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1991a

PUBLIC HEARING

before

ASSEMBLY INDEPENDENT AUTHORITIES COMMITTEE

ASSEMBLY BILL No. 4481

(Makes various changes in the laws governing
the operation and regulation of the casinos)

February 20, 1991
Municipal Council Chambers
Borough Hall
Totowa, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Assemblyman Joseph A. Mecca, Vice-Chairman
Assemblyman Anthony Impreveduto
Assemblyman Chuck Hardwick

ALSO PRESENT:

Edward P. Westreich
Office of Legislative Services
Aide, Assembly Independent Authorities Committee

* * * * *

Hearing Recorded and Transcribed by
Office of Legislative Services
Public Information Office
Hearing Unit
State House Annex
CN 068
Trenton, New Jersey 08625



JIMMY ZANGARI
CHAIRMAN
JOSEPH A. MECCA
VICE-CHAIRMAN
ANTHONY IMPREVEDUTO
CHUCK HARDWICK
JOHN S. PENN

New Jersey State Legislature
ASSEMBLY INDEPENDENT AUTHORITIES COMMITTEE
STATE HOUSE ANNEX, CN-068
TRENTON, NEW JERSEY 08625-0068
(609) 984-7381

NOTICE OF PUBLIC HEARING

The Assembly Independent Authorities Committee will hold a public hearing on the following legislation:

A-4481 Makes various changes in the laws governing the Scerni/ operation and regulation of the casinos.
Impreveduto

The hearing will be held on Wednesday, February 20, 1991 beginning promptly at 7:30 P.M. in the Municipal Council Chambers, Borough Hall, 537 Totowa Road, Totowa, N.J.

The Committee has invited testimony from the following:

- 1) Casino Control Commission
- 2) Division of Gaming Enforcement
- 3) Casino Association of New Jersey

Those scheduled to testify at the public hearing should provide a copy of their proposed testimony to the committee at least three days in advance of the hearing.

Those wishing further information on the public hearing should contact Edward P. Westreich, Office of Legislative Services, at (609) 984-7381.

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Issued 2/6/91

ASSEMBLY, No. 4481

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 4, 1991

By Assemblymen SCERNI, IMPREVEDUTO, Zangari, Mecca, Pascrell, Villapiano, Hudak, Gill, Duch, Marsella, Assemblywoman Kalik, Assemblymen Cohen, Cimino, Patero, Watson, Assemblywoman Mullen, Assemblymen Roberts, Kenny, Menendez, Mattison, McEnroe, Aduato, Deverin and Casey

1 AN ACT concerning casino gambling, amending P.L.1978, c.7 and
2 P.L.1987, c.409, and amending and supplementing P.L.1977,
3 c.110.

4
5 BE IT ENACTED by the Senate and General Assembly of the
6 State of New Jersey:

7 1. Section 1 of P.L.1977, c.110 (C.5:12-1) is amended to read
8 as follows:

9 1. Short title: Declaration of Policy and Legislative Findings.

10 a. This act shall be known and may be cited as the "Casino
11 Control Act."

12 b. The Legislature hereby finds and declares to be the public
13 policy of this State, the following:

14 (1) The tourist, resort and convention industry of this State
15 constitutes a critical component of its economic structure and, if
16 properly developed, controlled and fostered, is capable of
17 providing a substantial contribution to the general welfare, health
18 and prosperity of the State and its inhabitants.

19 (2) By reason of its location, natural resources and worldwide
20 prominence and reputation, the city of Atlantic City and its
21 resort, tourist and convention industry represent a critically
22 important and valuable asset in the continued viability and
23 economic strength of the tourist, convention and resort industry
24 of the State of New Jersey.

25 (3) The rehabilitation and redevelopment of existing tourist
26 and convention facilities in Atlantic City, and the fostering and
27 encouragement of new construction and the replacement of lost
28 convention, tourist, entertainment and cultural centers in
29 Atlantic City will offer a unique opportunity for the inhabitants
30 of the entire State to make maximum use of the natural
31 resources available in Atlantic City for the expansion and
32 encouragement of New Jersey's hospitality industry, and to that
33 end, the restoration of Atlantic City as the Playground of the
34 World and the major hospitality center of the Eastern United
35 States is found to be a program of critical concern and
36 importance to the inhabitants of the State of New Jersey.

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the
above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 (4) Legalized casino gaming has been approved by the citizens
2 of New Jersey as a unique tool of urban redevelopment for
3 Atlantic City. In this regard, the introduction of a limited number
4 of casino rooms in major hotel convention complexes, permitted
5 as an additional element in the hospitality industry of Atlantic
6 City, will facilitate the redevelopment of existing blighted areas
7 and the refurbishing and expansion of existing hotel, convention,
8 tourist, and entertainment facilities; encourage the replacement
9 of lost hospitality-oriented facilities; provide for judicious use of
10 open space for leisure time and recreational activities; and
11 attract new investment capital to New Jersey in general and to
12 Atlantic City in particular.

13 (5) Restricting the issuance of casino licenses to major hotel
14 and convention facilities is designed to assure that the existing
15 nature and tone of the hospitality industry in New Jersey and in
16 Atlantic City is preserved, and that the casino rooms licensed
17 pursuant to the provisions of this act are always offered and
18 maintained as an integral element of such hospitality facilities,
19 rather than as the industry unto themselves that they have
20 become in other jurisdictions.

21 (6) An integral and essential element of the regulation and
22 control of such casino facilities by the State rests in the public
23 confidence and trust in the credibility and integrity of the
24 regulatory process and of casino operations. To further such
25 public confidence and trust, the regulatory provisions of this act
26 are designed to extend strict State regulation to all persons,
27 locations, practices and associations related to the operation of
28 licensed casino enterprises and all related service industries as
29 herein provided. In addition, licensure of a limited number of
30 casino establishments, with the comprehensive law enforcement
31 supervision attendant thereto, is further designed to contribute to
32 the public confidence and trust in the efficacy and integrity of
33 the regulatory process.

34 (7) Legalized casino gaming in New Jersey can attain,
35 maintain and retain integrity, public confidence and trust, and
36 remain compatible with the general public interest only under
37 such a system of control and regulation as insures, so far as
38 practicable, the exclusion from participation therein of persons
39 with known criminal records, habits or associations, and the
40 exclusion or removal from any positions of authority or
41 responsibility within casino gaming operations and establishments
42 of any persons known to be so deficient in business probity,
43 ability or experience, either generally or with specific reference
44 to gaming, as to create or enhance the dangers of unsound, unfair
45 or illegal practices, methods and activities in the conduct of
46 gaming or the carrying on of the business and financial
47 arrangements incident thereto.

48 (8) Since the public has a vital interest in casino operations in
49 Atlantic City and has established an exception to the general
50 policy of the State concerning gaming for private gain.

1 participation in casino operations as a licensee or registrant
2 under this act shall be deemed a revocable privilege conditioned
3 upon the proper and continued qualification of the individual
4 licensee or registrant and upon the discharge of the affirmative
5 responsibility of each such licensee or registrant to provide to the
6 regulatory and investigatory authorities established by this act
7 any assistance and information necessary to assure that the
8 policies declared by this act are achieved. Consistent with this
9 policy, it is the intent of this act to preclude the creation of any
10 property right in any license, registration, certificate or
11 reservation permitted by this act, the accrual of any value to the
12 privilege of participation in gaming operations, or the transfer of
13 any license, registration, certificate, or reservation, and to
14 require that participation in gaming be solely conditioned upon
15 the individual qualifications of the person seeking such privilege.

