambling the way it should be done we will get more results out of this. The revenue from this will be printed in the newspapers more often than they report on the New Jersey State Lottery. We don't know how much they collect, we don't know how it is being spent, we do not know how or what it is being spent on. Sure they put it in the paper, they put it in the paper but who are we to take their word for it? Because what they are putting in the paper, these are reports that are maybe ten, five or six months old. What is being spent as of today and why does it always have to come out to the correct dollar? They must have a little bit of revenue left over from it. If they make ten million dollars when you read the report they only spent ten million dollars. Don't they make anything extra? Do they always take it right to the penny? It reminds me of our churches with their bingos. Millions of dollars they make at the end of the year - I mean that

as a figure of speech - but when they give out that yearly budget they don't add the few cents that is left over. They always bring it to the exact dollar, but they are never a dollar over. Do you know what I mean? Assets and liabilities always work out to the fullest amount. Now don't tell me that the State of New Jersey isn't the richest State around because the State of Nevada, and everybody knows this, for all the gambling that is legalized there still comes out lower than the State of New Jersey with the revenue that we get from the legalized gambling that we are supposed to have.

But like I say, the sentences that they are giving to the bookies, -- this is shoved down our throats every day in the week, the convicted killers are getting away and they are killers. Here it is in tonight's paper. We read the other one in Monday night's paper. We read another one in Sunday night's paper. I mean what is it, a joke? These men aren't killers, they are harmless. They are harmless and they are not dope pushers either because the dope pushers are too dumb to book numbers. Thank you.

SENATOR DUMONT: Are there any questions?

Mr. Taylor?

MR. TAYLOR: Mrs. Thompson said there were 80 members in your group - Ladies in Waiting - approximately. Now is that just in Trenton or what area do you--

MRS. CONTI: It is just a small segment that is getting the ball rolling as of the past two weeks. But if we can get this on the referendum, honey, I'd say we had the State of New Jersey on our side as members.

MR. TAYLOR: What I am trying to ascertain here is just how many potential members do you think you have in the State?

MRS. CONTI: Many.

MR. TAYLOR: I am sure. But you have 80 at the present time, you are two weeks old and this is just Trenton represented here today.

MRS. CONTI: Right, we are Trenton represented here today, yes.

MR. TAYLOR: There are 80 of you?

MRS. CONTI: Yes. Some have been here this morning. They do have families and little ones to attend to. Some took one-half day off.

MR. TAYLOR: Do you think there are 5,000 potential members in the State?

MRS. CONTI: Well like I say, if we can get this on the referendum, once our petitions go out tonight from our meetings, they are going into North Jersey, South Jersey, along the shore coast, within two weeks if you were to ask me this question I could give you a positive answer. But if it gets on the referendum - and I know we are going to come out winners - I'd say we are going to have the majority of the State of New Jersey residents on our side. This just started not too long ago, one phone call and a cup of coffee and I'd say it is darn good just for a phone call and a cup of coffee, wouldn't you?

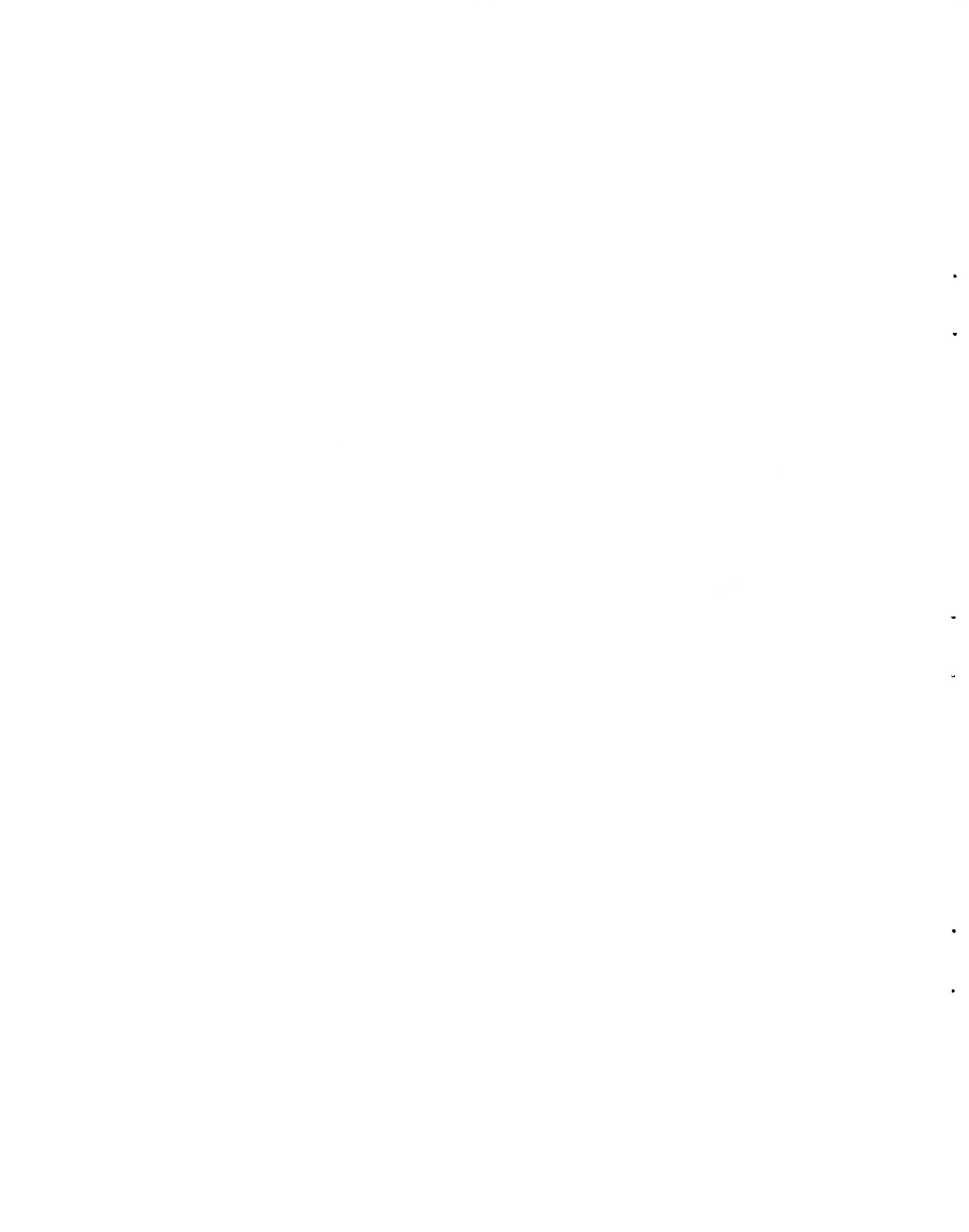
MR. TAYLOR: Thank you.

SENATOR DUMONT: Thank you very much, Mrs. Conti.

MRS. CONTI: Thank you for listening to me.

SENATOR DUMONT: We will recess now until 2:00. That is not very long but we don't have long because there are a lot of witnesses to be heard from this afternoon.

(lunch recess)



Afternoon Session

SENATOR DUMONT: Let's resume the hearing. Assemblyman Kennedy had to go to a swearing-in ceremony in Monmouth County for two judges at 3:00 P.M. so he will not be with us this afternoon.

We decided during the lunch hour that we would hold the next public hearing in Atlantic City on Wednesday, August 23, starting at 10:30 A.M., in a place to be decided upon by those who are here from Atlantic City, the Mayor particularly. Is the Mayor still here? (Not present.) So contact will be made with the people there about the necessary arrangements and about where it is to be held. It will be in Atlantic City on Wednesday, August 23rd, beginning at 10:30 A.M.

We will resume this afternoon with Gary R. Malamut, Chairman of the Tourism Development Council of Atlantic City.

G A R Y R. M A L A M U T: Mr. Chairman, I will save most of my testimony for the Atlantic City hearing. However, I am going to testify also as Past President of the New Jersey State Hotel-Motel Association.

Earlier this morning, Mr. Al Owen made reference to certain material that was published in the Las Vegas Sun newspaper, dated April 20th, 1971. I would like at this time to submit this as evidence to the Commission for their study between now and the next hearing. (Exhibit presented by Mr. Malamust can be found on page 73 A.)

I also wish to submit as evidence at this time a reprint from the New York Times newspaper, dated Wednesday, May 3, 1972, which states that New York State in their 1972 Legislature has already passed a bill amending the Constitution of the State of New York to allow legalized gambling in New York State and, if it passes their 1973 Legislature, it would be on the ballot in the State of New York for the voters to vote on in November of 1973. (See page 74 A.)

At this time, I would like to say that I will appear at the hearing on August 23rd in Atlantic City.

SENATOR DUMONT: - Are there any questions of Mr. Malamut?

SENATOR MARESSA: Mr. Malamust, could you when you appear before us on August 23rd have statistics regarding what new tax ratables you feel would come into the City of Atlantic City and the number of jobs that would perhaps become available as a result of the implementation of casino type gambling?

MR. MALAMUT: I will be as prepared as possible at that time, sir. However, I believe it was stated earlier in the morning that revenue estimates, job estimates, all of these figures today are suppositions based upon the eventual setup of the system.

When the lottery estimates were made, they were from 6 to 12 million dollars. That was what the fiscal experts predicted. It has produced ten times that. So again, it is mostly supposition.

SENATOR MARESSA: I understand that. But perhaps you would be the person most qualified to estimate or guesstimate, however you wish to put it. I consider the New Jersey Atlantic coastline as an asset to be found nowhere else in the United States, with the possible exception of the Florida coast. With casino gambling, I can see where a lot of the conventions that are going many other places would be coming to Atlantic City, in addition to all the other considerations, not to enumerate them now because a lot of them have been gone over by Mayor Bradway and by Mr. Owen. If you could get us some figures - and we understand they would just be estimates - that the people of the State of New Jersey could reasonably look forward to as a result of the implementation of casino gambling, we would appreciate it.

MR. MALAMUT: I hope to submit at that time, if the entire Committee does not have it, the research

report that was done by Horace J. DePodwin Associates regarding the feasibility of casino gaming in the State of New Jersey, which was a six-month research report, and certainly more worthy of consideration than the three-day trip to Las Vegas by our Chief of State Police. This report covered research trips to Monaco, France, Porto Rico, Nevada, and several other areas throughout the world that have casino gaming.

I hope at that time also to submit testimony that has been better prepared than some of the previous testimony.

SENATOR MARESSA: How recent is that report, Mr. Malamut?

MR. MALAMUT: I believe it was dated April, 1971.

SENATOR MARESSA: Any statistics you can present will be appreciated. Because, as you probably know, we are not funded in any way. So we don't have any money available to get that information.

SENATOR DUMONT: Any other questions?

MR. NERO: I have one. I have before me the transcript of a public hearing dated March 19, 1970, and I believe you gave testimony that day. Is that right?

MR. MALAMUT: Yes.

MR. NERO: I would like to quote what you said. It is on page 36. "The lottery can never hope to raise much money and whatever it does will be a drop in the bucket to the State Treasury. It will not help New Jersey. It will take money from the residents of New Jersey."

Could you clarify that statement?

MR. MALAMUT: Well, I was wrong, as the fiscal experts were wrong. I felt that 6 to 12 million dollars was a drop in the bucket compared to the fiscal needs of the State. However, I think the \$60 million that the lottery has raised fooled a lot of people and that is why I feel that further activity on the legalization of casino-type or any form of gambling, as the Committee may decide,

would raise untold tax revenues plus help the economy of the State of New Jersey by the employment of individuals in construction, in tourism and in transportation, and have an effect on organized crime.

So I was thinking of the \$6 to \$12 million from the lottery and I guess the New York State and New Hampshire failure in the lottery had some effect on my thinking. But I guess Senator Musto was smarter than anybody in the whole state because he had a lottery bill in the State Legislature for 15 years and there was no action ever taken. So I think Senator Musto was smarter than anybody and I admit that I was wrong at that time.

MR. NERO: What did you mean by the last part that I read, "It will take money from the residents of New Jersey"?

MR. MALAMUT: I meant that people would be spending 50-cent pieces for the lottery. And I don't think that the lottery has produced the economic advantages that other forms of legalized gambling might. When I talk about other forms of legalized gambling, I am talking about off-track betting, I'm talking about casino gambling, I am talking about many other forms that I think will help create jobs. I think it will employ people.

The lottery has been great for the State of New Jersey, but I don't think it has really employed that many people and it has taken money, I feel, from the average citizen. Now there is nothing wrong with it. As the average citizen has shown, he is willing to spend his 50-cent pieces to the extent that the total handle of the lottery the first year was almost \$200 million and the State's take, I believe, was \$60 million. This is a lot of 50-cent pieces in the State of New Jersey.

MR. NERO: Do you feel the casinos will also take money from the residents of New Jersey?

MR. MALAMUT: I think casinos will bring people

from 500 to 1,000 miles ---

MR. NERO: I am speaking about the residents of New Jersey only. Would it take money from them? Would the same statement you made about the lottery be true?

MR. MALAMUT: Certainly. In the same way the bookies are taking money from the people of New Jersey and the rest of the United States. But I think a naive approach to the gambling issue, as projected by certain law enforcement officials -- And, by the way, I might say that the New Jersey Policemen's Benevolent Association has endorsed the legalization of other forms of gambling. I think the "head in the sand" approach is not right in this issue.

MR. NERO: You also made another statement on page 40, "Mr. Lacey and Senator Bateman are concerned about the image of New Jersey. So am I. I have lived here all my life and at the moment that image stinks." Do you mean to tell me you lived in a place that stunk all your life?

