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COMMITTEE MEETING

before

SENATE JUDICIARY COMMITTEE

The Nomination Interview of Anthony J. Parrillo
for Director of the Division of Gaming Enforcement
for the term prescribed by law

March 6, 1986
Room 424
State House Annex
Trenton, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Senator Edward T. O'Connor, Jr. Chairman
Senator Raymond J. Zane, Vice Chairman
Senator Carmen A. Orechio
Senator Richard Van Wagner
Senator Joseph Hirkala
Senator Donald T. DiFrancesco
Senator John H. Dorsey
Senator William L. Gormley
Senator Lee B. Laskin

ALSO PRESENT:

John J. Tumulty
Office of Legislative Services
Aide, Senate Judiciary Committee

New Jersey State Library

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SENATOR EDWARD T. O'CONNOR, JR. (Chairman): Good afternoon, ladies and gentlemen. This meeting will come to order. We'll begin today with some nominations, the first of which is that of Anthony J. Parrillo, of Bloomfield, to succeed Thomas O'Brien as the Director of the Division of Gaming Enforcement for the term prescribed by law.

Mr. Parrillo?

ANTHONY J. PARRILLO: Good afternoon, Mr. Chairman, and Senators.

SENATOR O'CONNOR: If I may, Mr. Parrillo, in the absence of Senator Orechio, your home county Senator, who may be along, I'll introduce you to the Committee. On my far right, your left, the distinguished gentleman with the gray hair is Senator Laskin from Camden County; to his left Senator Gormley, Atlantic County; to his left Senator DiFrancesco, Union County and parts of Essex; to his left Senator Dorsey, Morris County, I'm Senator Ed O'Connor, from Hudson County, Chairman of this Committee; Senator Raymond Zane is to my left, and way out in left field, Senator Joe Hirkala, from Passaic and Bergen. Out in left field only in terms of the distance that he is from the center of this room.

Mr. Parrillo, we have some questions for you regarding the position for which you've been nominated. What's your feeling on the issue of 24-hour gambling in Atlantic City, which the advocates contend is a factor necessary to keep Atlantic City competitive?

MR. PARRILLO: Mr. Chairman, the issue of 24--

SENATOR O'CONNOR: Hit your button. (Indicating witness' microphone)

MR. PARRILLO: The issue of 24-hour gaming, as most every casino gaming related issue, generates a great deal of controversy and heated debate. Apparently the positions are fairly polarized.

I honestly believe that we must step back and look at it objectively and with an open mind. It has been the Division's consistent position that if the Legislature's going to consider 24-hour gaming at all, they only consider it on a limited experimental basis, to allow for data collection, data assessment, reflection, public input during the trial period. I have testified recently before Assemblyman Schuber's Independent Authorities Committee, and I had essentially summed up the position as this: We are a regulatory agency. We could educate and inform -- attempt to educate and inform the Committee on the operational and regulatory aspects of 24-hour gaming. But 24-hour gaming is more than a regulatory issue; it's a social policy issue. And, from an operational perspective, 24-hour gaming is doable. That is that the State can control and regulate with the proper amount of resources; and with proper regulator controls, it is regulatable.

But that's the regulatory issue. The issue has to be primarily assessed from a social policy point of view. And with that, we have recommended that the proposed legislation be embellished with identifying the specifics of what is to be tested during the experimental period, of how that test is going to be conducted, and against what standards the results will be measured. And, it is our belief that if 24-hour gaming is going to be made permanent, the benefits should convincingly outweigh the risks, and the risks should be acceptably minimized.

That was essentially the nature of my testimony before the Committee, and I stand with that.

SENATOR O'CONNOR: There are many in the casino industry that feel that the present regulatory scheme, which is administered by the Division of Gaming Enforcement is both too costly and too burdensome. They complain that the gaming enforcement is often involved in business questions in which the State really has no legitimate interest, and which should

be left to the casinos themselves to decide. How would you comment on those criticisms?

MR. PARRILLO: Mr. Chairman, the criticisms leveled, I think, have to be placed in their proper perspective. We inherited a Casino Control Act, which I believe is a model piece of casino regulatory work. Many of the jobs we perform in our regulatory work are statutorily mandated. That is not to say that after eight years of dealing with the casino industry, and the experience with which those eight years provided can not be utilized to review the Casino Control Act comprehensively -- not piecemeal, but as an entire document -- to identify areas where regulation can be relaxed in non-integrity, non-casino related matters. But, by the same token, identify those areas where law enforcement controls may need to be strengthened.

We've done so in the credit area. After several hearings with the SCI which identified a pattern of abuses in the credit area, the Division and the Commission worked together with the industry in proposing regulations which tightened the law enforcement controls in that area.

So, it's my firm belief that, if only because we've gone through eight years, it's time now to sit back now and look at the Casino Control Act objectively and candidly, with everybody's interests taken into consideration.