16 (9) Since casino operations are especially sensitive and in need
17 of public control and supervision, and since it is vital to the
18 interests of the State to prevent entry, directly or indirectly, into
19 such operations or the ancillary industries regulated by this act of
20 persons who have pursued economic gains in an occupational
21 manner or context which are in violation of the criminal or civil
22 public policies of this State, the regulatory and investigatory
23 powers and duties shall be exercised to the fullest extent
24 consistent with law to avoid entry of such persons into the casino
25 operations or the ancillary industries regulated by this act.

26 (10) Since the development of casino gaming operations in
27 Atlantic City will substantially alter the environment of New
28 Jersey's coastal areas, and since it is necessary to insure that
29 this substantial alteration be beneficial to the overall ecology of
30 the coastal areas, the regulatory and investigatory powers and
31 duties conferred by this act shall include, in cooperation with
32 other public agencies, the power and the duty to monitor and
33 regulate casinos and the growth of casino operations to respond
34 to the needs of the coastal areas.

35 (11) The facilities in which licensed casinos are to be located
36 are of vital law enforcement [and social] interest to the State,
37 and it is in the public interest that the regulatory and
38 investigatory powers and duties conferred by this act include the
39 power and duty to review architectural and site plans to assure
40 that the proposal is suitable by law enforcement[, aesthetic and
41 architectural] standards.

42 (12) Since the economic stability of casino operations is in the
43 public interest and competition in the casino operations in
44 Atlantic City is desirable and necessary to assure the residents of
45 Atlantic City and of this State and other visitors to Atlantic City
46 varied attractions and exceptional facilities, the regulatory and
47 investigatory powers and duties conferred by this act shall
48 include the power and duty to regulate, control and prevent
49 economic concentration in the casino operations and the ancillary
50 industries regulated by this act, and to encourage and preserve

1 competition.

2 (13) It is in the public interest that the institution of licensed
3 casino establishments in New Jersey be strictly regulated and
4 controlled pursuant to the above findings and pursuant to the
5 provisions of this act, which provisions are designed to engender
6 and maintain public confidence and trust in the regulation of the
7 licensed enterprises, to provide an effective method of rebuilding
8 and redeveloping existing facilities and of encouraging new
9 capital investment in Atlantic City, and to provide a meaningful
10 and permanent contribution to the economic viability of the
11 resort, convention, and tourist industry of New Jersey.

12 (14) Confidence in casino gaming operations is eroded to the
13 extent the State of New Jersey does not provide a regulatory
14 framework for casino gaming that permits and promotes stability
15 and continuity in casino gaming operations.

16 (15) Continuity and stability in casino gaming operations
17 cannot be achieved at the risk of permitting persons with
18 unacceptable backgrounds and records of behavior to control
19 casino gaming operations contrary to the vital law enforcement
20 interest of the State.

21 (16) The aims of continuity and stability and of law
22 enforcement will best be served by a system in which continuous
23 casino operation can be assured under certain circumstances
24 wherein there has been a transfer of property or another interest
25 relating to an operating casino and the transferee has not been
26 fully licensed or qualified, as long as control of the operation
27 under such circumstances may be placed in the possession of a
28 person or persons in whom the public may feel a confidence and a
29 trust.

30 (17) A system whereby the suspension or revocation of casino
31 operations under certain appropriate circumstances causes the
32 imposition of a conservatorship upon the suspended or revoked
33 casino operation serves both the economic and law enforcement
34 interests involved in casino gaming operations.

35 (cf: P.L.1987, c.410, s.1)

36 2. Section 5 of P.L.1977, c.110 (C.5:12-5) is amended to read
37 as follows:

38 5. "Authorized Game" or "Authorized Gambling
39 Game"--Roulette, baccarat, blackjack, craps, big six wheel, slot
40 machines, minibaccarat, red dog, pai gow, and any variations or
41 composites of such games, provided that such variations or
42 composites are found by the commission suitable for casino use
43 after an appropriate test or experimental period under such terms
44 and conditions as the commission may deem appropriate.
45 "Authorized game" or "authorized gambling game" includes
46 gaming tournaments in which players compete against one
47 another in one or more of the games listed herein or in approved
48 variations or composites thereof if the tournaments are
49 authorized by the commission.

50 (cf: P.L.1985, c.350, s.1)

1 3. Section 6 of P.L.1977, c.110 (C.5:12-6) is amended to read
2 as follows:

3 6. "Casino" --A single room [of at least 15,000 square feet] in
4 which casino gaming is conducted pursuant to the provisions of
5 this act.

6 (cf: P.L.1977, c.110, s.6)

7 4. Section 7 of P.L.1977, c.110 (C.5:12-7) is amended to read
8 as follows:

9 7. "Casino Employee"--Any natural person employed in the
10 operation of a licensed casino, including, without limitation,
11 boxmen; dealers or croupiers; floormen; machine mechanics;
12 casino security employees; count room personnel; cage personnel;
13 slot machine and slot booth personnel; collection personnel;
14 casino surveillance personnel; and data processing personnel; or
15 any other natural person whose employment duties [require or
16 authorize access to restricted casino areas, including, without
17 limitation, appropriate maintenance personnel; waiters and
18 waitresses; and secretaries] involve the maintenance or operation
19 of gaming activity or equipment and assets associated therewith
20 or who, in the judgment of the commission, is so regularly
21 required to work in a restricted casino area in gaming-related
22 activities that licensure as a casino employee is appropriate.

23 (cf: P.L.1987, c.353, s.1)

24 5. (New section) "Casino hotel security employee"--Any
25 natural person employed to provide physical security in the
26 conduct of the business of an approved hotel but who is not
27 included within the definition of casino security employee as
28 stated in section 11 of P.L.1977, c.110 (C.5:12-11).

29 6. Section 11 of P.L.1977, c.110 (C.5:12-11) is amended to
30 read as follows:

31 11. "Casino security employee" --Any natural person
32 employed by a casino licensee or its agent to provide physical
33 security in a casino [hotel] or restricted casino area.

34 (cf: P.L.1977, c. 110, s.11)

35 7. Section 12 of P.L.1977, c.110 (C.5:12-12) is amended to
36 read as follows:

37 12. "Casino Service Industry"--Any form of enterprise which
38 provides casino applicants or licensees with goods or services
39 regarding the realty, construction, maintenance, or business of a
40 proposed or existing casino hotel or related facility on a regular
41 or continuing basis, including, without limitation, security
42 businesses, gaming schools, manufacturers, distributors and
43 servicers of gaming devices or equipment, garbage haulers,
44 maintenance companies, food purveyors, and construction
45 companies, or any other enterprise which purchases goods or
46 services from or which does any other business with licensed
47 casinos on a regular or continuing basis. Notwithstanding the
48 foregoing, any form of enterprise engaged in the manufacture,
49 sale, distribution or repair of slot machines within New Jersey,
50 other than antique slot machines as defined in N.J.S. 2C:37-7,

1 shall be considered a casino service industry for the purposes of
2 this act regardless of the nature of its business relationship, if
3 any, with licensed casinos in this State.

4 For the purposes of this section, "casino applicant" includes
5 any person required to hold a casino license pursuant to section
6 82 of P.L.1977, c. 110 (C. 5:12-82) who has applied to the
7 commission for a casino license or any approval required under
8 P.L.1977, c. 110 (C. 5:12-1 et seq.).