MR. MALAMUT: Well, sir, I think the 130 indictments of public officials in the State of New Jersey within the last few years does not speak well for the administration of our government, both on a local or State level. I think one of the reasons that we have such a problem in the State is because of the antiquated, ridiculous regulations and laws, particularly in relation to illegal gambling. When those women that were here have their husbands in jail for 18 months for bookmaking and other people who are junkies and pushers and rapists and murderers are walking the streets, something is wrong.

New Jersey had a problem and it took the SIC to come in here and start to clean it up, and they have been doing a good job.

There was a professor from Notre Dame, a man by the name of Blakey, who in 1968 said that New Jersey has

as bad a corruption problem as any state in the country, and that was four or five years ago. I think we have been doing a good job in cleaning up the State and the Governor has been helpful in doing so. But I think we need more. I think we need to have the people of this State vote at a referendum on the question of allowing other forms of legalized gambling. Because the lottery was successful. The race tracks have been successful. OTB in New York in the one year it has been in operation, with all its problems, such as computer breakdown, is still handling a million and a half dollars a day, with a total annual handle of \$500 million a year. It is one of the 500 largest corporations in the United States today, and it is still in its infancy. Schenectady on Monday opened up their first OTB parlor. Other forms of gambling are coming. New York is going to beat us to it.

If we don't give this some consideration, we are going to be left out. We are going to be ringed by other forms of gambling and New Jersey will be sitting here with the people running to those other states and we will be losing residents also who will be moving to those areas.

MR. NERO: That's all. Thank you.

SENATOR DUMONT: Any other questions?

MR. TAYLOR: Mr. Malamut, I don't think we are going to be left out. You mentioned what I will call a worldwide gambling report that you will present to us.

MR. MALAMUT: I have a copy now, sir, if you would like to have it.

MR. TAYLOR: I am wondering if you could provide all of us with copies of it prior to our coming to Atlantic City.

MR. MALAMUT: That can be done, sir. They will not be in beautiful condition because we have to resort to photo copies at the moment.

MR. TAYLOR: That will be fine.

MR. MALAMUT: Because we gave a lot to the Senate Judiciary Committee and many other officials throughout the State of New Jersey. Even though it may not be a beautifully-bound report, the information will still be in there.

MR. TAYLOR: Fine. Thank you.

Now the question I have asked everyone else: If gambling were approved, should it be State licensed or State operated in your opinion?

MR. MALAMUT: In my opinion, sir, I think it should be left to the State Legislature. That's why these gentlemen are here. I think it should be on the ballot in the same way that the bingo and the lottery questions were on the ballot, where the general public voted in favor of those issues. Then, thereafter, commissions were formed and the commissions established what should be done - how it would operate.

But it was not decided in advance and it is difficult to decide in advance. As Attorney General Kugler said, the issue is much too complex. There are too many facets - OTB, casinos, sports betting, telephone bingo. There are many, many aspects of additional forms of legalized gambling. But in my opinion, casino gambling economically will help the State in the creation of many jobs in construction, in tourism and in transportation.

MR. TAYLOR: Thank you.

SENATOR DUMONT: Any other questions?

Mr. Malamut, will you help the Mayor and any others not only in the establishing of a place for the public hearing on August 23rd, but in working out the agenda. We would like to terminate the hearing by approximately 5:00 or 5:30 at the latest. I don't want to deprive anybody of the right to testify, but we wouldn't want too much testimony that is repetitious. We can usually hear, I guess, 12 or 15 witnesses comfortably throughout the day.

If you could do that, I would appreciate it.

MR. MALAMUT: I would like to thank the Commission for having the next hearing down on the Jersey shore.

SENATOR DUMONT: Captain Burke wanted to testify today and he has gone back. I don't know anything about what he would say. He is a master and pilot of steam and motor vessels. I will leave you his card because he had asked for an opportunity to testify and I told him maybe he could do it down in Atlantic City.

Also Assemblyman Eugene Bedell has indicated he would like to testify in Atlantic City on August 23rd rather than today. He is Chairman of the Assembly Tax Committee which incidentally conducted a number of fine public hearings around the State on the whole tax reform program.

If you can work those things out, I will be grateful - all of us will. Thank you very much, Mr. Malamut.

We want to go next to the quarter horse industry. First to testify is Mrs. Elizabeth Yetter of the New Jersey Quarter Horse Association.

While Mrs. Yetter is coming down, Assemblyman Pellecchia wants to read into the record a statement.

ASSEMBLYMAN PELLECCCHIA: This is a statement by Senator Joseph A. Lazzara for inclusion in the record at the public hearing conducted by the Gambling Study Commission, July 26, 1972.

(Reading)

"I strongly endorse efforts to broaden legalized gambling activities in New Jersey, and particularly the proposed referendum which would permit the Legislature to determine what forms such gambling should take.

"At a time when this State is desperately seeking new revenue sources, it is illogical and irresponsible for us to overlook the funds that would be derived from legalized gambling. This would satisfy an instinct that

dates back to the days of the cave man and, with proper legislative and other controls, would guarantee substantial additional income for all the citizens of this State.

"A recent news article indicated that one casino in Las Vegas is grossing \$100 million annually. While I am not at this time endorsing a Las Vegas operation, I think it is apparent that New Jersey is missing out on a painless means for raising substantial new revenues while boosting our economy and offering thousands of new jobs.

"I have sufficient confidence in the legislative process to bestow to both houses the power to determine how new forms of legalized gambling can best be used to benefit the people of this State. Correspondence from my constituents indicates that they wholeheartedly agree with this sentiment."

SENATOR DUMONT: That statement of Senator Lazzara will be made a part of the record of today's hearing.

Now, Mrs. Yetter, you may proceed.

E L I Z A B E T H Y E T T E R: Thank you. I would also like to say that I am not only representing the New Jersey Quarter Horse Association, but primarily the New Jersey Horse Council.

SENATOR DUMONT: Thank you.

MRS. YETTER: At this time, I would like to introduce to you Mr. Samuel K. Martin, who after I have finished, will also be very happy to answer any questions that you might have. Mr. Martin will you please stand.

Let me thank you for giving the New Jersey Horse Council and the New Jersey Quarter Horse Association the opportunity to participate in your important discussions.

Your committee is to be commended for its efforts to find new and substantial sources of revenue for the State of New Jersey, and we believe that we can make an important contribution in this direction. To be more specific, and to express it as simply as possible, we believe that

racing revenues can be increased in the Garden State by adding a whole new dimension to racing by the introduction of "short racing" at our tracks. By "short racing", we mean the racing of quarter horses, pony-harness and appaloos in races at present and future facilities.

Now, let me point out that this proposal for "short racing" is not unique. The richest racing purse in the world is given to a quarter horse - I should say is "earned" by a quarter horse. Last year at the All-American Quarter Horse Futurity at Ruidoze Downs in New Mexico, the total purse was \$753,910. The purse for first place was \$200,841. This is possible because of the tremendous interest in quarter horse racing, particularly in the Southwest and the far West. The same applies to the appaloosa, which is rapidly gaining in popularity for "short racing" and non pari-mutuel pony racing has been growing in popularity in recent years right here in New Jersey. In fact, this year we have six stake races for New Jersey-bred ponies and the purses will be close to \$10,000 for six stake races.

The only thing unique about our proposal is that these and perhaps other forms of "short racing" can be introduced at our own racetracks.

There is little doubt in our mind that the introduction of "short racing" will stimulate an interest among many more people in the Garden State and offer something quite different which could mean greater attendance, a bigger take at the tracks and greater revenues for New Jersey.

I would like to emphasize that we are not talking about any grandiose schemes for new tracks, new betting systems or any other innovations which might prove to be costly or unfeasible. We are simply recommending the introduction of a system which can be implemented at the present tracks under the present arrangements at little or no additional cost but with tremendous potential for

increasing racing revenues.

It should be noted that the introduction of "short racing" can also have tremendous benefits for our economy as a whole. You may have read recently of a survey which was undertaken by the State which indicated that the horse industry is growing rapidly in New Jersey and contributes more and more each year to the economic and cultural well-being of our State. One of the reasons for this tremendous growth is the increased activity of those involved with the so-called non-racing breeds. It stands to reason then that the use of a substantial number of these animals in "short racing" will mean much to the growth of these breeds and, in turn, to the citizens of our State through jobs and other economic benefits that will come from such growth, plus maintaining the Green Acres effect from farms and farmlands.

I would be pleased to discuss this proposal in greater detail by answering any questions you may have and I know that the New Jersey Horse Council would be more than pleased to provide any facts or information which may not be available at this time.

Also, at this time, I would like to introduce to you Mr. A. H. Ferber, Jr., who is President of the American Quarter Horse Association. Mr. Ferber --

SENATOR DUMONT: Just a moment, Mrs. Yetter. Some of the members of the Commission may want to ask you some questions.

ASSEMBLYMAN REID: With the introduction of short racing, what extension of the season would that require?

MRS. YETTER: Pardon me?

ASSEMBLYMAN REID: What extension of the racing season would that require?

MRS. YETTER: It possibly wouldn't entail any extension of your season. It probably could utilize time in between your racing seasons or it could lengthen your card, strengthen your races of the day perhaps.

I don't think our quarter horse racing people would be interested in coming in one day a week because this would not enhance the economy of their racing. The trainer would have to be there and the horses. So they would necessarily have to have a program of, you know, like a season so to speak. But it could be incorporated with your regular season and there would be no problem there. This could all be worked out through the tracks and the Racing Commission.

ASSEMBLYMAN REID: There has been a great deal of discussion about the effect other forms of gambling might have on the track industry. What is your opinion on that?

MRS. YETTER: Other forms of gambling?

ASSEMBLYMAN REID: Yes.

MRS. YETTER: I think there are people that are going to bet on horses no matter where they run and what kind of horses run. There are people that will bet on anything. There are people that are interested only in casino or cards or whatever. But I think the horse fan will always be the horse fan and he will always go to the track and bet.

ASSEMBLYMAN REID: I see. Your conclusion would be that other forms of gambling, such as casino gambling, would have no detrimental effect on the horse-racing industry?

MRS. YETTER: I doubt it very much.

ASSEMBLYWOMAN KLEIN: I just wanted to ask - what's the difference between short racing and regular racing?

MRS. YETTER: Short racing refers to the distance more or less. The quarter horse does not race the distance the thoroughbred does and neither does your harness pony race the distance the standardbred does. Also the appaloosa will be the only one that would come close to racing the distance the thoroughbred does.

ASSEMBLYWOMAN KLEIN: In trying to incorporate it into the present system, would there be a shortage of stables, etc., if you brought in an entirely different series to be run at the same time?

MRS. YETTER: That is possible, but I am sure that that could be worked out.

SENATOR DUMONT: Any further questions?

SENATOR MARESSA: Mrs. Yetter, you indicated there were six stake races for ponies presently being staged in the State. Is that within the framework of the New Jersey Racing Commission?

MRS. YETTER: No. This is not. This is non pari-mutuel betting. This is within breeder award funds that we have in the State.

SENATOR MARESSA: Does the New Jersey Horse Council have any statistics that would seem to indicate that if short racing were implemented in the State of New Jersey, there would be an interest, a market, so to speak, for it?

MRS. YETTER: I think we could provide those statistics for you.

SENATOR MARESSA: Now, has New York State recently licensed short racing, quarter horse racing?

MRS. YETTER: Quarter horse racing, yes. Mr. Ferber could probably tell you more about that.

SENATOR MARESSA: As I understand it, and I may be wrong, there is no need for a constitutional amendment for this; it would come within the framework of the present New Jersey State Racing Association.

MRS. YETTER: Absolutely.

SENATOR MARESSA: How much time would you need? Suppose, for example, this were acceptable and a workable arrangement could be made with, say, the Atlantic City Racing Commission and we have Mr. Dunn here representing the Atlantic City Association today. How much time would be necessary to get this really started and off the ground?

MRS. YETTER: I would say if we started working on it now, we could be racing in another year.

SENATOR MARESSA: I think you have already indicated, but perhaps you could expound on it, what sort of an impact this would have on the horse industry in the State. Would

this bring a larger number of breeds in the State or just increase, say, the number of appaloosas or quarter horses, etc.?

MRS. YETTER: I think it would encourage the breeding of better horses and also bring other breeders into the State if they felt there was a place where they could race their horses. Therefore, some of your farmland that is just lying about - there might be a possibility of it being used.

SENATOR MARESSA: If we wanted to see a short race, do you know of any short racing other than quarter horse tracks around the country?

MRS. YETTER: The only other short racing would be possibly in the mid-West. Florida and Louisiana are having quarter horse racing. Their seasons are now finished for this year.

SENATOR MARESSA: The closest state then would be Florida for seeing a quarter horse race?

MRS. YETTER: Right, until New York State gets theirs off the ground. They are working on it at the moment.

SENATOR MARESSA: And I guess Mr. Ferber can answer other questions about quarter horses.

MRS. YETTER: Mr. Ferber can answer those questions further because he is primarily interested in this racing.

SENATOR MARESSA: Thank you.

MR. TAYLOR: One question - did I understand you to reply to Assemblyman Reid that you did not feel - this is the way I understood it anyway - that if gambling were legalized in the State of New Jersey that it would affect horse racing?

MRS. YETTER: This is my own opinion, of course.

MR. TAYLOR: That's your personal opinion.

MRS. YETTER: Right.

MR. TAYLOR: Would that possibly be influenced by your friends in the racing circles - their thinking would be possibly the same?