SENATOR O'CONNOR: I see from your questionnaire that you've been working in gaming enforcement for four of those eight years. Correct? Maybe you took--

MR. PARRILLO: Three and a half.

SENATOR O'CONNOR: Three and a half? All right. What's your feeling with respect to whether or not there's any duplication between gaming enforcement and the Casino Control Commission in regulating the casino industry?

MR. PARRILLO: I'll be candid with you, Mr. Chairman, there undoubtedly is duplication. Again, to some extent that duplication is built into the statutory framework.

The drafters of the Casino Control Act opted consciously and deliberately for a two-tiered system, as opposed to the unitary system which characterizes many Federal regulatory agencies.

I believe the idea behind the two-tiered system was to provide a system of checks and balances, because you did give us a great deal of authority and autonomy. And, it was felt that the two regulatory agencies would, not only complement each other, but police each other.

Again, that's not to say that we shouldn't take a good hard look at our operations to see where efficiencies and economies can be made, but to a certain extent the duplication is built into the very system that was provided by the Legislature.

SENATOR O'CONNOR: Let me, at this time, introduce you to Senator Orechio, who I'm sure you know, who just came in. Carmen Orechio from Essex County; Senator Richard Van Wagner from Monmouth County; and to my immediate right I neglected to mention our most able staff aide, Mr. John Tumulty.

Are there any questions from the Committee?

SENATOR GORMLEY: I have a question.

SENATOR O'CONNOR: Senator Gormley?

SENATOR GORMLEY: The Alvarez case-- Would you be in favor of a statutory provision providing for mandatory firing of Division personnel who leak confidential information not in the course of an investigation? Subtle--

MR. PARRILLO: Senator Gormley and I have talked to some extent on a bill that was introduced last year. Let me just say this, Senator. The Alvarez incident is a blot on the Division. I'm not going to defend that incident.

We handle a myriad of confidential information. Hundreds of thousands of documents come by the Division. There are strict confidentiality regs in the legislation. We lapsed -- we had a lapse -- in that one incident.

I cannot tolerate that. I will not tolerate that. We have worked with the Commission in adopting confidentiality regulations to provide for the physical security of what they call secured storage areas. We are in the process of reducing all our paperwork to a microfilm media.

To answer your question, I would voluntarily take that action, because I view any leak as egregious conduct by my employees. The current regulations allow for appropriate disciplinary sanctions.

SENATOR GORMLEY: In this case, it was a transfer.

MR. PARRILLO: There was a transfer, that's correct, to the State Police.

SENATOR GORMLEY: There were other things that were done, but in reality the person--

MR. PARRILLO: You are right.

SENATOR GORMLEY: And, in fairness to that person, who made the leak, we're not even talking about the bill being retroactive. But, so it would be on notice that people would be-- I was just curious about you opinion.

MR. PARRILLO: Senator, I think that signal should be sent out.

SENATOR LASKIN: Is that a "yes" or a "no"? I haven't heard the answer yet.

MR. PARRILLO: I would prefer that there would be discretionary authority with the Director of the Division of Gaming Enforcement, but I would not oppose or discourage such an effort -- a legislative effort.

SENATOR GORMLEY: Thank you.

SENATOR O'CONNOR: Are there any other question by the Committee? (negative response) If not, Senator Orechio?

SENATOR ORECHIO: Yes, I'd be delighted to move Mr. Parrillo's nomination. Just, before I do I'd like to point out that he's certainly been one of the State's top experts on the casino industry in terms of its regulatory process, and has a

background of expertise in this particular field that is probably second to none.

At this time I'd be happy to move Mr. Parrillo's nomination.

SENATOR O'CONNOR: Moved by Senator Orechio.

SENATOR HIRKALA: Second.

SENATOR O'CONNOR: Seconded by Senator Hirkala.

MR. TUMULTY: Senator O'Connor?

SENATOR O'CONNOR: Yes.

MR. TUMULTY: Senator Zane?

SENATOR ZANE: Yes.

MR. TUMULTY: Senator Hirkala?

SENATOR HIRKALA: Yes.

MR. TUMULTY: Senator Orechio?

SENATOR ORECHIO: Yes.

MR. TUMULTY: Senator Van Wagner?

SENATOR VAN WAGNER: Yes.

MR. TUMULTY: Senator DiFrancesco?

SENATOR DiFRANCESCO: Yes.

MR. TUMULTY: Senator Dorsey?

SENATOR DORSEY: Yes.

MR. TUMULTY: Senator Gormley?

SENATOR GORMLEY: Yes.

MR. TUMULTY: Senator Laskin?

SENATOR LASKIN: Yes.

MR. TUMULTY: The nomination is released.

MR. PARRILLO: Thank you very much.

(CONCLUSION OF NOMINATION INTERVIEW)