9 (cf: P.L.1987, c.355, s.2)

10 8. Section 27 of P.L.1977, c.110 (C.5:12-27) is amended to
11 read as follows:

12 27. "Hotel" or "approved hotel" --A single building, or two or
13 more buildings which are physically connected in a manner
14 deemed appropriate by the commission and which are operated as
15 one casino-hotel facility under the provisions of the "Casino
16 Control Act," P.L.1977, c.110 (C.5:12-1 et seq.), located within
17 the limits of the city of Atlantic City as said limits were defined
18 as of November 2, 1976, and containing not fewer than [500] the
19 number of sleeping units required by section 83 of P.L.1977, c.110
20 (C.5:12-83), each of which sleeping units shall: a. be at least 325
21 square feet measured to the center of perimeter walls, including
22 bathroom and closet space and excluding hallways, balconies and
23 lounges; [each containing] b. contain private bathroom facilities;
24 and [each] c. be held available and used regularly for the lodging
25 of tourists and convention guests [and conforming in all respects
26 to the facilities requirements contained in this act. For the
27 purpose of exceeding the maximum casino size specified in
28 section 83 of this act, an approved hotel may, by means of
29 physical connection, annex additional buildings or facilities to
30 increase the amount of its qualifying meeting, exhibition, dining,
31 entertainment, sports and kitchen support facilities space, but
32 not to increase its number of qualifying sleeping units. "Physical
33 connection" for the purposes herein means an enclosed permanent
34 pedestrian passageway]. In no event shall the main entrance or
35 only access to an approved hotel be through a casino.

36 (cf: P.L.1979, c.282, s.7)

37 9. (New section) "Institutional investor"--Any federal, state,
38 or local retirement fund; mutual fund; closed end investment
39 trust; life insurance company; property and casualty insurance
40 company; banking and other licensed lending institution;
41 investment advisor registered under The Investment Advisors Act
42 of 1940; and such other persons as the commission may
43 determine for reasons consistent with the policies of the "Casino
44 Control Act." P.L.1977, c.110 (C.5:12-1 et seq.).

45 10. Section 53 of P.L.1977, c.110 (C.5:12-53) is amended to
46 read as follows:

47 53. Compensation of Members. Each member of the
48 commission other than the chairman shall receive [compensation
49 of \$67,500.00 per annum] an annual salary in an amount equal to
50 the annual salary for a judge of the Superior Court. The

1 chairman shall receive [\$5,000.00 per annum in addition to his
2 compensation as a member of the commission} an annual salary in
3 an amount equal to the annual salary of a Judge of the Superior
4 Court, Appellate Division.

5 (cf: P.L.1984, c.82, s.1)

6 11. Section 58 of P.L.1977, c.110 (C.5:12-58) is amended to
7 read as follows:

8 58. Restrictions on Pre-Employment by Commissioners,
9 Commission Employees and Division Employees and Agents.

10 a. Deleted by amendment.

11 b. No person shall be appointed to or employed by the
12 commission or division if, during the period commencing three
13 years prior to appointment or employment, said person held any
14 direct or indirect interest in, or any employment by, any person
15 which is licensed as a casino licensee pursuant to section 87 of
16 P.L. 1977, c. 110 (C. 5:12-87) or as a casino service industry
17 pursuant to subsection a. of section 92 of P.L. 1977, c. 110 (C.
18 5:12-92a.) or has an application for such a license pending before
19 the commission; provided, however, that notwithstanding any
20 other provision of this act to the contrary, any such person may
21 be appointed to or employed by the commission or division if his
22 interest in any such casino licensee or casino service industry
23 which is publicly traded would not, in the opinion of the
24 employing agency, interfere with the objective discharge of such
25 person's employment obligations, but in no instance shall any
26 person be appointed to or employed by the commission or division
27 if his interest in such a casino licensee or casino service industry
28 which is publicly traded constituted a controlling interest in that
29 casino licensee or casino service industry; and provided further,
30 however, that notwithstanding any other provision of this act to
31 the contrary, any such person may be employed by the
32 commission or division in a secretarial or clerical position if, in
33 the opinion of the employing agency, his previous employment by,
34 or interest in, any such casino licensee or casino service industry
35 would not interfere with the objective discharge of such person's
36 employment obligations.

37 c. Prior to appointment or employment, each member of the
38 commission, each employee of the commission, the director of
39 the Division of Gaming Enforcement and each employee and
40 agent of the division shall swear or affirm that he possesses no
41 interest in any business or organization licensed by or registered
42 with the commission.

43 d. Each member of the commission and the director of the
44 division shall file with the Executive Commission on Ethical
45 Standards a financial disclosure statement listing all assets and
46 liabilities, property and business interests, and sources of income
47 of said member or director and his spouse and shall provide to the
48 [Attorney General] Executive Commission on Ethical Standards a
49 financial disclosure statement listing all assets and liabilities,
50 property and business interests, and sources of income of the

1 parents, brothers, sisters, and children of said member or
2 director. Such statement shall be under oath and shall be filed at
3 the time of appointment and annually thereafter.

4 e. Each employee of the commission, except for secretarial
5 and clerical personnel, and each employee and agent of the
6 division, except for secretarial and clerical personnel, shall file
7 with the Executive Commission on Ethical Standards a financial
8 disclosure statement listing all assets and liabilities, property and
9 business interests, and sources of income of said employee or
10 agent and his spouse. Such statement shall be under oath and shall
11 be filed at the time of employment and annually thereafter.

12 (cf: P.L.1987, c.354, s.2)

13 12. Section 63 of P.L.1977, c.110 (C.5:12-63) is amended to
14 read as follows:

15 63. Duties of the Commission. The Casino Control
16 Commission shall have general responsibility for the
17 implementation of this act, as hereinafter provided, including,
18 without limitation, the responsibility:

19 a. To hear and decide promptly and in reasonable order all
20 license, registration, certificate, and permit applications and
21 causes affecting the granting, suspension, revocation, or renewal
22 thereof;

23 b. To conduct all hearings pertaining to civil violations of this
24 act or regulations promulgated hereunder;

25 c. To promulgate such regulations as in its judgment may be
26 necessary to fulfill the policies of this act;

27 d. To collect all license and registration fees and taxes
28 imposed by this act and the regulations issued pursuant hereto;

29 e. To levy and collect penalties for the violation of provisions
30 of this act and the regulations promulgated hereunder;

31 f. To be present through its inspectors and agents at all times
32 during the operation of any casino for the purpose of certifying
33 the revenue thereof[,] and receiving complaints from the public[,
34 and conducting such other investigations into the conduct of the
35 games and the maintenance of the equipment as from time to
36 time the commission may deem necessary and proper]; and

37 g. To review and rule upon any complaint by a casino licensee
38 regarding any investigative procedures of the division which are
39 unnecessarily disruptive of casino operations. The need to
40 inspect and investigate shall be presumed at all times. The
41 disruption of a licensee's operations shall be proved by clear and
42 convincing evidence, and establish that: (1) the procedures had
43 no reasonable law enforcement purpose, and (2) the procedures
44 were so disruptive as to inhibit unreasonably casino operations.

45 (cf: P.L.1987, c.137, s.2)

46 13. Section 68 of P.L.1977, c.110 (C.5:12-68) is amended to
47 read as follows:

48 68. Collection of Fees, Penalties or Tax. At any time within
49 five years after any amount of fees, interest, penalties or tax
50 required to be collected pursuant to the provisions of this act

1 shall become due and payable, the commission may bring a civil
2 action in the courts of this State or any other state or of the
3 United States, in the name of the State of New Jersey, to collect
4 the amount delinquent, together with penalties and interest. An
5 action may be brought whether or not the person owing the
6 amount is at such time an applicant, licensee or registrant
7 pursuant to the provisions of this act. If such action is brought in
8 this State, a writ of attachment may be issued and no bond or
9 affidavit prior to the issuance thereof shall be required. In all
10 actions in this State, the records of the commission shall be
11 prima facie evidence of the determination of the fee or tax or
12 the amount of the delinquency.