MRS. YETTER: Possibly. We have actually not discussed it to any great length.

MR. TAYLOR: My favorite question, if I may: If gambling were approved, should it be State licensed or State operated?

MRS. YETTER: That's a goodie.

MR. TAYLOR: In your personal opinion.

MRS. YETTER: All right. This is my personal opinion. If it were State operated, then I would think that commissions should be set up for each various phase, made up of people that are interested in that phase, not people just appointed per se, political appointments.

MR. TAYLOR: Fine. Thank you very much.

MRS. YETTER: You're welcome.

SENATOR MARESSA: Another question: Mrs. Yetter, I think Assemblywoman Klein asked you a question - would there or would there not be a problem with regard to the stables, etc. - and you indicated probably there might be, but it could be worked out. We would assume, would we not, that the days allotted at the various tracks would be at a time when the other racing was terminated and they had completed their meet?

MRS. YETTER: Not necessarily.

SENATOR MARESSA: You mean you would work them in during the meet?

MRS. YETTER: This would be attempted.

SENATOR MARESSA: Would you explain that, please?

MRS. YETTER: That would be a little difficult to explain at the moment because you would have to discuss this with the tracks, you would have to discuss it with the Horsemen's Protective and Benevolent Association, of which we are not members, and there are a great many factors involved before we could make a very definite statement in that field.

SENATOR MARESSA: I see. The thought I had in mind was that if the other horses were not there, then the

quarter horses could be housed in the same place.

MRS. YETTER: The only problem in that case would be that the maintenance of the facility would cost quite a good deal to keep it open for an extra amount of time if they were not running a full program.

SENATOR MARESSA: Is there someone here that could perhaps expound on that? I remember talking to a man who raises quarter horses. He was saying that you just don't have a separate meet for quarter horses - it's not the way to do it - you have to more or less work it in with the standardbreds or with the thoroughbreds.

MRS. YETTER: No. The facilities that I spoke of in Florida and Louisiana - and, of course, in Los Alamitos, California, there is a plant that is just for quarter horse racing alone. In fact, Mr. Ferber has folders showing this track and it is absolutely a fantastic place and they do nothing but quarter horse racing.

This facility could maintain itself maybe in years to come, but at this moment should be worked in with the others. The idea is to save money and to add money to the coffers by not costing any more to race them.

SENATOR MARESSA: To your knowledge, has anyone requested permission to conduct quarter horse racing or any kind of a short race in the State and been denied the right?

MRS. YETTER: We have never been denied because we haven't asked for it.

SENATOR MARESSA: You haven't asked. Thank you.

MRS. YETTER: You're welcome.

SENATOR DUMONT: Mrs. Yetter, what is the actual distance involved in quarter horse racing?

MRS. YETTER: I'll leave that up to Mr. Ferber. O.K.?

SENATOR DUMONT: All right. I guess that's all then. Are there any other questions?

SENATOR MUSTO: Didn't they run a quarter horse race at Atlantic City?

MRS. YETTER: What?

SENATOR MUSTO: Didn't they have a quarter horse race at Atlantic City?

MRS. YETTER: They had a futurity quarter horse race at Atlantic City. It was a special type race and there was no pari-mutuel betting on it in Atlantic City.

SENATOR DUMONT: When did you say that was in Atlantic City?

MRS. YETTER: 1965.

SENATOR DUMONT: Any other questions? (No response.) Thank you very much.

Mr. Ferber?

A. H. F E R B E R, J R.: Thank you, Mr. Chairman and members of the Committee.

It is a real pleasure and a privilege to be here on behalf of the American Quarter Horse Association.

Mrs. Yetter has given you somewhat of a background on short racing and I not only want to talk about the quarter horse racing - I will touch on that - but short racing with the Appaloosas and short pony racing, which is a thing that is coming and it is a thing to look for in the future.

I am going to give you a rundown of the growth of the quarter horse so you might consider it. The American Quarter Horse Association is only a neophyte in modern-day racing as compared to the thoroughbred. In our 30-odd years, we have established a record of which we are proud, and one that speaks for itself. The records show that a short 20 years ago, pari-mutuel quarter horse racing was being conducted in only four western states and there were only 850 quarter horse races run a year, with a mutuel handle of only a little more than \$3 million and purses of barely \$200,000.

By the end of 1971, 15 states and 2 Canadian provinces conducted pari-mutuel quarter horse racing and the number of races has increased 1000 per cent; mutuel handle, 2900

per cent; purses, almost 6000 per cent in those 20 years. We finished 1971 with a total mutuel handle of over \$115 million, up 12.5 per cent over 1970. There were 8,504 quarter horse races in 1971, an increase of 14.3 per cent, and more than \$11 million were paid to horsemen this past year for an increase of 20 per cent over 1970 in that category. Of course, the impressive thing here are these percentages over 1970. We all know, with the economy the way it has been and with the VEE epidemic and what not, that most major breeds did not go up in 1970 and we are very proud of these figures.

These total figures may not be particularly impressive when compared to those of the well-established thoroughbred and harness racing, but for a neophyte, an industry in the growing adolescent stage, they compare favorably. By the same token, our growth percentages over all and from year to year can stand proudly in any industry.

The American Quarter Horse Association is a young association in many ways and like youngsters we are eager and we are ambitious. The organization itself has been in existence scarcely 30 years. The majority of our members are under 40. Many of our top trainers are under 30 and the same is true with our owners.

However, the most important aspect of the American Quarter Horse Association is the youngsters themselves, those in the age group up to 18 years of age. The American Quarter Horse Association was the first breed registry to implement a youth program. After a great deal of research and study in the late '50's, an extensive youth program was started in 1960. The object of this program was to get young people started early and educate them to the functions, the problems and the rewards of the horse industry.

In 1970, the American Junior Quarter Horse Association was organized, with more than 3500 youngsters from 33 states and Quebec being charter members. Less than one

year later, that membership had swelled to over 4000 young people, representing 40 states and 2 Canadian provinces. Within 3 years, every state and every Canadian province should be represented in this organization.

We are extremely proud of this particular youth revolution that we have started.

That is just a little background on the American Quarter Horse Association and I gave you that for one reason. As we look around this country and we see the great generation gaps and we see what is happening, we feel by forming these associations with the youth that we are assuring the future of the American Quarter Horse Association and the racing end of that association.

Gentlemen, I would be very happy to answer any questions and I have some pamphlets explaining quarter horse racing that I would like to leave with you.

SENATOR DUMONT: Mr. Taylor?

MR. TAYLOR: The fact that you are attracting the young appeals to me because I remember Attorney General Kugler speaking about racing and saying it was not a sport for the youth. Now, do you draw youth to your races?

MR. FERBER: We laid out this program, sir, not to start children in the gambling business, but if you educate them to the horse industry and to the racing business, when they do become of age, you will probably have sportsmen and people that really appreciate the sport of running horses. It has got to rub off.

MR. TAYLOR: Thank you.

SENATOR MARESSA: I have two or three questions, but, first of all, would you mind explaining to the Committee what a quarter horse is?

MR. FERBER: The quarter horse originated on the eastern part of the United States, mainly in Florida. It was a cross between the Spanish bobs and the English thoroughbred. Of course, that horse went from the East Coast

to the West with the settlement of this country and it was bred into the cow pony, the Indian pony, and now, of course, they have upbred it and it is moving back East.

SENATOR MARESSA: I was particularly interested in the name "quarter"?

MR. FERBER: The name quarter horse derives from the fastest horse for a quarter of a mile, up to and for the quarter.

SENATOR MARESSA: It has nothing to do with its size?

MR. FERBER: No, sir.

SENATOR MARESSA: It has to do with its speed?

MR. FERBER: Right.

SENATOR MARESSA: Someone asked a question earlier about the length of a short race.

MR. FERBER: Well, you can go down in the Cajun country in Louisiana and they will run you for 100 feet. Officially, the American Quarter Horse Association recognizes races up to a quarter of a mile. Los Alamitos in California is now running up to 870 yards, which is 30 feet short of the half mile.

SENATOR MARESSA: A quarter horse will beat a thoroughbred in a quarter mile, won't it?

MR. FERBER: That has been proven over the years many and many a time.

SENATOR MARESSA: I want to say I am interested in this because my children have a couple of registered quarter horses in 4-H and I know all about what you are talking about when you make reference to the children. I take them to the 4-H meetings and there are 40, 50, 60 and you would be surprised how many girls there are. There are 10-, 11-, 12-, 13-year-old girls riding these horses. They are so full of guts and courage and stamina. It is really remarkable. You should really see some of these things happening. I have never been involved in racing, but I am very much involved in 4-H and these quarter horses.

But to get back to the subject, how many days do you think you could handle this, say, down at Atlantic City if we were to arrange it down there?

MR. FERBER: Let's say this and let's be very honest - you must remember my position here. I am the President of the American Quarter Horse Association, which is the National Association. And I have to take up with my Board of Directors as to where it is going and where it needs help. I am answering your question maybe a little bit around the corner, but I will get to your point.

We have had a terrific expansion. You asked Mrs. Yetter about where horses were running and she wasn't quite up with it. We are now running in Florida at Pompano Park, one of the nicest plants on the East Coast. That is a 55-day meet there. That just started this year. Kentucky has passed a bill. We have a 30-day meet there in the fall. Ohio has two - one, I believe, 30-day meet and one 2-week meet. And, of course, as you know, New York State has approved quarter horse racing and they have formed a separate commission similar to the other two commissions in New York. New York State does not work the way New Jersey does. In New Jersey, you have it all under one commission. In New York, you have a Thoroughbred Commission, you have a Harness Horse Commission and you now have a Quarter Horse Commission.

The Commission in New York on Quarter Horses has the right to issue licenses for five tracks and run 340 days of the year.

In 1965, I tried to introduce quarter horse racing in this state personally. I ran a futurity and a derby at Atlantic City. In other words, we only ran exhibition races. I believe the trials were held one week and then the finals a week after. We had hoped at that time that that would open the door here. I put a lot of personal effort into that because I saw this industry coming. But it didn't turn out that way.

Now we are not today begging and looking for places to run quarter horses the way we were ten years ago. Right now we are only going to move if it is on a solid basis.

This bill in New York is something to consider. Of course, being a resident of New Jersey, my love, I hope, is here and believe you me it is here and I would think of it. But I would never steer anybody wrong as far as when it should come here and how it should start.

The meet down in Florida is being put on by the owners of Pompano Park. They see the future in it. They have already consulted us last week as to what we would think if they could expand to a 120-day meet next year. And even though we are registering more horses - almost as many horses as all breeds put together - the time has come with the American Quarter Horse when we are going to try to make our move and make it right. We are not in that terrific hurry. Of course, we are criticized by some of our own people for this, but we see something good in this industry and we are going to try to keep it that way.

SENATOR MARESSA: Lastly, Mr. Ferber, what would have to be done, for example, to the Atlantic City Race Track to accommodate quarter horse racing?

MR. FERBER: At Atlantic City Race Track, as I remember the races I ran there, there was not a chute, which is not a major item to put on it. In other words, we do need a chute from finish line backwards 500 yards.

SENATOR MARESSA: How about the consistency of the track itself?

MR. FERBER: Atlantic City was a little bit slow, but it would be all right. Quarter horses on the whole do run on a little faster track than Atlantic City was, but not that much difference, sir.

SENATOR MARESSA: I ask that question because I spoke to Mr. Cornell briefly about this and he said that their track would not be suitable - of course, Mr. Dunn is

here and maybe he could tell us - because it is not hard enough. I don't remember whether he said it was not hard enough or not soft enough.

MR. FERBER: He probably said not hard enough. In other words, quarter horses do run on a more firm surface than Atlantic City is.

SENATOR MARESSA: But you could run them on whatever surface exists at the time? That wouldn't be a deterrent?

MR. FERBER: Right.

SENATOR MARESSA: Thank you.

SENATOR DUMONT: Any further questions?

ASSEMBLYMAN PELLECCCHIA: I really don't have a question; it is more or less a statement. I recollect when I was a young boy, I always related the quarter horse to the cowboys and Indians. I guess I am still young at heart. I really enjoy them and I do hope it comes to pass.

MR. FERBER: Thank you, sir. You're a gentleman.

MR. NERO: You mentioned about the Pompano meet. I am quite familiar with Pompano because I have lived there quite a bit. I am familiar with the harness track there you were speaking of. That is the one you were speaking of, isn't it?

MR. FERBER: That's the right one.

MR. NERO: When did this meet start in Pompano - what time of the year? You said a 55-day meet.

MR. FERBER: May 26th or May 20th.

MR. NERO: Do you know what the attendance might have been?

MR. FERBER: I was there for the first weekend and on opening night - you know all the curiosity seekers and what not come out - they had the second largest crowd they ever had in the history of that track.

MR. NERO: But the largest crowd at that track was never much, was it? I have been there a few times.

MR. FERBER: Friend, we can look at anything and

figure why people are doing things and I imagine we could figure it out.

MR. NERO: I was trying to get a figure to compare it.

MR. FERBER: I will tell you in a minute. In attendance on the opening evening that I was there, there were 7,741 people.

MR. NERO: That's about the largest. Usually that track attracts a lot less than that. I have been there when there were 1500 and 1800 or 2000. Am I right?

MR. FERBER: Right.

MR. NERO: Therefore, it shows that the quarter horse is attracting more people than some of the others at the present time at the same location. It attracted 7,000.

MR. FERBER: Anybody that is familiar with race tracks knows that location and management with integrity are what makes the bettors come and give you a bigger per capita bet. They are the two items of a successful race track. Location is a big item. We see it right here with Liberty Bell when Philadelphia went to racing.

MR. NERO: When you say that attracted 7,000, you were talking off season. May is an off season in Florida.

MR. FERBER: May and June - right, sir.

MR. NERO: Yet at the height of the season, February and March, they didn't attract that many with harness racing, did they?

MR. FERBER: You know, honestly, that's one question I can't answer.

MR. NERO: I'm sure of that because I have been there. They never attract seven or eight thousand at the height of the season in Florida for the harness track in Pompano.

MR. FERBER: I know that the ownership of that track is successful to, at this stage of the game, be talking about trying to expand it to 120 days next year.

Pompano, I consider personally, very fortunate to be doing as well as they are with the quarter horses this year. Because they only got their dates from their

Gaming Commission I think ten weeks before they opened. You can't expect people to bring horses and pay entry fees and go into futurities and derbies on ten days' notice. This is one of the mistakes that has been made. If you lay out a racing program, it should be announced a year ahead.

MR. NERO: When quarter horses run, they run about 220 yards on the average, about an eighth of a mile, don't they - 220, 340, 360?

MR. FERBER: Now in quarter horse racing, you occasionally here and there find a 220.

MR. NERO: 440 or something like that?

MR. FERBER: 350, 440, but most of it now has gone from 350 upward.

MR. NERO: So if you ran quarter horses on one of our mile and an eighth track like Atlantic City, it wouldn't be appropriate because the track is too big and the race wouldn't be near the public. You talk about Pompano. That is a small track. It's about 7/8ths oval for the harness racing. No, it's a half-mile oval.

MR. FERBER: Right.

MR. NERO: So it does bring the racing right in front of the public. But if you ran a quarter-mile race at the three-quarter chute at Atlantic City, you could hardly see the horses run at all, could you? What I am trying to bring out is that maybe they couldn't run on the present tracks, but you could build a quarter-horse track some place in the state.

MR. FERBER: Or, as long as you have the chute on any track, you can run as long as it is a dead straight-away.

MR. NERO: But the people would not be able to see the straight-away. The people to the left could, but the people to the right couldn't see the race. Whereas, Pompano, being a half-mile track, it is right in front of the people. You would almost have to build a track to

suit the quarter horse.

MR. FERBER: Well, as you look around the country at the most successful quarter horse tracks - and, of course, Los Alamitos is the most successful - some of them are half-mile tracks, some of them are five-eighths, some of them are a mile, some of them are a mile and an eighth. But if you are building -- there is a new track going into Louisiana right now three miles away from the Texas border. That is being built mainly for quarter horses. That track is going to be a five-eighths with a 600-yard chute.

MR. NERO: Do you think quarter horse racing could sustain a race track of its own?

MR. FERBER: Los Alamitos is the best money-maker in California.

MR. NERO: That's all. Thank you.

SENATOR DUMONT: Any further questions? (No response.)

This could all be handled, Mr. Ferber, through our own State Racing Commission then on proper application made by a quarter horse group?

MR. FERBER: When I reviewed the pari-mutuel laws of this State in 1965 - I have not reviewed them since - it was my opinion and my attorney's opinion at that time that this State needed no new legislation to run quarter horses. Your act here on pari-mutuel in the State of New Jersey is flat racing and harness horses and flat racing is quarter horse racing, appaloosa racing - it's just a shorter race. So I believe that if the different groups would get together - your tracks, your management, and the Racing Commission - just by issuing dates or invitations, it could be done.

SENATOR DUMONT: Did you say that it is a \$15-million business? Is that what I understood you to say when you were giving some statistics in the beginning? Did you say it was a \$15-million business in the 15 states that have conducted quarter horse racing?

MR. FERBER: No. Senator, I said in 20 years, we have come from a \$3-million pari-mutuel handle to a \$115 million in the United States.

SENATOR DUMONT: All right. How much of that has been realized in the way of additional revenue for those states that have authorized that?

MR. FERBER: Let's see. I imagine at least 7 or 8 per cent. Of course, I am a greater promoter of not only the quarter horse industry but the whole horse industry. It is not only what the tracks are able to supply in revenue to the states through pari-mutuel, but let's look at the industry as a whole. What other industry is keeping this country green at no expense to the taxpayer? The cattle industry? - yes, I'll grant you that. But the acres that the horse industry is keeping green in this country are more valuable acres than the cattle industry is keeping green. So I say it is doing the best job for the country.

Look at what it does to help the economy, besides the revenue that goes to these states. All of the horse industry has not been known in this country and it was the tax bill of three years ago that really has awakened the country and the people that were not close to the industry as to how big and how wonderful a business this is. Your horse industry over-all in this country has got to be \$12 billion. There are some who say it is closer to \$17 billion, and that's a big industry.

SENATOR NERO: Any other questions?

MR. NERO: In New Jersey, we have flats, right?

MR. FERBER: Yes.

MR. NERO: I have been racing horses in New Jersey for about 15 years. Every time we get a horse -- we have a minimum of, say, \$2500 and when you get below that you can't run. You have to go to Maryland, West Virginia, etc. to run your horse or run for less than \$2500. You are familiar with that, aren't you?

MR. FERBER: Right, sir.

MR. NERO: Since we have no half-mile track in Jersey and the fellow who has a cheaper horse which cannot run for \$2500 or \$3000 must go out of the state to run his horse, do you think it would be feasible to have a five-eighths mile track on which both the quarter horse and cheaper flats could run?

MR. FERBER: Yes, it is possible. One of the most successful race tracks ever built in the United States, a track that started to make money from the day it was opened, is Evangeline Downs in Lafayette, Louisiana. They run five thoroughbred races and five quarter-horse races a night.

MR. NERO: The reason I brought that out is that it would give an opportunity to the fellow whose horse would run for \$5,000, \$4,000, \$3,000, but when he gets down to \$2,000, he can't run in New Jersey, so he could still get use of his horse, rather than give it away to somebody for nothing.

MR. FERBER: I definitely believe something like that could be planned and could work. Because you have to realize in the East in the Metropolitan Area, you are seeing the best horses and the best racing in the thoroughbred business - New York, New Jersey and Liberty Bell. You have your best there, except for the West Coast and when they go to Florida. Another track that would be a mixed track might work well, sir.

MR. NERO: At Liberty Bill you can't run for less than \$2500; at Atlantic City, for less than \$3200 or \$3000. A horse that cannot race for that much can still attract people at Charlestown, Waterford, or Green Mountain. We have no half-mile track in Pennsylvania or New Jersey.

MR. FERBER: Right.

MR. NERO: Thank you.

SENATOR MARESSA: Just so I understand this, Mr. Ferber - I asked a question, I think, of Mrs. Yetter and

she passed, anticipating that you, perhaps, could answer it, about mixed days, which I think you just mentioned now. What would be the ideal situation, an exclusive quarter horse racing track or blending it or mixing it with standard-breds or thoroughbreds? How would that be best served?

MR. FERBER: If you were going to mix it, of course, the only way you could mix it would be with a thoroughbred meet because your harness track is so much different. In Atlantic City today they are running thoroughbreds and then harness horses, but, of course, they change their track. They have to. You can mix them, as they do in Louisiana, Colorado and a few other places. They have a mixed race of quarter horses and thoroughbreds.

SENATOR MARESSA: You mean, they have one race of thoroughbreds and then a race of quarter horses?

MR. FERBER: Yes.

SENATOR MARESSA: Is that more or less to introduce them to the public? Is that the reason?

MR. FERBER: It has helped.

SENATOR MARESSA: You would advocate this as a beginning - a way to begin the racing of quarter horses in this State?

MR. FERBER: As I said, right now -- You are asking me a personal question?

SENATOR MARESSA: Yes, your opinion.

MR. FERBER: I believe it would be a good way in this State to introduce them.

SENATOR DUMONT: Anyone else?

MR. TAYLOR: Mr. Ferber, do you feel that legalizing gambling, per se, in the State of New Jersey would affect appreciably the horse racing industry in the State of New Jersey?

MR. FERBER: I don't believe so. There are gamblers that are strictly race trackers. There are gamblers that are strictly people who sit at the table. And there are those who gamble either way. I don't believe personally

that it would hurt it.

MR. TAYLOR: Thank you, sir.

MR. FERBER: May I answer one other question that you asked Mrs. Yetter and she didn't answer?

MR. TAYLOR: Go ahead.

MR. FERBER: I do believe, knowing my state a little, that if gambling ever came that way to this State, I would like to see it State controlled. Let the majority of the people get the benefit from that revenue.

MR. TAYLOR: Thank you, sir.

MR. FERBER: I think that this proposition that we have up in the Meadowlands, this Sports Complex, where eventually the State would own it and get all the revenue is one of the finest ideas that has come along. We need help in this State. We need revenues. And let's let the State get all of it we can.

MR. TAYLOR: Fine. I think the Senator has a question.

SENATOR MARESSA: What is your understanding of State control, Mr. Ferber? The lottery is State operated; the race tracks are State controlled.

MR. FERBER: You are talking about the open gambling?

SENATOR MARESSA: You just said you would like to see it State controlled.

MR. FERBER: Right.

SENATOR MARESSA: What do you mean by State controlled? See, the lottery is State operated.

MR. FERBER: State operated.

SENATOR MARESSA: Then you didn't mean State controlled?

MR. FERBER: No.

SENATOR MARESSA: You meant State operated.

MR. FERBER: State operated.

SENATOR MUSTO: Do you remember the old Wiedner Course at Belmont Race Track?

MR. FERBER: Yes, I am not ----

SENATOR MUSTO: Would that be sufficient for something

like quarter horse racing? It was a straight runaway.

MR. FERBER: Yes, I believe so, Senator.

I believe so.

SENATOR DUMONT: Any other questions? (No response.)

Thank you very much, Mr. Ferber.

Mr. Kenneth Dunn, Atlantic City Racing Association.

K E N N E T H D U N N: Gentlemen, I don't really know what is expected of me, but I can clarify a couple of things that have been brought up that would concern Atlantic City Race Track or any race track in the State.

First, as far as the racing surface, there was a question whether quarter horses could race on the Atlantic City surface.

We have, as you know, trotter and thoroughbred racing. Trotters run on a much harder base. We take it down about eight inches when the trotters run. When the thoroughbreds run, we put top soil back on so you have more of a cushion. So our track superintendent could work the race track and make it suitable for any kind of racing. He can make it as hard as you want. He can make it like concrete if you want. We are going to be running an auto-thrill show there and they want it like concrete. So it will be worked like concrete. Otherwise, you can make it as loose as you want. The only other problem you would have is the weather and that you can't control.

As far as running a straight-away, Mr. Ferber was talking about running out of a chute and I noticed the Senator mentioned the three-quarter chute. That probably wouldn't be acceptable for people. It is too far to watch. But a chute can be constructed at one end of the straight-away so you would be running strictly in front of the grandstand and club house. That shouldn't present a problem.

The major problem that I see in integrating quarter horse racing with the thoroughbreds is the stall problem, and it is a major one. I know right now we are in the

process of granting applications for stall space in Atlantic City. We can only put 1350 horses on the grounds of Atlantic City, whereas Monmouth Park can stable 1650. Delaware Park will be closed. Liberty Bell will be closed. And they are all clamoring for a place to come stable their horses and to run. So we are turning down over half the people that are applying to us right now. They are all Jersey people or a good many of them are.

That would be the major problem - where to stable an x amount of horses that you would need to bring into the State for quarter horse racing. The stall problem is the biggest thing that I can see in integrating a meet.

If you wanted to get into an extension of dates and run strictly a quarter horse meet, that is something completely different. I know that the general feeling in Atlantic City with respect to quarter horse racing - I just discussed it quickly with the people there - but mainly their thought is that if we did have a special meet, we would be more interested in leasing the plant to a particular outfit that would want to come in and put this program on. If we were to be involved in running the thing, the problem right now is choice dates. Where are they? You run your trotters from the beginning of May and there is only a two-week break before we run the thoroughbreds and they go to the middle of October. It kind of kills all your prime time.

These are the only comments I have to make on the quarter horse. If anyone has any questions, I hope I can answer them.

SENATOR DUMONT: Are there any questions of Mr. Dunn?

MR. NERO: Just one question. Mr. Dunn, you said you are short of space in Atlantic City. Do you mean stall space?

MR. DUNN: Stall space, correct.

MR. NERO: You have enough ground to build more stalls if you needed them, don't you?

MR. DUNN: That would be no problem if you had additional stalls built.

MR. NERO: You do have plenty of land to build on?

MR. DUNN: Right. We have available ground.

MR. NERO: You said you can accommodate about 1300 and you get, say, applications from 2500 or 3000. So the reason they are being turned down is because you will not build more stalls.

MR. DUNN: At Atlantic City?

MR. NERO: At Atlantic City. We have had this problem for years, haven't we, this problem of not being able to get stalls?

MR. DUNN: Of course, that gets into a management decision as to whether the additional money spent for stalls is going to bring in enough additional revenue. I tend to doubt it. You still fill your races with 1350. You are able to have nine races every day.

MR. NERO: Do you know some days maybe 30 or 40 horses come from the outside to fill those races?

MR. DUNN: Absolutely.

MR. NERO: So you have about 1300 horses there. You are using about 90 horses a day and 40 to 50 come from the outside and don't have stalls.

MR. DUNN: I don't have the exact figures on how many, but that is the problem that we have this year. Garden State is going to open up their stall area September 2nd in order to take a lot of this overflow.

MR. NERO: I have seen some days as high as 55 or 60 come from the outside.