13 Each debt that is due and payable as a result of fees, interest,
14 penalties, or taxes required to be collected pursuant to the
15 provisions of P.L.1977, c.110 (C.5:12-1 et seq.) or the regulations
16 promulgated thereunder, including any compensation authorized
17 pursuant to section 33 of P.L.1978, c.7 (C.5:12-130.3), and each
18 regulatory obligation imposed as a condition upon the issuance or
19 renewal of a casino license which requires the licensee to
20 maintain, as a fiduciary, a fund for a specific regulatory purpose,
21 shall constitute a lien on the real property in this State owned or
22 hereafter acquired by the applicant, licensee, or registrant owing
23 such a debt or on whom such an obligation has been imposed.
24 Except as otherwise provided in R.S.54:5-9, such a lien shall be a
25 first lien paramount to all prior or subsequent liens, claims, or
26 encumbrances on that property.

27 (cf: P.L.1987, c.354, s.6)

28 14. Section 69 of P.L.1977, c.110 (C.5:12-69) is amended to
29 read as follows:

30 69. Regulations. a. The commission shall be authorized to
31 adopt, amend, or repeal such regulations, consistent with the
32 policy and objectives of this act, as it may deem necessary or
33 desirable for the public interest in carrying out the provisions of
34 this act.

35 b. Such regulations shall be adopted, amended, and repealed in
36 accordance with the provisions of the "Administrative Procedure
37 Act," (P.L.1968, c.410; C.52:14B-1 et seq.).

38 c. Any interested person may, in accordance with the
39 provisions of the "Administrative Procedure Act," P.L.1968,
40 c.410 (C.52:14B-1 et seq.), file a petition with the commission
41 requesting the adoption, amendment or repeal of a regulation.

42 d. The commission may, in emergency circumstances,
43 summarily adopt, amend or repeal any regulation pursuant to the
44 "Administrative Procedure Act" (P.L.1968, c.410; C.52:14B-1 et
45 seq.).

46 e. Notwithstanding any other provision of this act or the
47 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
48 seq.) to the contrary, the commission may, after notice provided
49 in accordance with this subsection, authorize the temporary
50 adoption, amendment or repeal or any rule concerning

1 the conduct of gaming or the use or design of gaming equipment
2 for an experimental period not to exceed [90] 180 days for the
3 purpose of determining whether such rules should be adopted on a
4 permanent basis in accordance with the requirements of this
5 section. Any rules experiment authorized by this subsection shall
6 be conducted under such terms and conditions as the commission
7 may deem appropriate. Notice of any temporary rulemaking
8 action taken by the commission pursuant to this subsection shall
9 be published in the New Jersey Register, and provided to the
10 newspapers designated by the commission pursuant to subsection
11 d. of section 3 of P.L.1975. c.231 (C.10:4-8), at least seven days
12 prior to the initiation of the experimental period and shall be
13 prominently posted in each casino participating in the
14 experiment. Nothing herein shall be deemed to require the
15 publication of the text of any temporary rule adopted by the
16 commission or notice of any modification of a rules experiment
17 initiated in accordance with this subsection. The text of any
18 temporary rule adopted by the commission shall be posted in each
19 casino participating in the experiment and shall be available upon
20 request from the commission. In no case shall any temporary rule
21 authorize the use or operation of any game not authorized by the
22 Legislature.

23 (cf: P.L.1987, c.410, s.4)

24 15. Section 70 of P.L.1977, c.110 (C.5:12-70) is amended to
25 read as follows:

26 70. **Required Regulations.** The commission shall, without
27 limitation on the powers conferred in the preceding section,
28 include within its regulations the following specific provisions in
29 accordance with the provisions of this act:

30 a. Prescribing the methods and forms of application which any
31 applicant shall follow and complete prior to consideration of his
32 application by the commission;

33 b. Prescribing the methods, procedures and form for delivery
34 of information concerning any person's family, habits, character,
35 associates, criminal record, business activities and financial
36 affairs;

37 c. Prescribing procedures for the fingerprinting of an
38 applicant, employee of a licensee, or registrant, or other methods
39 of identification which may be necessary in the judgment of the
40 commission to accomplish effective enforcement of restrictions
41 on access to the casino floor and other restricted areas of the
42 casino hotel complex;

43 d. Prescribing the manner and procedure of all hearings
44 conducted by the commission or any hearing examiner, including
45 special rules of evidence applicable thereto and notices thereof;

46 e. Prescribing the manner and method of collection of
47 payments of taxes, fees, and penalties;

48 f. Defining and limiting the areas of operation, the rules of
49 authorized games, odds, and devices permitted, and the method
50 of operation of such games and devices;

- 1 g. Regulating the practice and procedures for negotiable
2 transactions involving patrons, including limitations on the
3 circumstances and amounts of such transactions, and the
4 establishment of forms and procedures for negotiable instrument
5 transactions, redemptions, and consolidations;
- 6 h. Prescribing grounds and procedures for the revocation or
7 suspension of operating certificates and licenses;
- 8 i. Governing the manufacture, distribution, sale, and servicing
9 of gaming devices and equipment;
- 10 j. Prescribing for gaming operations the procedures, forms and
11 methods of management controls, including employee and
12 supervisory tables of organization and responsibility, and
13 minimum security standards, including security personnel
14 structure, alarm and other electrical or visual security measures;
- 15 k. Prescribing the qualifications of, and the conditions
16 pursuant to which, engineers, accountants, and others shall be
17 permitted to practice before the commission or to submit
18 materials on behalf of any applicant or licensee; provided,
19 however, that no member of the Legislature, nor any firm with
20 which said member is associated, shall be permitted to appear or
21 practice or act in any capacity whatsoever before the commission
22 or division regarding any matter whatsoever, nor shall any
23 member of the family of the Governor or of a member of the
24 Legislature be permitted to so practice or appear in any capacity
25 whatsoever before the commission or division regarding any
26 matter whatsoever;
- 27 l. Prescribing minimum procedures for the exercise of
28 effective control over the internal fiscal affairs of a licensee,
29 including provisions for the safeguarding of assets and revenues,
30 the recording of cash and evidence of indebtedness, and the
31 maintenance of reliable records, accounts, and reports of
32 transactions, operations and events, including reports to the
33 commission;
- 34 m. Providing for a minimum uniform standard of accountancy
35 methods, procedures and forms; a uniform code of accounts and
36 accounting classifications; and such other standard operating
37 procedures, including those controls listed in section 99a. hereof,
38 as may be necessary to assure consistency, comparability, and
39 effective disclosure of all financial information, including
40 calculations of percentages of profit by games, tables, gaming
41 devices and slot machines;
- 42 n. Requiring periodic financial reports and the form thereof,
43 including an annual audit prepared by a certified public
44 accountant licensed to do business in this State, attesting to the
45 financial condition of a licensee and disclosing whether the
46 accounts, records and control procedures examined are
47 maintained by the licensee as required by this act and the
48 regulations promulgated hereunder;
- 49 o. Governing the gaming-related advertising of casino
50 licensees, their employees and agents, with the view toward

1 assuring that such advertisements are in no way deceptive;
2 provided, however, that such regulations shall not prohibit the
3 advertisement of casino location, hours of operation, or types of
4 games and other amenities offered, but in no circumstance shall
5 permit the advertisement of information about odds, the number
6 of games, or the size of the casino; and provided further,
7 however, that such regulations shall require the words "Bet with
8 your head, not over it" to appear on all billboards, signs, and
9 other on-site advertising of a casino operation: and

10 p. [Governing entertainment presented by casino licensees in
11 accordance with the prevailing community standards as
12 determined by the commission] (Deleted by amendment, P.L.....
13 C.....):

14 q. Concerning the distribution and consumption of alcoholic
15 beverages on the premises of the licensee, which regulations shall
16 be insofar as possible consistent with Title 33 of the Revised
17 Statutes, and shall deviate only insofar as necessary because of
18 the unique character of the hotel casino premises and operations:
19 [and]

20 r. [Limiting signs and other on-site advertising, with a view
21 toward minimizing solicitation for gaming purposes from the
22 public thoroughfares or otherwise dominating or despoiling the
23 architecture or environment of the city] (Deleted by amendment,
24 P.L. . . c. .).