MR. DUNN: Especially this happened two years ago when we opened Garden State but we paid the vanning bill. That helped.

MR. NERO: When Garden State wasn't open, they took them off the farms, didn't they, to fill races?

MR. DUNN: Also right now, Garden State is able to stable less horses than Atlantic City.

ASSEMBLYMAN PELLECCCHIA: Mr. Dunn, I consider myself a racing enthusiast. I frequently visit Atlantic City and the other tracks in the State.

My question to you, sir, is: Do you believe that if we were to have casino gambling in the State of New Jersey that this would affect the racing meet at Atlantic City or any other racing meet around the State?

MR. DUNN: I am probably not qualified to give an answer. I can only give you a personal opinion. I think what most of the other people have said is true that your horse player is a horse player and I don't think he is necessarily going to be drawn away by any other form of gambling. I think if horse racing is still available, he will be at the races.

ASSEMBLYMAN PELLECCCHIA: The thought comes to mind that people that come from out of state to visit or spend some time in a resort where there may be casino gambling might also want to go to the track, making more people available to the track during the day.

MR. DUNN: I think you are absolutely right.

ASSEMBLYMAN PELLECCCHIA: Thank you.

SENATOR MARESSA: Mr. Dunn, you are a young person. Perhaps you could tell us what your opinion is regarding why more young people don't frequent the race tracks.

MR. DUNN: First off, the education isn't there. Until recently there wasn't any particular plan to educate young people into horse racing. Now every major race track, I think, has instituted these programs - in Atlantic City it is called "Morning Glory - it is called "Rail Bird" in California and by other names in different places - where they have a children's program every Saturday morning. It is free, with coffee and doughnuts and milk for the kids, where they teach them about thoroughbred horse racing. I know when we were growing up, we turned on the television and saw baseball, football and basketball. You were constantly hit with this kind of stuff and never anything

about horse racing.

ASSEMBLYMAN PELLECCCHIA: Does the fact that most of them don't have any money and are just building houses and raising families have anything to do with it?

MR. DUNN: I think that is another big factor.

ASSEMBLYMAN PELLECCCHIA: Secondly, - and I plead ignorance on this - who has the right to say whether you should or should not integrate quarter horse racing along with thoroughbred racing? Say, the Racing Commission decides, after proper application is made, that this should be done. Does the Atlantic City Racing Association have the right to reject that?

MR. DUNN: I don't believe so.

ASSEMBLYMAN PELLECCCHIA: So the State could order you to do whatever it feels is best?

MR. DUNN: To my knowledge, the State could order you to do most anything unless it would go against -- Well, I don't really know.

ASSEMBLYMAN PELLECCCHIA: You said something about leasing the track to the quarter horse people. In other words, actually the Atlantic City Racing Association owns the plant down there, right?

MR. DUNN: Correct.

ASSEMBLYMAN PELLECCCHIA: And they are licensed by the State and are given so many days, right?

MR. DUNN: Correct.

ASSEMBLYMAN PELLECCCHIA: But they own everything?

MR. DUNN: Yes.

ASSEMBLYMAN PELLECCCHIA: Why would the State have a right to tell them how to use their facilities?

MR. DUNN: That's a good point. I really don't know. I should have answered "no knowledge" because I really have none.

ASSEMBLYMAN PELLECCCHIA: See, I don't know either; I'm trying to find out.

MR. TAYLOR: Mr. Dunn, my favorite question: You

are State licensed, of course, down there.

MR. DUNN: Yes.

MR. TAYLOR: How do you feel about opening gambling into the State of New Jersey? Should we license it or should it be operated by the State?

MR. DUNN: Personally, I am all for it and I think a State-run operation would probably be to the best advantage to most of the people in the State.

MR. TAYLOR: That would be your opinion?

MR. DUNN: That's my opinion.

MR. TAYLOR: Fine. Thank you, sir.

SENATOR DUMONT: Mr. Dunn, what is your official connection with the Atlantic City Race Track?

MR. DUNN: Assistant General Manager. That's as close as I can come to a title.

SENATOR DUMONT: How is the season?

MR. DUNN: Great.

SENATOR DUMONT: I guess it hasn't started there yet. What are your preparations for the season? Does it look like a good one or not?

MR. DUNN: I think it will be very good, judging from the harness meet. It is up 13 or so per cent. That is supported basically by the general area, not by the Philadelphia trade. So I would hope it would be much improved.

SENATOR DUMONT: Do you agree that quarter horse racing could be handled through the Racing Commission as now constituted, without any new legislation?

MR. DUNN: I have no knowledge as far as what legislation would be required, if any. I think the only problem with quarter horses right now is that of education, educating the people in quarter horse racing.

SENATOR DUMONT: But you could adapt your track all right to quarter horse racing?

MR. DUNN: The track adaption should be no problem.

SENATOR DUMONT: How many yards could you set up on the straight-away in front of the grandstand, 500 yards?

MR. DUNN: Our straight-away is over a quarter of a mile long. So there is no problem.

SENATOR DUMONT: Any other questions? If there are none, thank you very much.

MR. DUNN: Thank you.

SENATOR DUMONT: Our next witness will be Donald C. Mascola, President of Telephone Bingo, Inc.

D O N A L D C. M A S C O L A: Mr. Chairman, I would like to take this opportunity to thank the Commission for affording me the time to present this new program on Telephone Bingo.

I was sitting here all day listening to all this valid testimony with regard to legalized gambling in the State of New Jersey, and I must commend you on taking all the different programs that are being presented to you, to try to see how they fit best into the State of New Jersey.

However, my program is not directed toward the entire State of New Jersey as a whole for what we classify legalized gambling, per se, but as a supplement to something that has already been in being for many years, and that is bingo.

The financial benefits derived by the countless charitable organizations throughout the State of New Jersey since the enactment of the Bingo laws are a matter of record.

Many bona-fide veteran, charitable, educational, religious and fraternal organizations, as well as civic and service clubs, volunteer fire companies, first aid and rescue squads, have made use of the game of Bingo, both as a fund-raising device and as a recreational outlet for their members and constituents.

The proceeds received from Bingo have been used to provide needed services to the community without the use of public funds.

However, the present Bingo program has been successful, and with the introduction of Telephone Bingo as a supplement,

we can give all of the above charitable organizations an additional method of adding to their revenue, as well as assist them in supplying more of the needed services to their local communities without burdening the State's revenues and sources.

The increasing population growth in all areas makes it mandatory for these organizations to increase their revenues, and Telephone Bingo provides a new and fresh approach.

The present Bingo operation is inadequate to meet this population growth because:

1. Without Telephone Bingo, the only method these charitable organizations have to increase revenue is to increase the number of games played --- and many organizations have already found it necessary to run more than one game per week --- some have even reached capacity.

This presents a major difficulty because the majority of individuals in a community usually cannot give up more than one night a week because of personal commitments, and other responsibilities to their homes and families.

2. Without Telephone Bingo these organizations will be compelled to run more than one, two or three games per week in their halls. Their overhead would increase significantly for each of these games, plus the added burden of requesting more volunteers to assist them in these expanded games. This becomes a major problem and defeats the goal originally intended for Bingo --- that of raising sufficient

funds to provide services to people in need. In other words, what we are saying is that when they attempt to run two or three more games, they usually do not have the turnout for the prize money that they have to hand out at those games and in some cases lost money for those evenings.

3. Volunteer Fire Departments and/or First Aid Squads have not had the opportunity to use the game of Bingo to raise much needed funds because of lack of adequate facilities to run the game. This compels them to resort to other methods, such as raffles, picnics and/or highway collections. Telephone Bingo will give these organizations the opportunity to raise additional funds for the excellent services they render to their communities. If these vital services are not financed locally, people will either be denied assistance or the responsibility will have to be borne by the State. There are many small townships that cannot afford a permanent Fire Department or First Aid Squad, because of this they must rely on Volunteer Fire Departments and First Aid Squads.

Like every business operation, increasing Bingo games at the halls increases overhead and expense, and decreases income. Adding the Telephone Bingo operation gives these agencies an opportunity to increase revenue with virtually little or minimum cost, affording them income with a relatively small operational cost, thereby resulting in more services to the community which would normally be borne by the municipalities or the State.

Telephone Bingo will also give the elderly and the infirm, as well as those lacking transportation, the opportunity to participate in the game. Many people who cannot attend Bingo Halls on a specific night and/or time will also participate in increasing the revenue in their local communities by asking their friends and neighbors to purchase Bingo slips at the halls for them.

The basic Telephone Bingo operation is as follows:

1. Telephone Bingo slips will be sold at the local community Bingo Halls, and will only be sold by bonafide State licensed charitable organizations.
2. Telephone Bingo slips will be delivered to each licensed organization wishing to install the program. The slips will be printed with (a) the organization's name and address, (b) the game number, (c) type of game, (d) date of game and (e) the telephone number to call. (These slips will be supplied by our corporation, Telephone Bingo Inc.)

All Telephone Bingo slips will be controlled by serial number and printing plate number.

The Legalized Games of Chance Control Commission, or any new Commission the State may wish to appoint, will pull the Bingo numbers for a particular game prior to the beginning of each game, this to be done in the same manner presently employed at local Bingo Halls (somewhat in the same manner as the State Lottery Commission selects the lottery number each week).

These numbers are then called in by the Commission to the "Mass Calling Telephone System" and will be automatically recorded on an auto-

matic telephone answering unit for proper transmission to participants who purchased Bingo tickets.

The "Mass Calling System" is a system that will be developed by the New Jersey Bell Telephone Company for T. B. I.

T. B. I. will pay for the service.

Participants in the game will call the phone number at their leisure and automatically receive the Telephone Bingo numbers for the game.

Winners will take their ticket to the charitable organization where it was purchased and receive the prize money.

Each charitable organization will receive a total of 3,032 Bingo slips for each game to be played. This is the total number of bingo slips available for any combination. These slips will be supplied by T.B.I., properly printed with all the information pertaining to the game of the week, as noted above.

For each game played by a charitable organization, a permit fee must be paid to the State of New Jersey for the rights to play this game.

There are presently 1,099 licensed organizations in the State of New Jersey. If all of them played one game a week, at a minimum State fee of \$20.00 per permit, the State would realize an income of \$20,000.00 plus per week, or approximately \$1,000,000.00 in additional income per annum from the right to play Telephone Bingo.

All revenues over and above the prize money, plus fixed charges, will be retained by the charitable organizations for their use.

T. B. I. 's fee to each organization will be approximately \$200.00 to

\$300.00 per month for the services rendered. This figure will not exceed \$300.00 per month, and may be lower. However, we are unable to determine what our cost will be until the "Mass Calling System" has been completed. T. B. I. will have no interest other than supplying the materials needed to play Telephone Bingo. In other words, my corporation would have nothing to do with the game whatsoever. All we are interested in is supplying the materials.

If a local charitable organization sold a minimum of \$500 worth of tickets each week and paid out prize money of \$200 to any one winner, and naturally multiple winners will divide the prize money equally, the projected breakdown of profit would give them an opportunity to add additional revenue to their operations to approximately \$10,000 more per year. The breakdown is as follows:

Total ticket sales for 4 weeks @ \$500.00	\$2000.00	
Total prize paid out		\$800.00
Total permit cost		80.00
Total service cost to T. B. I. (at maximum)		<u>300.00</u>
		\$1180.00
Total net profit per month	\$ 820.00	
Total yearly profit	\$9840.00	

The above schedule constitutes the minimum results for any local charitable organization. However, additional revenue to most organizations is estimated in the area of approximately \$20,000.00 to \$25,000.00 each year.

The statistics we have available today indicate that a minimum of 11,714,313 persons play Bingo in any fiscal year, and that the average expenditure for each individual is \$6.27.

It is our opinion that the 11 million people presently participating in the playing of Bingo in any fiscal year will realistically be increased to 16 million participants, and it could possibly double, because of Telephone Bingo.

Based on these projections, if each of these participants expends a minimum of \$5.00 per year on Telephone Bingo, the charitable organizations can realize an additional \$80,000,000 in increased revenue for the services they now render to their local communities.

In summary, what we are saying is that each charitable organization participating in the game will pay a weekly permit fee to the State for the right of the game. Again, the income to the State would be anywhere from \$1 million plus.

The other thing I wanted to say, from all of the discussions that went on today, you are lawmakers of the State of New Jersey and are concerned to get things done and pick up additional revenue for all of the people in the State of New Jersey. It is a tremendous job. All of these things can be done, but it takes money. And I think we have lost sight of the charitable

organizations in the local communities. We have drifted away from each other within the local communities. By adding additional revenue to these charitable organizations, these people can be brought closer together. Different things can be done within the local communities to help the State, which is a hidden situation now. These people do tremendous work for their local community operation. However, they are limited in many cases because they haven't got the funds.

There is talk today about vest-pocket parks that they can put together without the public assisting them in this program. There is need to cut down on crime. By bringing people together, we may eliminate some of this in a different way.

There is assistance needed in the dope area where the local churches and organizations could start to train people. If they have the money to do it, they can do the job. I know if you had the money to do it, we wouldn't be here today looking for other revenues to help the State in many areas.

That is the program that I would like you to consider today, gentlemen. If there are any questions, I will be very happy to answer them.

SENATOR DUMONT: Are there any questions?

MR. TAYLOR: I have no questions other than my regular question that I ask everyone. If gambling were approved, should it be State licensed or State operated?

MR. MASCOLA: In answer to your question, I believe if you are talking about off-track betting or casinos, there is a lot of evidence. I am not an expert on this. In the area I am presenting my program, there are already licensed bingo organizations that have been controlled very well by the State with the rules that are written in the Bingo Law. All that is required on my program would be an amendment to the present Bingo Law permitting these people to expand on their programs to get this

additional revenue.