25 (cf: P.L.1982, c.148, s.1)

26 16. Section 71 of P.L.1977, c.110 (C.5:12-71) is amended to
27 read as follows:

28 71. a. The commission shall, by regulation, provide for the
29 establishment of a list of persons who are to be excluded or
30 ejected from any licensed casino establishment. Such provisions
31 shall define the standards for exclusion, and shall include
32 standards relating to persons:

33 (1) Who are career or professional offenders as defined by
34 regulations of the commission;

35 (2) Who have been convicted of a criminal offense under the
36 laws of any state or of the United States, which is punishable by
37 more than 6 months in prison, or any crime or offense involving
38 moral turpitude; or

39 (3) Whose presence in a licensed casino would, in the opinion of
40 the commission, be inimical to the interest of the State of New
41 Jersey or of licensed gaming therein, or both.

42 The commission shall promulgate definitions establishing those
43 categories of persons who shall be excluded pursuant to this
44 section, including cheats and persons whose privileges for
45 licensure or registration have been revoked.

46 b. Race, color, creed, national origin or ancestry, or sex shall
47 not be a reason for placing the name of any person upon such list.

48 c. The commission may impose sanctions upon a licensed
49 casino or individual licensee or registrant in accordance with the
50 provisions of this act if such casino or individual licensee or

1 registrant knowingly fails to exclude or eject from the premises
2 of any licensed casino any person placed by the commission on
3 the list of persons to be excluded or ejected.

4 d. Any list compiled by the commission of persons to be
5 excluded or ejected shall not be deemed an all-inclusive list, and
6 licensed casino establishments shall have a duty to keep from
7 their premises persons known to them to be within the
8 classifications declared in paragraph a. of this section and the
9 regulations promulgated thereunder.

10 e. Whenever the division petitions the commission to place the
11 name [or description] of any person [is placed] on a list pursuant
12 to this section, the commission shall serve notice of such fact to
13 such person by personal service, by certified mail at the last
14 known address of such person, or by publication daily for 1 week
15 in a newspaper of general circulation in Atlantic City.

16 f. Within 30 days after service [by mail or in person or 60 days
17 from the time of last publication, as the case may be] of the
18 petition in accordance with subsection e. of this section, the
19 person named for exclusion or ejection may demand a hearing
20 before the commission [and show cause why he should have his
21 name removed from such list], at which hearing the division shall
22 have the affirmative obligation to demonstrate by a
23 preponderance of the evidence that the person named for
24 exclusion or ejection satisfies the criteria for exclusion
25 established by this section and the commission's regulations.
26 Failure to demand such a hearing within [the time allotted in this
27 section] 30 days after service shall be deemed an admission of all
28 matters and facts alleged in the division's petition and shall
29 preclude a person from having an administrative hearing, but
30 shall in no way affect his or her right to judicial review as
31 provided herein.

32 g. [Upon receipt of a demand for a hearing, the commission
33 shall set a time and place for such hearing. Unless] The division
34 may file an application with the commission requesting
35 preliminary placement on the list of a person named in a petition
36 for exclusion or ejection pending completion of a hearing on the
37 petition. The hearing on the application for preliminary
38 placement shall be a limited proceeding at which the division
39 shall have the affirmative obligation to demonstrate that there is
40 a reasonable possibility that the person satisfies the criteria for
41 exclusion established by this section and the commission's
42 regulations. If a person has been placed on the list as a result of
43 an application for preliminary placement, unless otherwise agreed
44 by the commission and the named person, [such] a hearing on the
45 petition for exclusion or ejection shall [not be later than] be
46 initiated within 30 days after the receipt of a demand for such
47 hearing or the date of preliminary placement on the list,
48 whichever is later.

49 h. If, upon completion of the hearing on the petition for
50 exclusion or ejection, the commission determines that the

1 [regulation does not or should not apply to the person so listed]
2 person named therein does not satisfy the criteria for exclusion
3 established by this section and the commission's regulations, the
4 commission shall issue an order denying the petition. If the
5 person named in the petition for exclusion or ejection had been
6 placed on the list as a result of an application for preliminary
7 placement, the commission shall notify all casino licensees of
8 [such determination] his or her removal from the list.

9 i. If, upon completion of a hearing on the petition for exclusion
10 or ejection, the commission determines that [the] placement of
11 the name of the person on the [exclusionary] exclusion list [was]
12 is appropriate, the commission shall make and enter an order to
13 that effect, which order shall be served on all casino licensees.
14 Such order shall be subject to review by the Superior Court in
15 accordance with the rules of court.

16 (cf: P.L.1981, c.503, s.6)

17 17. Section 74 of P.L.1977, c.110 (C.5:12-74) is amended to
18 read as follows:

19 74. Minutes and Records. a. The commission shall cause to be
20 made and kept a [verbatim] record of all proceedings held at
21 public meetings of the commission[, which record shall be open to
22 public inspection]. A verbatim transcript of those proceedings
23 shall be prepared by the commission upon the request of any
24 commissioner or upon the request of any other person and the
25 payment by that person of the costs of preparation. A copy of a
26 transcript shall be made available to any person upon request and
27 payment of the costs of preparing the copy.

28 A true copy of the minutes of every meeting of the commission
29 and of any regulations finally adopted by the commission shall be
30 forthwith delivered, by and under the certification of the
31 executive secretary, to the Governor, the Secretary of the
32 Senate, and the Clerk of the General Assembly.

33 b. The commission shall keep and maintain a list of all
34 applicants for licenses and registrations under this act together
35 with a record of all actions taken with respect to such applicants,
36 which file and record shall be open to public inspection; provided,
37 however, that the foregoing information regarding any applicant
38 whose license or registration has been denied, revoked, or not
39 renewed shall be removed from such list after five years from the
40 date of such action.

41 c. The commission shall maintain such other files and records
42 as may be deemed desirable.

43 d. Except as provided in subsection h. of this section, all
44 information and data required by the commission to be furnished
45 hereunder, or which may otherwise be obtained, relative to the
46 internal controls specified in section 99a. of this act or to the
47 earnings or revenue of any applicant, registrant, or licensee shall
48 be considered to be confidential and shall not be revealed in
49 whole or in part except in the course of the necessary
50 administration of this act, or upon the lawful order of a court of

1 competent jurisdiction, or, with the approval of the Attorney
2 General, to a duly authorized law enforcement agency.

3 e. All information and data pertaining to an applicant's
4 criminal record, family, and background furnished to or obtained
5 by the commission from any source shall be considered
6 confidential and shall be withheld in whole or in part, except that
7 any information shall be released upon the lawful order of a court
8 of competent jurisdiction or, with the approval of the Attorney
9 General, to a duly authorized law enforcement agency.

10 f. Notice of the contents of any information or data released,
11 except to a duly authorized law enforcement agency pursuant to
12 subsection d. or e. of this section, shall be given to any applicant,
13 registrant, or licensee in a manner prescribed by the rules and
14 regulations adopted by the commission.

15 g. Files, records, reports and other information in the
16 possession of the New Jersey Division of Taxation pertaining to
17 licensees shall be made available to the commission and the
18 division as may be necessary to the effective administration of
19 this act.

20 h. The following information to be reported periodically to the
21 commission by a casino licensee shall not be considered
22 confidential and shall be made available for public inspection:

23 (1) A licensee's gross revenue from all authorized games as
24 herein defined;

25 (2) (a) The dollar amount of patron checks initially accepted by
26 a licensee, (b) the dollar amount of patron checks deposited to
27 the licensee's bank account, (c) the dollar amount of such checks
28 initially dishonored by the bank and returned to the licensee as
29 "uncollected," and (d) the dollar amount ultimately uncollected
30 after all reasonable efforts;

31 (3) The amount of gross revenue tax or investment alternative
32 tax actually paid and the amount of investment, if any, required
33 and allowed, pursuant to section 144 of P.L.1977, c.110
34 (C.5:12-144) and section 3 of P.L.1984, c.218 (C.5:12-144.1);

35 (4) A list of the premises and the nature of improvements,
36 costs thereof and the payees for all such improvements, which
37 were the subject of an investment required and allowed pursuant
38 to section 144 of P.L.1977, c.110 (C.5:12-144) and section 3 of
39 P.L.1984, c.218 (C.5:12-144.1);

40 (5) The amount, if any, of tax in lieu of full local real property
41 tax paid pursuant to section 146, and the amount of profits, if
42 any, recaptured pursuant to section 147;

43 (6) A list of the premises, nature of improvements and costs
44 thereof which constitute the cumulative investments by which a
45 licensee has recaptured profits pursuant to section 147; and

46 (7) All quarterly and annual financial statements presenting
47 historical data which are submitted to the commission, including
48 all annual financial statements which have been audited by an
49 independent certified public accountant licensed to practice in
50 the State of New Jersey.

1 Nothing in this subsection shall be construed to limit access by
2 the public to those forms and documents required to be filed
3 pursuant to Article 11 of this act.

4 (cf: P.L.1987, c.410, s.5)

5 18. Section 76 of P.L.1977, c.110 (C.5:12-76) is amended to
6 read as follows:

7 76. General Duties and Powers. a. The Division of Gaming
8 Enforcement shall promptly and in reasonable order investigate
9 all applications, enforce the provisions of this act and any
10 regulations promulgated hereunder, and prosecute before the
11 commission all proceedings for violations of this act or any
12 regulations promulgated hereunder. The division shall provide the
13 commission with all information necessary for all action under
14 Article 6 of this act and for all proceedings involving
15 enforcement of the provisions of this act or any regulations
16 promulgated hereunder.

17 b. The division shall:

18 (1) Investigate the qualifications of each applicant before any
19 license, certificate, or permit is issued pursuant to the provisions
20 of this act:

21 (2) Investigate the circumstances surrounding any act or
22 transaction for which commission approval is required;

23 (3) Investigate violations of this act and regulations
24 promulgated hereunder;

25 (4) Initiate, prosecute and defend such proceedings before the
26 commission, or appeals therefrom, as the division may deem
27 appropriate;

28 (5) Provide assistance upon request by the commission in the
29 consideration and promulgation of rules and regulations;

30 (6) Conduct continuing reviews of casino operations through
31 on-site observation and other reasonable means to assure
32 compliance with this act and regulations promulgated hereunder,
33 subject to section 63g. of this act;

34 (7) Conduct audits of casino operations at such times, under
35 such circumstances, and to such extent as the director shall
36 determine, including reviews of accounting, administrative and
37 financial records, and management control systems, procedures
38 and records utilized by a casino licensee; and

39 (8) Be entitled to request information, materials and any other
40 data from any licensee or registrant, or applicant for a license or
41 registration under this act.

42 (cf: P.L.1979, c.282, s.16)

43 19. Section 80 of P.L.1977, c.110 (C.5:12-80) is amended to
44 read as follows:

45 80. General Provisions. a. It shall be the affirmative
46 responsibility of each applicant and licensee to establish by clear
47 and convincing evidence his individual qualifications, and for a
48 casino license the qualifications of each person who is required to
49 be qualified under this act as well as the qualifications of the
50 facility in which the casino is to be located.

1 b. Any applicant, licensee, registrant, or any other person who
2 must be qualified pursuant to this act shall provide all
3 information required by this act and satisfy all requests for
4 information pertaining to qualification and in the form specified
5 by the commission. All applicants, registrants, and licensees
6 shall waive liability as to the State of New Jersey, and its
7 instrumentalities and agents, for any damages resulting from any
8 disclosure or publication in any manner, other than a willfully
9 unlawful disclosure or publication, of any material or information
10 acquired during inquiries, investigations or hearings.

11 c. All applicants, licensees, registrants, intermediary
12 companies, and holding companies shall consent to inspections,
13 searches and seizures and the supplying of handwriting exemplars
14 as authorized by this act and regulations promulgated hereunder.

15 d. All applicants, licensees, registrants, and any other person
16 who shall be qualified pursuant to this act shall have the
17 continuing duty to provide any assistance or information required
18 by the commission or division, and to cooperate in any inquiry or
19 investigation conducted by the division and any inquiry,
20 investigation, or hearing conducted by the commission. If, upon
21 issuance of a formal request to answer or produce information,
22 evidence or testimony, any applicant, licensee, registrant, or any
23 other person who shall be qualified pursuant to this act refuses to
24 comply, the application, license, registration or qualification of
25 such person may be denied or revoked by the commission.

26 e. No applicant or licensee shall give or provide, offer to give
27 or provide, directly or indirectly, any compensation or reward or
28 any percentage or share of the money or property played or
29 received through gaming activities, except as authorized by this
30 act, in consideration for obtaining any license, authorization,
31 permission or privilege to participate in any way in gaming
32 operations.

33 f. Each applicant or person who must be qualified under this
34 act shall be photographed and fingerprinted for identification and
35 investigation purposes in accordance with procedures established
36 by the commission.

37 g. All licensees, all registrants, all persons required to be
38 qualified under this act, and all persons employed by a casino
39 service industry licensed pursuant to this act, shall have a duty to
40 inform the commission or division of any action which they
41 believe would constitute a violation of this act. No person who so
42 informs the commission or the division shall be discriminated
43 against by an applicant, licensee or registrant because of the
44 supplying of such information.

45 h. Any person who must be qualified pursuant to the "Casino
46 Control Act," P.L.1977, c.110 (C.5:12-1 et seq.) in order to hold
47 the securities of a casino licensee or any holding or intermediary
48 company of a casino licensee may apply for qualification status
49 prior to the acquisition of any such securities. Such an applicant
50 shall be subject to the provisions of this section.

51 (cf: P.L.1981, c.503, s.9)

1 20. Section 81 of P.L.1977, c.110 (C.5:12-81) is amended to
2 read as follows:

3 81. a. The commission may issue a statement of compliance
4 to an applicant for any license or for qualification status under
5 this act at any time the commission is satisfied that one or more
6 particular eligibility criteria have been satisfied by an applicant.

7 b. Such statement shall specify the eligibility criterion
8 satisfied, the date of such satisfaction and a reservation to the
9 commission to revoke the statement of compliance at any time
10 based upon a change of circumstances affecting such compliance.

11 c. A statement of compliance certifying satisfaction of all of
12 the requirements of subsection 84e. of this act with respect to a
13 specific casino hotel proposal submitted by an eligible applicant
14 may be accompanied by a written commitment from the
15 commission that a casino license shall be reserved for a period
16 not to exceed 30 months or within such additional time period as
17 the commission may, upon a showing of good cause therefor,
18 establish and shall be issued to such eligible applicant with
19 respect to such proposal provided that such applicant (1) complies
20 in all respects with the provisions of this act, (2) qualifies for a
21 casino license within a period not to exceed 30 months of the
22 date of such commitment or within such additional time period as
23 the commission may, upon a showing of good cause therefor,
24 establish, and (3) complies with such other conditions as the
25 commission shall impose. The commission may revoke such
26 reservation at any time it finds that the applicant is disqualified
27 from receiving or holding a casino license or has failed to comply
28 with any conditions imposed by the commission. Such reservation
29 shall be automatically revoked if the applicant does not qualify
30 for a casino license within the period of such commitment.

31 (cf: P.L.1978, c.7, s.14)

32 21. Section 82 of P.L.1977, c.110 (C.5:12-82) is amended to
33 read as follows:

34 82. **Casino License--Applicant Eligibility.** a. No casino shall
35 operate unless all necessary licenses and approvals therefor have
36 been obtained in accordance with law.