MR. TAYLOR: I can appreciate that. But I am thinking more of casinos, off-track betting parlors.

MR. MASCOLA: I would say if the State could control it, it would be to their benefit.

MR. TAYLOR: By control, you mean operate it?

MR. MASCOLA: That's right, sir.

MR. TAYLOR: Thank you, sir.

ASSEMBLYMAN PELLECCCHIA: I am probably a little bit more familiar with this because I have been interested in it, after having several discussions with you. The question I did ask - and I think it would be well if it got on the record - is: What about the FCC in this situation?

MR. MASCOLA: Well, I have been in touch with the FCC in Washington and received a letter from them regarding this. Their reply to me was that they have no jurisdiction over the use of the phones as long as it becomes legal within the State. If the State would make this legal, you could use the phones to operate the game. The letter I received was from Mr. Kelly Griffith, dated March 7, 1972. It says:

"Dear Mr. Mascola:

"This is in reference to your request for our comments on your proposed Telephone Bingo. This Commission has no rules pertaining to operations of this nature. However, the regulations in the interstate telephone tariffs filed with us by the American Telephone and Telegraph Company provide that the service may not be used for any unlawful purpose. Thus, whether or not interstate telephone service may be used by participants in Telephone Bingo will depend upon its legality under the appropriate state and federal laws.

"We are not in a position to advise you as to these laws. . ."

That we are doing today, gentlemen. So their answer

to me was that if we pass it in the State, there is no jurisdiction to not permit it.

I also was in touch with the Public Utility Commission of the State of New Jersey and the same reply was given to me there verbally. They are interested in intrastate calls. In other words, there are two different types of telephone calls that are involved. One is intrastate, which means calls will only be handled within the State. Interstate calls do come under the FCC regulation, and again they have no objection as long as the State says, we wish to use it in a particular program.

ASSEMBLYMAN PELLECCCHIA: Since the hour is getting late - and I did have several questions because I intend to introduce a bill on this particular plan - I am just going to ask two other questions.

How would you control the sale of unsold tickets?

MR. MASCOLA: We have given some thought to the sale of unsold tickets. We will be supplying these organizations with 3,032 bingo slips, which is the total aggregate of the package. We would handle it almost in a similar manner as the State Lottery does. We would supply the individual organizations with an electrostatic clock and they would have to place the unsold tickets into an envelop that we would supply and these would have to be stamped and sealed. If they did not do this, they would have to pay for the premium of those unsold tickets, similar to the State Lottery.

ASSEMBLYMAN PELLECCCHIA: My last question: What will the tickets sell for?

MR. MASCOLA: Our suggested approach is to sell these tickets at 50 cents a ticket and have the prize money at \$200 to \$250. However, we feel this would be something that the State can set up and control, similar to what they are doing under the Bingo Law.

ASSEMBLYMAN PELLECCCHIA: Thank you.

SENATOR DUMONT: Are there any further questions?

(No response.) Thank you very much, Mr. Mascola, for coming today.

Desmond Massey, Local 109, Newark, Hotel and Restaurant Workers, AFL-CIO.

D E S M O N D M A S S E Y: I am a representative of Local 109, affiliated with the New Jersey Culinary Alliance, which consists of 13 locals, representing approximately 15,000 workers in the State of New Jersey.

Four years ago, many of us involved in these hearings, including myself, spoke at public hearings concerning the Minimum Wage and Hour Laws for hotel and restaurant employees in the State of New Jersey.

My position then, in terms of those interests I spoke on behalf of, was that the enactment of higher minimum wages and lower ceilings on work weeks would create an attractive job source for those seeking employment, particularly those in unskilled categories in the hotel industry. Those with the opposing viewpoint argued that the adoption of improved standards would mean the final demise of the hotel and motel industry, particularly in the shore resorts of the State of New Jersey.

For those of us from the northern urban areas of the State, it was argued that improvements would upgrade those who were still reeling from the horrendous effects of the 1967 civil disturbances.

Statistics will show a great majority of culinary industry workers was made up of people from minority groups who ultimately became the hardest hit by the economic losses of the riots of 1967.

The owners and operators of hotels and motels pointed to the competition from resort areas who were enjoying the majority of tourism and convention trade because of better climate, more modern facilities, accessibility to air and sea travel and a growth in popularity of travel packages designed to meet the desires

of those who like to indulge in various forms of gambling in their leisure hours and on vacation.

The arguments of both sides are no longer relevant. Four years of a continually stagnating economy, coupled with an increasing exodus of industry from the State of New Jersey, has caused New Jersey to be ranked top priority in terms of the nation's highest unemployment areas.

Communities from one end of the State to the other with heavy concentrations of available labor supply have experienced increases in crime rates, welfare rolls, drug usage; all recognized as the consequences of a depressed economy.

All the major studies by commissions on urban problems forecast the detrimental effects that communities suffer when employment becomes a luxury and idle time is more available than work time.

Our shore communities have become a combination of crowded ghettos, empty boardwalks and struggling hotels. Those who have employment are strangled by an anachronistic tax structure, unable to supply the moneys for our systems of education, housing, transportation and highways.

The solution is obvious and basic. New jobs must be created and casino gambling would mean employment not only to the hotel and motel industry but also to various related occupations. Casino gambling, properly supervised, could become a sorely-needed source of input in terms of tax revenue.

Corporations show a preference to expand overseas and our tourist dollars follow the same route and become the mainstay of many foreign economies. Many of us who prefer to spend an American dollar on foreign soil are those very same people who return from far-off places and openly expound in our daily surroundings on the advantages casino gambling is to these vacation spots.

However, as soon as we settle home, our approval becomes a vociferous objection in terms of implementing

legalized gambling in New Jersey. Those of us who categorize gambling as immoral, tacitly approve many of our citizens who could gain fruitful employment from its legalization of having to suffer the basic immorality of being denied a job and suffering instead the degradation of welfare and unemployment rolls.

The most readily used argument against the legalization of casinos is the so-called creation of a breeding ground for the elements of organized crime. I refuse to be cowed by that argument and consider it an affront to both the large cadre of competent administrators that would be available to supervise gambling and also to our established system of government.

It is this very attitude that allows the elements of organized crime to almost openly run a system of gambling free of taxation. Gambling is an inherent part of our system. Whether it is a human failing that can be corrected is hardly an issue for the Legislature to decide. The history of the Volstead Act is rife with our failures to legislate the manner in which men should spend their spare moneys.

A state that approves race tracks, lotteries and bingo games and accepts its citizens gambling outside its borders can hardly justify the arbitrary dismissal of legalized gambling.

The survival of our shore resorts is at stake. Their demise will mean an extra burden in terms of supporting those who become jobless as hotels and motels close their doors.

Those of us in the labor movement have of late attained much expertise in the areas of severance moneys and layoffs. The parties on the other side of the bargaining table are constantly attuned to the process of liquidation and bankruptcy.

I urge you to go beyond the superficial analysis of the subject of casino gambling and other forms of legalized

gambling and avoid the pitfalls of a hasty decision based on moral judgment. The time has come for all of us to be practical. Our State's economy is floundering. We have just witnessed the negative reaction to an income tax.

Casino gambling will not be a panacea for all the problems that confront us. But its legalization would be a positive source of alleviation in terms of new jobs, more money spent in the State of New Jersey and a source for tax revenue.

I urge you to allow the people of our State to decide this issue by a referendum vote.

SENATOR DUMONT: Questions of Mr. Massey?

ASSEMBLYWOMAN KLEIN: I just wanted to ask - was that an official statement from your organization?

MR. MASSEY: No, that is a personal statement.

ASSEMBLYWOMAN KLEIN: It is a personal statement. You are with the ---

MR. MASSEY: -- Hotel and Restaurant Workers.

ASSEMBLYWOMAN KLEIN: -- Hotel and Restaurant Workers. But this is your own statement?

MR. MASSEY: This is my own statement, but I know that the New Jersey Culinary Alliance spoke at the last hearing and they have already endorsed the concept of legalized gambling, as has the State AFL-CIO.

ASSEMBLYWOMAN KLEIN: Thank you.

MR. CURRIN: You emphasized only casino gambling. Are you in favor of any other forms of additional legalized gambling in the State of New Jersey?

MR. MASSEY: Well, I feel more or less, as was mentioned here this morning, that maybe it would be more feasible to apply this piecemeal. I don't say we should have an across-the-board legalization of all forms of gambling. Maybe it is a selfish interest, but I feel the people I represent would have an immediate gain from casino gambling as it relates to hotel occupancy and the restaurant business.

MR. CURRIN: Do you have any objection to other forms of gambling?

MR. MASSEY: Let me say this, that the country where I was originally born and raised, which has probably one of the strictest moral codes in the world - it is a 98 per cent Catholic country and I am not injecting religion in this - has had many, many forms of legalized gambling for the last 50 or 60 years, including harness racing, greyhound racing, slot machines and licensed bookmakers. And it doesn't seem to have had any drastic effect on the morals of the people who live in that country. If that is any criterion, I wouldn't hesitate to say that we could eventually go across the board with gambling. At this time, as I say, frankly I admit I am inclined to have a selfish interest.

MR. CURRIN: Thank you.

MR. TAYLOR: Mr. Massey, in your favoring a casino operation, would you care to have it State licensed or State operated?

MR. MASSEY: I think frankly I would like to have it State operated.

MR. TAYLOR: State operated?

MR. MASSEY: Yes, sir.

MR. TAYLOR: Thank you.

SENATOR DUMONT: I think that covers everything, Mr. Massey. We thank you for your coming.

Rev. Samuel A. Jeanes, General Secretary of the Lord's Day Alliance of New Jersey.

S A M U E L A. J E A N E S: Senator Dumont and members of the Legislature's Gambling Study Commission, I am Samuel A. Jeanes of Merchantville, New Jersey, the General Secretary of the Lord's Day Alliance of New Jersey and the Legislative Secretary of the New Jersey Christian Conference on Legislation.

It is our opinion that New Jersey does not need any more gambling. We have too much already! A popular

magazine recently said, "Gambling is like diving into an empty swimming pool. The chances that you will hit bottom are about the same."

Every gambling proposal that has come before the public has had tied to it the "good causes" that can be helped to say nothing about keeping the taxes down. We are not unsympathetic with the good causes. But there must be some missing links in the promotion of legalized gambling because the taxpayer's load does not get lighter. Letters to the editor often appear in Southern New Jersey papers asking what the lottery has done to ease the burden of the taxpayer. A report was given some months ago by the Lottery Commission about the distribution of its receipts...but it was not a very satisfactory report. It never told how much money was taken in...how much money was gambled by the public to realize that distribution...how many tickets actually had to be sold, and how many people lost! And, of course, our fiscal problems are not solved. The sales tax was increased from three to five per cent. And still there are calls for more taxes.

We need to get the whole picture about gambling for taxes for to persist in claiming that the fiscal problems of government can be solved by additional gambling taxation is to fail to recognize the nature and magnitude of the tasks that confront government today.

A study was made several years ago of the combined State-local tax structure of the nation which indicated that only seven-tenths of one per cent of the tax income was derived from pari-mutuel wagering and other forms of gambling. The point that we want to make to you is that gambling taxation is still a token effort. And if we were to succumb to the sales tactics and promotional schemes to encourage people to double their gambling this would still produce less than $1\frac{1}{2}\%$ of the total tax yield. This is a long ways from meeting the cost of government in the seventies.

The economics of gambling are not good. It has been stated that for every

1,000 winners in the lottery there are 999,000 losers. You are concerned about our stubbornly high unemployment statistics in New Jersey. Could the constant pouring of multiplied millions of dollars into gambling by the people at the invitation of government have any relationship to our economy? Dollars in lotteries do not produce the jobs that are the backbone of our economy. It is consumer spending for necessary commodities...food, clothing, homes, transportation, appliances health services, etc. that turn the wheels of commerce and industry and produce gainful employment for more people.

We are also concerned about the gambling atmosphere that is being created in New Jersey. We have been moving steadily and wrecklessly into a gambling oriented environment. Some years ago it was the concern of the Legislature that gambling not become a significant factor in any community. We have moved a long, long ways from that principle. Enticements to gamble line our highways and appear in the public press in paid advertisements. These invitations to gamble find their way into the crowded areas of the cities where sometimes the relief costs are high and the crime rates are higher. One of Camden City's depressed areas where stores are either boarded up or protected by screens and bars has a large billboard with the familiar clover announcing in glaring letters, THIS IS CLOVER COUNTRY! It may be clover country for somebody but not for the people who live there.

We know that you are seriously faced with the problem of revenue to operate the affairs of the State. But in the search for revenue you must be careful not to mortgage our greatest resource....namely, the people who live here. Perhaps the tax burden could be eased by needed economies. Certainly, we commend the Governor for rescinding the approval of government funds that financed trips abroad for 67 young people. I think if you read last week's Congressional Record, you will notice it was not just that \$60,000 but it was about \$1 million involved. Maybe you should take a hard look at the expenditure of \$3,330,767 last year to care for 1110 pre-school children in Day Care Centers. Certainly,

we need these services for our children, but the cost seems very high. And the expenditure of \$200,000,000 for a Sports Complex with a Race Track in the most densely populated area of New Jersey may realize more moral deficits than it will financial assets.