37 b. Only the following persons shall be eligible to hold a casino
38 license; and, unless otherwise determined by the commission with
39 the concurrence of the Attorney General which may not be
40 unreasonably withheld in accordance with subsection c. of this
41 section, each of the following persons shall be required to hold a
42 casino license prior to the operation of a casino in the hotel with
43 respect to which the casino license has been applied for:

44 (1) Any person who either owns an approved hotel building or
45 owns or has a contract to purchase or construct a hotel which in
46 the judgment of the commission can become an approved hotel
47 building within 30 months or within such additional time period as
48 the commission may, upon a showing of good cause therefor,
49 establish;

50 (2) Any person who, whether as lessor or lessee, either leases

1 an approved hotel building or leases or has an agreement to lease
2 a hotel which in the judgment of the commission can become an
3 approved hotel building within 30 months or within such
4 additional time period as the commission may, upon a showing of
5 good cause therefor, establish;

6 (3) Any person who has a written agreement with a casino
7 licensee or with an eligible applicant for a casino license for the
8 complete management of a casino; and

9 (4) Any other person who has any control over either an
10 approved hotel building or the land thereunder or the operation of
11 a casino.

12 c. Prior to the operation of the casino, every agreement to
13 lease an approved hotel building or the land thereunder and every
14 agreement for the management of the casino shall be in writing
15 and filed with the commission. No such agreement shall be
16 effective unless expressly approved by the commission. The
17 commission may require that any such agreement include within
18 its terms any provision reasonably necessary to best accomplish
19 the policies of this act. Consistent with the policies of this act:

20 (1) The commission, with the concurrence of the Attorney
21 General which may not be unreasonably withheld, may determine
22 that any person who does not have the ability to exercise any
23 significant control over either the approved hotel building or the
24 operation of the casino contained therein shall not be eligible to
25 hold or required to hold a casino license;

26 (2) The commission, with the concurrence of the Attorney
27 General which may not be unreasonably withheld, may determine
28 that any owner, lessor or lessee of an approved hotel building or
29 the land thereunder who does not own or lease the entire
30 approved hotel building shall not be eligible to hold or required to
31 hold a casino license;

32 (3) The commission shall require that any person or persons
33 eligible to apply for a casino license organize itself or themselves
34 into such form or forms of business association as the commission
35 shall deem necessary or desirable in the circumstances to carry
36 out the policies of this act;

37 (4) The commission may issue separate casino licenses to any
38 persons eligible to apply therefor;

39 (5) As to agreements to lease an approved hotel building or the
40 land thereunder, unless it expressly and by formal vote for good
41 cause determines otherwise, the commission shall require that
42 each party thereto hold either a casino license or casino service
43 industry license and that such an agreement be for a durational
44 term exceeding 30 years, concern 100% of the entire approved
45 hotel building or of the land upon which same is located, and
46 include within its terms a buy-out provision conferring upon the
47 casino licensee-lessee who controls the operation of the approved
48 hotel the absolute right to purchase for an expressly set forth
49 fixed sum the entire interest of the lessor or any person
50 associated with the lessor in the approved hotel building or the

1 land thereunder in the event that said lessor or said person
2 associated with the lessor is found by the commission to be
3 unsuitable to be associated with a casino enterprise;

4 (6) The commission shall not permit an agreement for the
5 leasing of an approved hotel building or the land thereunder to
6 provide for the payment of an interest, percentage or share of
7 money gambled at the casino or derived from casino gaming
8 activity or of revenues or profits of the casino unless the party
9 receiving payment of such interest, percentage or share is a party
10 to the approved lease agreement; unless each party to the lease
11 agreement holds either a casino license or casino service industry
12 license and unless the agreement is for a durational term
13 exceeding 30 years, concerns a significant portion of the entire
14 approved hotel building or of the land upon which same is located,
15 and includes within its terms a buy-out provision conforming to
16 that described in paragraph (5) above;

17 (7) As to agreements for the management of a casino, the
18 commission shall require that each party thereto hold a casino
19 license, that the party thereto who is to manage the casino own
20 at least 10% of all outstanding equity securities of any casino
21 licensee or of any eligible applicant for a casino license if the
22 said licensee or applicant is a corporation and the ownership of an
23 equivalent interest in any casino licensee or in any eligible
24 applicant for a casino license if same is not a corporation, and
25 that such an agreement be for the complete management of the
26 casino, provide for the sole and unrestricted power to direct the
27 casino operations of the casino which is the subject of the
28 agreement, and be for such a durational term as to assure
29 reasonable continuity, stability and independence in the
30 management of the casino;

31 (8) The commission may permit an agreement for the
32 management of a casino to provide for the payment to the
33 managing party of an interest, percentage or share of money
34 gambled at the casino or derived from casino gaming activity or
35 of revenues or profits of the casino; and.

36 (9) As to agreements to lease an approved hotel building or the
37 land thereunder, agreements to jointly own an approved hotel
38 building or the land thereunder and agreements for the
39 management of a casino, the commission shall require that each
40 party thereto shall be jointly and severally liable for all acts,
41 omissions and violations of this act by any party thereto
42 regardless of actual knowledge of such act, omission or violation
43 and notwithstanding any provision in such agreement to the
44 contrary.

45 d. No corporation shall be eligible to apply for a casino license
46 unless:

47 (1) The corporation shall be incorporated in the State of New
48 Jersey, although such corporation may be a wholly or partially
49 owned subsidiary of a corporation which is organized pursuant to
50 the laws of another state of the United States or of a foreign

1 country:

2 (2) The corporation shall maintain an office of the corporation
3 in the premises licensed or to be licensed:

4 (3) The corporation shall comply with all the requirements of
5 the laws of the State of New Jersey pertaining to corporations:

6 (4) The corporation shall maintain a ledger in the principal
7 office of the corporation in New Jersey which shall at all times
8 reflect the current ownership of every class of security issued by
9 the corporation and shall be available for inspection by the
10 commission or the division and authorized agents of the
11 commission and the division at all reasonable times without
12 notice:

13 (5) The corporation shall maintain all operating accounts
14 required by the commission in a bank in New Jersey:

15 (6) The corporation shall include among the purposes stated in
16 its certificate of incorporation the conduct of casino gaming and
17 provide that the certificate of incorporation includes all
18 provisions required by this act:

19 (7) The corporation, if it is not a publicly traded corporation,
20 shall file with the commission such adopted corporate charter
21 provisions as may be necessary to establish the right of prior
22 approval by the commission with regard to transfers of securities,
23 shares, and other interests in the applicant corporation; and, if it
24 is a publicly traded corporation, provide in its corporate charter
25 that any securities of such corporation are held subject to the
26 condition that if a holder thereof is found to be disqualified by
27 the commission pursuant to the provisions of this act, such holder
28 shall dispose of his interest in the corporation; provided, however,
29 that, notwithstanding the provisions of N.J.S.14A:7-12 and
30 N.J.S.12A:8-101 et seq., nothing herein shall be deemed to
31 require that any security of such corporation bear any legend to
32 this effect:

33 (8) The corporation, if it is not a publicly traded corporation,
34 shall establish to the satisfaction of the commission that
35 appropriate charter provisions create the absolute right of such
36 non-publicly traded corporations and companies to repurchase at
37 the market price or the purchase price, whichever is the lesser,
38 any security, share or other interest in the corporation in the
39 event that the commission disapproves a transfer in accordance
40 with the provisions of this act:

41 (9) Any publicly traded holding, intermediary, or subsidiary
42 company of the corporation, whether the corporation is publicly
43 traded or not, shall contain in its corporate charter the same
44 provisions required under paragraph (7) for a publicly traded
45 corporation to be eligible to apply for a casino license; and

46 (10) Any nonpublicly traded holding, intermediary or subsidiary
47 company of the corporation, whether the corporation is publicly
48 traded or not, shall establish to the satisfaction of the
49 commission that its charter provisions are the same as those
50 required under [paragraph] paragraphs (7) and (8) for a nonpublicly
51 traded corporation to be eligible to apply for a casino license.