Certainly, we need an infusion of moral and spiritual strength in our State and nation. We have serious problems when over 100 public officials are under indictment by State and Federal Grand Juries. The churches do not have a monopoly on moral and spiritual matters. Our elected officials have the power to chart a better and higher course for all of us. So respectfully today we would urge you to turn the tide. Refuse to recommend any further legalization of gambling in our State. Instead of going further down the road of economic and moral grief, let's begin to climb the hill up where we can encourage economy in government, supported by honest taxes, where we will teach the people to save and not gamble, and where we will educate and inspire our youth with the glory and dignity that can be found in achievement, hard work and attainment. Thank you very much.

SENATOR DUMONT: Are there any questions?

MR. TAYLOR: Rev. Jeanes, being practical about the whole matter after your talk, let's suppose that gambling was opened in the State. I am asking everyone the same question. Would you prefer to have it licensed or State operated? Certainly you must have an opinion on that.

REV. JEANES: Mr. Taylor, let me try to answer this with a long answer. There was an article that appeared in the Philadelphia Bulletin some months ago. A man by the name of James Smart wrote this and he had his tongue in his cheek. He envisioned a public hearing in the State capitol of Pennsylvania, Harrisburg. It was in the year 1984. There was a public hearing on the legalization of robbery in the State of Pennsylvania.

The Mayor of the City of Philadelphia came. He

said, "You know, statistics prove that every year we have more and more robberies. And we are convinced that there is a certain percentage of people that insist on getting their income by stealing. So I think we might just as well legalize it."

The District Attorney from Philadelphia came and he said, "Well, I agree with the Mayor in substance. But I think we ought to license them. We ought to charge them a tax so that we can get some revenue on this thing. And, if we can do this, the police will be able to do more important things. They won't have to worry about catching robbers anymore."

The hearing went along and they heard various testimony and the conclusion was that a professor from the State University came and he said, "Gentlemen, just think how much we could save if we just wiped all the laws out. We wouldn't need any courts, any lawyers, any judges, any police force."

This is not the way, Mr. Taylor. We have to climb the road up and begin to think in terms of what is good for the people.

What does our Constitution say? We are to promote the general welfare.

That was a long answer, wasn't it?

MR. TAYLOR: I am not going to tell any stories, but I do feel that you would have an opinion in the event that this State opened gambling and I wondered what your opinion would be. Would you want your casinos to be operated by licensed operators or would you prefer that your State government operate them?

REV. JEANES: Mr. Taylor, I listened to Attorney General Kugler today and on previous occasions, and he has pointed out that there will be many, many problems. Let's just hope we don't have any more gambling to have to control. But certainly, if we are going to have it, we ought to have the most rigid control that we can

possibly have and I would never trust private enterprise to do this because you know who they will be looking out for.

MR. TAYLOR: Thank you. I wanted your opinion.

REV. JEANES: But I wanted to tell you the other story too.

MR. TAYLOR: Well, it has been a long day and a story is necessary once in a while.

SENATOR DUMONT: Thank you very much, Rev. Jeanes.

REV. JEANES: You are welcome.

SENATOR DUMONT: Mr. William Green, Coordinator, City of Asbury Park.

W I L L I A M G R E E N: Senator Dumont and distinguished members of the Committee: I am here representing the Mayor and Council of the City of Asbury Park and the City Manager and the people.

Today New Jersey is the most densely populated state in our country. With such a fast-growing population, our problems are increasing proportionately. State expenditures are rising and employment problems are spreading. It is now a fact that New Jersey's financial resources are nearly exhausted. We have reached the breaking point of the New Jersey taxpayer, as was indicated at many serious committee hearings on the tax crisis. Additional taxes such as personal income tax and increased sales taxes will create further burdens upon our State's citizens. New families and businesses may look elsewhere to settle. The State at this time should concentrate on increasing State revenues and at the same time increase economic expansion. This is definitely the case for Casino gambling. This certainly will help seasonal problems of employment, welfare and the doldrums of our winter season in the shore areas.

It is interesting to note the various cities and towns, the AFL and CIO, the Public Safety Associations, the State senior citizens, the New Jersey Jaycees and some

clergymen are in favor of casino gambling. Again I ask the New Jersey Legislature or the members of the committee whose duty it is to report these bills out for a floor vote why they are hesitant to allow the New Jersey electorate, whom I consider one of the most intelligent in the country, to go to the polls and vote on this issue on referendum. At two former hearings before the Senate Judiciary Committee, it was amusing and interesting to note the minimal amount of opposition, mostly based on morality and policing. Let's take a look at the moral questions:

We have horse racing.

We have bingo and raffles.

We have the New Jersey Lottery.

Are these forms of gambling moral and casino gambling immoral?

Is it moral for people in our slum areas to live in ghetto conditions? Casino gambling can help correct some of these conditions.

Is it moral for our people to be deprived of social, economic and employment benefits because we have objectors to this form of revenue? Are we finally going to become realistic and acknowledge the peoples' needs to raise the money without penalizing the poor? Casino gambling can help in these areas.

It has been estimated that Casino gambling would yield from 200 million dollars upward based on a 500-mile radius of the State. The largest population in the United States is concentrated in this area of approximately 100 million people. The economist, Dr. Horace De Podwin, Dean of the Graduate School of Business Administration at Rutgers University and head of a private research firm retained by the New Jersey Hotel and Motel Association to survey the impact of gambling, said, "State revenue from gambling could avoid the need for a State income tax."

It should also be noted that the New Jersey State Association of Police Chiefs, the Firemen's Mutual Benevolent Association, and the State Police Benevolent Association

have gone on record in favor of casino gambling. I am sure that these police agencies who have endorsed casino gambling have done so with the knowledge that the so-called objections to this form of gambling could and would be controlled by the local Chiefs of Police and the municipal police forces. I further advocate rigid control of casino gambling by the State and other law enforcement agencies.

The atmosphere of a casino and the games that are played are designed to attract a far more selective and more affluent clientele than does the other forms of gambling. It is high time that this committee and the Legislature listen to the voice of the people who demand a gambling casino referendum to vote on in November. No longer will the people of New Jersey accept any new forms of taxation. The Casino Gambling Bill can fill this vacuum, providing a new means of increased revenue.

Let me remind this committee that the economic growth of Freeport, Antigua, Puerto Rico, and Monte Carlo can only be traced to casino gambling. These locations have contributed to churches, erection of public buildings, recreational facilities, employment, to almost complete reduction of taxes and the general welfare and health of the people.

Casino gambling can and will trigger off a building boom the likes the cities affected have never dreamed of, along with increased employment and increased rateables. New Jersey's Hotel and Motel and convention business, which is deteriorating rapidly, will come back to life, as indicated by the reference I made to the Islands and Las Vegas that now have casino gambling. Airline passenger service, train, bus, and all other modes of transportation would be increased tremendously with the State being the beneficiary of additional taxes. I also ask this committee to ponder over this question: Florida, which supposedly has everything, finds that the tourists who visit there and the natives leave Florida to visit the

Bahamas and other Islands. Why? The answer is very simple "casino gambling." If this form of gambling is not the total answer to our State's financial problems, it certainly can be the largest tax contributing factor in alleviating our financial problems.

On behalf of the Mayor and Council, the City Manager and the people of Asbury Park, I strongly urge that you report this bill out. The people who will benefit the most from the passage of this bill are the poor, under-privileged and the unemployed living in the slum and ghetto areas. Our taxpayers and senior citizens may relax, knowing that their properties and living conditions will be sustained and protected. The American system of legislating is government by the people and for the people. I predict the Casino Gambling Bill allowed by our legislators to reach referendum will pass 3 to 1.

I feel that I am voicing the opinions of the hard-pressed urban cities and the people throughout the State.

There is one more thing I would like to remind this Committee of. I, like so many others, who are city officials could have written the dialogue to the riots that we had prior to 1970 had this question of gambling and the revenues derived from it been resolved at that time rather than try to write the dialogue now.

I come from an affected city that had riots and still has the problems of slum areas, ghettos, housing, etc., and unemployment. Our unemployment rate runs between 7.2 and 8.9 per cent during these times that I have just mentioned.

I come from a city that has a 7.25 tax rate over a 100 per cent assessment where we had a tax crisis last year.

I bring this to the attention of this Committee because this is prevalent throughout the State of New Jersey. Something must be done. And in order to fill this vacuum of our taxes since the Tax Bill has just been defeated,

I can see nothing else that can produce the kind of revenue that we are talking about.

SENATOR DUMONT: Any questions?

MR. TAYLOR: Mr. Green, presuming that we do have legalized gambling and presuming that Asbury Park would have a casino or two, should they be State licensed or should they be State operated?

MR. GREEN: I would leave this to the option of the State Legislature. I am impressed with the operation that the ABC has where they license people and where the State has licensed horse racing and received the revenues from it.

I think the revenues derived from this type of gambling, no matter how the Legislature figures it out, will be sufficient.

MR. TAYLOR: Then your thinking would be that licensing by the State ---

MR. GREEN: This is personal. I am not talking for my Mayor and Council.

MR. TAYLOR: I am interested in your personal opinion here.

MR. GREEN: Yes, because I think that a good many more people could be employed through this type of licensing. The State is not involving itself in the business, the entire gambling business, let's say. The licensing of liquor establishments and horse racing has proved itself. We don't have too many problems with them. We have an enforcement through the ABC that takes care of our liquor problem pretty well. And I see no reason why the State couldn't enforce it this way too.

MR. TAYLOR: Your opinion is appreciated. Thank you.

ASSEMBLYMAN PELLECCCHIA: Mr. Green, I would just like to compliment you on your presentation. I have no questions.

MR. GREEN: Thank you, sir.

MR. CURRIN: Mr. Green, you made one statement

that interested me and that was that you feel that the legalization of additional gambling would take care of the vacuum that has been created through the failure of the tax package. From all the estimates we have heard, it appears that most individuals who have discussed this feel that this wouldn't by any means eliminate that crisis.

MR. GREEN: Well, let me say this: You have discussed many ways and means of raising money through legalized gambling here today. If you asked me whether I was in favor of them, I would say, yes. So we are not only talking about \$200 million; it could be a great deal higher than that, considering the other forms of OTB, etc.

Here is another thing - my wife puts me to sleep every night reading excerpts from the Bible and I don't think I have made a wager in five years, so I am not a gambling man. But I don't feel that any individual or any organization should impose their will upon the people of this State. I think the people of this State should have the right, because they are an intelligent electorate, to make up their own mind as to what they want.

To expedite this, your committee should bring this out to a floor vote, have the Legislature vote on it, and then go into the studies. Because I know how vital it is that these studies be concluded in a hurry or else this thing is going to linger on for another couple of years.

Now I have been attending these meetings and hearings for the last two or three years and nothing has been done. I am sure a lot of people have made studies of this. I don't want to refer to the Senator by name who made the statement, but at one of the meetings that I attended here or one of the hearings, he said that he didn't think the people of New Jersey were ready to make up their minds as to whether this is a good bill or not, the Casino Gambling Bill.

Well, if the people in this State cannot make up

their mind and haven't made up their mind and haven't been educated by now, they never will be. And I can tell you that the people of New Jersey are pretty smart because they have picked the man who has won the presidency in almost every election. So they must be pretty "hep" people.

ASSEMBLYWOMAN KLEIN: Mr. Green, as an elected official, I have to agree with you that the people of New Jersey are a very smart electorate.

MR. GREEN: Thank you, ma'am.

ASSEMBLYWOMAN KLEIN: Mr. Green, did your town council support the tax package that was before the Assembly last week?

MR. GREEN: This I could not tell you.

ASSEMBLYWOMAN KLEIN: You don't know of any official action?

MR. GREEN: No, there was no official action taken.

ASSEMBLYWOMAN KLEIN: Your town is in Monmouth County?

MR. GREEN: Yes.

ASSEMBLYWOMAN KLEIN: Is Asbury Park the only community in Monmouth County that has the kind of problems which you have described?

MR. GREEN: Well, we are the only ones that had any riots, what you would call a full-fledged riot where they burned down various buildings and properties.

ASSEMBLYWOMAN KLEIN: No, no. I was referring to high local tax rates and falling property values.

MR. GREEN: Oh, yes. I think we have the roughest time as far as taxes are concerned.

You know it is very amusing. I remember when Senator Dumont was chairman of the Tax Policy Commission, he tried to put a package together to alleviate the situation in this State. At that time he said, the time has long gone by when we should have had this. And how many years ago was that, Senator?

SENATOR DUMONT: About ten.

MR. GREEN: Ten years ago. And that is why I am

repeating these statements today. God knows when we will have a tax bill in this State from which we can derive the necessary revenues to run our State. But we know what we have here.

Are there any other questions?

ASSEMBLYWOMAN KLEIN: Mr. Green, I would like to respond on that. I haven't made any statements. But it seems to me that the tax package that was before the Legislature last week had within it a great deal more meaningful revenue and relief for communities such as yours than does any proposal that you might be considering now. Because actually whatever we know or don't know about gambling, one thing is sure that we really don't know what the revenues will be or what the effects will be.

MR. GREEN: I think I can give you this answer: We have a pretty good expert on that, living real close by us who represents us, Senator Eugene Bedell. And I think he will give you a lot more on that when he gets to the Atlantic City area.

ASSEMBLYWOMAN KLEIN: Oh, yes, we sit together.

I can understand how a casino gambling location, or one of its kind somewhere could attract an enormous amount of outside tourists coming in for the fun of it. Under a proposal that would open casino gambling in the State at the will of any local community to have it in their community, do you visualize it would be that kind of an attraction - I mean, if instead of having it just in Asbury Park, you had it all along the coast of New Jersey, let's say, and up in Bergen County and maybe out in Morris County?

MR. GREEN: I don't know how the Legislature intends to set this up if they agree to bring this before the people. But I think at a previous hearing of the committee, I said that Atlantic City could handle the places for people coming from the south, from Philadelphia, etc. Asbury Park which has practically the same type of facilities

as Atlantic City - we have a race track close by, Monmouth Park, and we have Freehold Raceway - could handle the people coming in from the metropolitan areas of New York and North Jersey and Connecticut, etc. Now you have Great Gorge. I think they are entitled to it up there too because that is developing into something. There was an expression from one of the Assemblymen up in Newark. He said that he thought that Newark should have them. Of course, I don't know how Mayor Gibson feels about that. I can't speak for those people.

I would say, if the Legislature sat down and said, let's look at the cities that have the facilities, that have the boardwalks and the various things to accommodate these people coming in as tourists and on conventions, then they could determine which places should be set up for this type of gambling.

Remember too that our convention business has slipped down to nil and Atlantic City has also told you this. There are other convention sites all around the country that are vying for this kind of business and they are getting it. And our cities have deteriorated. Some of them are pretty old. The housing is bad in them. In our city we have a rejuvenation program going on. We are building. But we are not putting up the type of buildings that will bring back this convention business and tourism into the State which is one of the largest industries in New Jersey.

ASSEMBLYWOMAN KLEIN: How do you account for the drop-off in convention business?

MR. GREEN: Let me ask you this question: If you had the option of going to Las Vegas or going to the Islands on a vacation and they start selling you a package and there is gambling down there and you are going to have, say, a couple of weeks of fun, where would you go? Would you go to Atlantic City or Asbury Park where you have none of these facilities or would you go to the Islands or Las Vegas?

ASSEMBLYWOMAN KLEIN: Well, how large a convention can Asbury Park accommodate? Do you have a convention hall?

MR. GREEN: Yes. We have a large-size convention hall. It seats around 4,000 people. And we have a casino now that is totally empty and that could seat as many too. But right now it isn't used.

ASSEMBLYWOMAN KLEIN: Did you say you have a casino?

MR. GREEN: Yes. We call it the casino too. This is a building that could be rejuvenated and refurbished and used for this particular type of thing.

ASSEMBLYWOMAN KLEIN: Thank you.

ASSEMBLYMAN REID: I have, I guess, a combination of questions and comments to put to you.

We have been talking here primarily about casino gambling, and prior to this discussion, it was on a local option basis. Of course, we go through legislative trends and social trends and it appears to me that the legislative trend at the present time is to consider the legalization of gambling. If this were to be approved in the State of New York and the State of Pennsylvania and the State of New Jersey, we would all be in the same relative competitive position. In other words, if New York has casino gambling and if every town that wants it in New Jersey has the same thing, then the position of Asbury Park or Atlantic City in relation to their competition really hasn't changed. The reason the Monte Carlos and the Bahamas have been so popular is because they are so few and the select group that wants to go there will make the effort to go there because there are other side benefits such as good climate, etc., which I am sure are helpful.

So it seems to me after your remarks that you basically are against local option - if I interpret you correctly - and propose that selected cities or selected areas of the State be designated as potential casino locations. Is that correct?

MR. GREEN: I would say that I would leave it to local option. Remember this, Assemblyman, you must consider the shore area of New Jersey compared to other states. If Pennsylvania should become competitive with us, how much shoreline do they have? Nothing.

ASSEMBLYMAN REID: You are talking shoreline, but we also know that the convention business goes to the Poconos and other places. I don't understand your argument. If we all have the same base and things haven't changed any and there isn't any particular reason why people would go to Asbury Park or go to Atlantic City, why would they go there? If they can go any place and gamble and they don't choose to go to Asbury Park now, why would they choose to go there after there is casino gambling unless you were selective in location of sites?

MR. GREEN: Because we have the ocean, we have the beaches and we have the hotels and motels.

ASSEMBLYMAN REID: You have that now, sir.

MR. GREEN: Yes.

ASSEMBLYMAN REID: If everyone has the same competitive base, what difference does it make? In other words, if you can't get the people there now to the ocean and the boardwalk and you aren't going to offer them anything additional when you get casino gambling because everybody else has it, of what benefit is it to go to Asbury Park or Atlantic City?

MR. GREEN: The benefit is getting casino gambling. This is the thing that will bring them into cities such as Atlantic City and Asbury Park. You are saying, suppose the other states or other cities do this. Is that right?

ASSEMBLYMAN REID: Yes. I think you are missing my point. Right now the only competitive advantage you have over other resort areas is the fact that you are on the ocean, you have the boardwalk and, of course, you are well known as a convention area. And you feel that the addition of casino gambling would help you by bringing in

a new group of people who would be interested in going there, not only because you have the ocean, but because you have casino gambling too. What I am saying is if everyone has casino gambling, why would you change those people's viewpoint so that they go to Atlantic City or Asbury Park?

MR. GREEN: Do you have reference to the cities in New Jersey?

ASSEMBLYMAN REID: Sure. New Jersey, New York, Pennsylvania.

MR. GREEN: It is very simple. If you left it up to local option, do you think every city is going to vote for the privilege?

ASSEMBLYMAN REID: I think your major resort areas would --

MR. GREEN: That's it.

ASSEMBLYMAN REID: (continuing) -- which would include all your competition.

MR. GREEN: You are answering your own question.

ASSEMBLYMAN REID: Newark right now is not a major convention city. It has its conventions, but it is not considered to be a major convention city. Neither is Jersey City. So these are not your competition right now for conventions. Your competition is the resort areas of this state and the resort areas in neighboring states. And if they will have the same economic base and the same attractiveness you have, why would they come to Asbury Park in preference to the other places which they are going to now?

MR. GREEN: It is very simple, Assemblyman. Atlantic City has testified here today that their convention business is dwindling. Ours is dwindling. All the sites that we have in New Jersey as far as convention sites outside of Great Gorge are dwindling. We have to give this a shot in the arm. We have to bring the business back to these cities.

ASSEMBLYMAN REID: I understand what you are saying,

but I am also aware that the greatest convention cities in the United States are San Francisco, Houston, Dallas, Chicago, New York and Boston. These are your convention cities, none of which has casino gambling at the present time. You have the seashore and the boardwalk, all reasons why people ought to be going to your city rather than to these other convention cities. You mention the fact that Las Vegas is a great convention city, which it is, and that people go to the Bahamas on conventions, which they do, but nowhere near the extent that they go to the other convention cities which I just mentioned. I just can't understand how with casino gambling on an across-the-board basis where Asbury Park would be helped one bit. I just can't understand this.

MR. GREEN: Well, the greatest loss we have had to the State has been to Las Vegas where there is casino gambling - to Porto Rico. Conventions are going there that normally would have come to Atlantic City. Asbury Park is unique as far as this is concerned because we haven't got sufficient motel and hotel accommodations to handle big conventions now. If we were to get casino gambling, we would have a building boom there. People would come in and build hotels and motels and the result would be that it would put us in a competitive position with the other cities, not only here in New Jersey but throughout the country.

ASSEMBLYMAN REID: I understand your position. But assuming you have open casino gambling on a local option and Atlantic City builds hotels and Wildwood builds hotels and Great Gorge builds hotels, etc., you still have the same market to draw from of conventioners and vacationers. Obviously you are going to have the same problem of overbuilding because there are just so many places that can fill a certain need within our society. I really can't understand from your vantage point how you can say you

believe that local option on a broad basis would be in the best interest of an Asbury Park or an Atlantic City. I just don't understand it.

MR. GREEN: Do you want us to stop becoming competitive, Assemblyman? This is what would happen. If we didn't go ahead and get a shot in the arm - I am talking about casino gambling or any other forms of gambling - then we would be in the same position we have been in for the last 20 or 25 years where nothing has been done in these cities to increase the economic growth of them.

Now I am saying that this will do the trick. This will trigger off a building boom, it will increase our ratables and it will start bringing the tourists and the conventions back to the cities.

ASSEMBLYMAN REID: We are not talking the same wave lengths. We are on different wave lengths. There is no sense of my continuing.

SENATOR MUSTO: You two have that conversation by yourselves afterwards.

SENATOR DUMONT: Mr. Green, if casino gambling were submitted to a local option question, having passed first the statewide referendum -- if it were submitted to local option in Asbury Park, do you believe that a majority of the voters there would vote in favor of it?

MR. GREEN: I do, sir, overwhelmingly.

SENATOR DUMONT: Do you feel that there ought to be any limitation on the number of casinos in a given town, as was mentioned earlier here today?

MR. GREEN: Yes, I do.

SENATOR DUMONT: Have you any feeling as to how many there should be in any given place?

MR. GREEN: I think this is optional again with the Legislature.

SENATOR DUMONT: Let's take Asbury Park. How many do you think there should be there?

MR. GREEN: I think two or three would be sufficient.

Senator Dumont, I have a statement here by the City Manager, William Shiel. It is very short. Can I read this into the record?

SENATOR DUMONT: Is Mr. Jules Resnick still going to testify for the Chamber of Commerce?

MR. GREEN: He will speak right after.

SENATOR DUMONT: He is going to testify on behalf of the Chamber of Commerce, right?

MR. GREEN: Yes.

SENATOR DUMONT: O.K., go ahead.

MR. GREEN: This is the statement of William J. Shiel, City Manager of Asbury Park:
(Reading)

"As City Manager of Asbury Park, which is one of the major resort communities in the East, I have had an opportunity to study carefully the needs of a resort community in this present competitive age in which resorts in all parts of the world are competing for the tourist dollar.

"Since much of Asbury Park's economy is based on the resort business, I have come to the conclusion that casino type gambling operated by the State could be extremely beneficial to Asbury Park and other resort communities who seek to attract the tourist business.

"I am aware that much criticism has been made of the Las Vegas type of gambling and I would be opposed to this as far as Asbury Park is concerned.

"However, the State has proved, with the support of the highly successful lottery, that it can operate casino type gambling which would confine all such legal gambling activities to one building, which could be closely supervised by the State.

"In considering legalized gambling as an attraction for New Jersey resorts, the principal need, of course, is based on the fact that every New Jersey community is faced with critical tax problems, and unless some means are

developed to ease these burdens, the communities of New Jersey face serious financial consequences.

"The people of New Jersey should be given the right to decide for themselves whether legalized casino gambling is to be permitted in the State, which presently sanctions horse racing, raffles and bingos, and the State Lottery, which handle many hundreds of million dollars each year.

"As the official in charge of police activities in Asbury Park, I also feel that the installation of legalized gambling could lift a large burden from our police departments in the State, which are presently engaged in spending much of their time in activities in suppressing illegal gambling.

"The police department, thus, could be freed to suppress crime of a much more serious nature, which threatens our society. I have been informed that the major police organizations in New Jersey favor the adoption of legalized casino gambling, along with many other reputable and serious-minded organizations interested in the welfare of New Jersey. These include the New Jersey Jaycees, the New Jersey Senior Citizens Association, labor organizations, and many other groups interested in the welfare of our people.

"In recommending to the Mayor and Council of Asbury Park that legalized gambling should be adopted in New Jersey, I do so after a serious study of the alternatives which face our people.

"We cannot continue with an ever-spiraling tax structure, especially as it affects our homeowners and property owners. The time has come to drain off the profits of gambling from the illegal sources which now enjoy it, and devote such profits to the State for the improvement and welfare of all the people.

"I request that this statement be entered in the record of the hearing being held in Trenton on July 26."

SENATOR DUMONT: That statement will be entered

in the record.

Anything further of Mr. Green? (No response.)

Thank you very much, Mr. Green.

Mr. Jules Resnick, Asbury Park Chamber of Commerce.

J U L E S R E S N I C K: Senator Dumont and members of the Commission that are left: I am going to make this very short because it is very warm and the hour is late.

As concessionaires on the boardwalk of Asbury Park and on the Board of Directors of the Beachfront Division of the Chamber of Commerce, we are in support of casino-type gambling. We feel that our season is short - the other resort areas have also testified to that and I will confirm it - and this will extend it to a full-year basis.

We have a beautiful area that is out of commission, I would say, approximately 35 weeks out of the year, and this would be a real shot in the arm for business.

SENATOR DUMONT: Any questions?

MR. TAYLOR: Sir, do you agree with Mr. Green's thinking on State licensing of this pending casino gambling?

MR. RESNICK: Absolutely.

MR. TAYLOR: You would prefer that to the State operating it?

MR. RESNICK: Absolutely.

MR. TAYLOR: Thank you.

SENATOR DUMONT: Any further questions? (No response.)

Do you think, like Mr. Green, that if this were submitted to local referendum in Asbury Park, it would carry?

MR. RESNICK: Without a question.

SENATOR DUMONT: And what do you believe should be the limitation on the number of casinos in a city of your size, if any?

MR. RESNICK: I believe it would be up to the type of casino or what the Commission would allow. Whether it should be in some hotels or in separate buildings, I

don't know. This would have to be determined at a later time.

SENATOR DUMONT: What is your position with the Chamber of Commerce?

MR. RESNICK: I am on the Board of Directors. I am former President of the Beachfront Association.

SENATOR DUMONT: Any further questions? If not, thank you very much, Mr. Resnick.

Is there anybody else who desires to testify today? That completes the 15 witnesses who had signed up for testimony.

The next hearing then will be in Atlantic City, the place to be determined, at 10:30 A.M., on Wednesday, August 23rd.

Thank you all for coming here today and thanks particularly to the members of the Commission for their fine attendance. Thanks to all the witnesses for being present. We will adjourn the hearing at this time.

(Hearing Adjourned)

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