1 Notwithstanding the foregoing, any corporation or company
 2 which had bylaw provisions approved by the commission prior to
 3 the effective date of this 1987 amendatory act shall have one
 4 year from the effective date of this 1987 amendatory act to
 5 adopt appropriate charter provisions in accordance with the
 6 requirements of this subsection.

7 The provisions of this subsection shall apply with the same
 8 force and effect with regard to casino license applicants and
 9 casino licensees which have a legal existence that is other than
 10 corporate to the extent which is appropriate.

11 e. No person shall be issued or be the holder of more than
 12 three casino licenses. For the purpose of this subsection a person
 13 shall be considered the holder of a casino license if such license is
 14 issued to such person or if such license is held by any holding,
 15 intermediary or subsidiary company thereof, or by any officer,
 16 director, casino key employee or principal employee of such
 17 person, or of any holding, intermediary or subsidiary company
 18 thereof.

19 (cf: P.L.1987, c.410, s.6)

20 22. Section 83 of P.L. 1977, c.110 (C.5:12-83) is amended to
 21 read as follows:

22 83. Approved Hotel. a. An approved hotel for purposes of this
 23 act shall be a hotel providing facilities in accordance with this
 24 section. Nothing in this section shall be construed to limit the
 25 authority of the commission to determine the suitability of
 26 facilities as provided in this act, and nothing in this section shall
 27 be construed to require a casino to be larger than the minimum
 28 size or smaller than the maximum size herein provided.

29 [An approved hotel shall, in accordance with the following
 30 table:

31 a. Contain qualifying sleeping units as defined in section 27 of
 32 this act;

33 b. Contain qualifying indoor public space available and of the
 34 sort regularly used for conventions, exhibits, meetings, banquets
 35 and similar functions, and for dining, entertainment, and sports
 36 facilities, including restaurants, bars, lounges, show theaters,
 37 shops, dance halls, swimming facilities, and tennis facilities but
 38 excluding lobbies, casinos, and parking areas; and

39 c. Contain a single casino room as defined in section 6 of this
 40 act, in accordance with the minimum number of qualifying
 41 sleeping units and minimum amount of qualifying indoor public
 42 space as provided in the following chart, but, except as
 43 hereinafter provided, in no event may a casino room be permitted
 44 to exceed the maximum square footage stated:

45 Minimum Number	Minimum Square Footage	Maximum Square
46 of Qualifying	of Qualifying Indoor	Footage of
47 Sleeping Units	Public Space	Casino Room
48	Sq. Ft.	Sq. Ft.
49		
50 500	65,000	30,000

1	750	80,000	40,000
2	1,000	95,000	50,000
3	1,250	110,000	60,000
4	1,500	125,000	70,000
5	1,750	140,000	85,000
6	2,000	155,000	100,000

7 b. (1) In the case of a casino hotel in operation on the effective
8 date of this amendatory and supplementary act, P.L. , c. , an
9 approved hotel shall:

10 (a) contain at least the number of qualifying sleeping units, as
11 defined in section 27 of P.L.1977, c.110 (C.5:12-27), which it has
12 on the effective date of this amendatory and supplementary act,
13 except that those units may be consolidated and reconfigured in
14 order to form suites so long as there remain at least 500
15 qualifying sleeping units; and

16 (b) contain a casino of not more than the amount of casino
17 space authorized on the basis of the provisions of this section
18 which were in effect on the day before the effective date of this
19 amendatory and supplementary act and applicable to that casino
20 at that time, except that the casino space may be increased if
21 additional qualifying sleeping units are added as provided
22 hereafter in this paragraph.

23 The casino space in such an approved hotel may be
24 increased following the effective date of this amendatory and
25 supplementary act on the basis of the following formula:

26			
27	<u>(number of hotel rooms</u>		<u>(amount of casino space</u>
28	<u>added)</u>	=	<u>that may be added)</u>
29	<u>_____</u>		<u>_____</u>
30	<u>(1,000 - number of hotel</u>		<u>(120,000 - amount of</u>
31	<u>rooms on that effective</u>		<u>casino space on that</u>
32	<u>date)</u>		<u>effective date)</u>

33 For the purpose of increasing casino space, an agreement
34 approved by the commission for the addition of qualifying
35 sleeping units within two years after approval of the agreement
36 shall be deemed an addition of those rooms, but if the agreement
37 is not fulfilled due to conditions within the control of the casino
38 licensee, the casino licensee shall close the additional casino
39 space or any portion thereof as directed by the commission.

40 The calculation of the number of qualifying sleeping units
41 added with respect to any such casino hotel shall not include any
42 qualifying sleeping unit or other hotel or motel room in existence
43 in Atlantic City on the effective date of this act, whether or not
44 that unit or room is offered or usable for occupancy on the
45 effective date, or any replacement for such a unit or room which
46 results from construction or renovation after the effective date.

47 (2) In the case of a hotel in operation on the effective date of
48 this amendatory and supplementary act, P.L. , c. , in which a
49 licensed casino was located and operated prior to, but not as of,
50 that effective date, and in which a casino is reestablished after

1 that effective date, an approved hotel shall:

2 (a) contain at least the number of qualifying sleeping units, as
3 defined in section 27 of P.L.1977, c.110 (C.5:12-27), which it had
4 on the date the casino ceased operations prior to the effective
5 date of this act, except that those units may be consolidated and
6 reconfigured in order to form suites so long as there remain at
7 least 500 qualifying sleeping units; and

8 (b) contain a casino of not more than the amount of casino
9 space the casino had on the date it ceased operations prior to
10 that effective date, except that the casino space may be
11 increased if additional qualifying sleeping units are added as
12 provided hereafter in this paragraph.

13 The casino space in such an approved hotel may be
14 increased following the effective date of this amendatory and
15 supplementary act on the basis of the following formula:

17 <u>(number of hotel rooms</u>		<u>(amount of casino space</u>
18 <u>added)</u>		<u>that may be added)</u>
19 _____	=	_____
20 <u>(1,000 - number of hotel</u>		<u>(120,000 - amount of</u>
21 <u>rooms on date casino ceased</u>		<u>casino space on date</u>
22 <u>operations)</u>		<u>casino ceased opera-</u>
23		<u>tions)</u>

24 For the purpose of increasing casino space, an agreement
25 approved by the commission for the addition of qualifying
26 sleeping units within two years after approval of the agreement
27 shall be deemed an addition of those rooms, but if the agreement
28 is not fulfilled due to conditions within the control of the casino
29 licensee, the casino licensee shall close the additional casino
30 space or any portion thereof as directed by the commission.

31 The calculation of the number of qualifying sleeping units
32 added with respect to any such hotel shall not include any
33 qualifying sleeping unit or other hotel or motel room in existence
34 in Atlantic City on the effective date of this act, whether or not
35 that unit or room is offered or usable for occupancy on the
36 effective date, or any replacement for such a unit or room which
37 results from construction or renovation after the effective date.

38 c. In the case of a casino hotel not in operation prior to or on
39 the effective date of this amendatory and supplementary act, an
40 approved hotel shall contain at least 1,000 qualifying sleeping
41 units, as defined in section 27 of the "Casino Control Act,"
42 P.L.1977, c.110 (C.5:12-27), and a single casino room of not more
43 than 120,000 square feet. The calculation of the number of
44 qualifying sleeping units with respect to any such casino hotel
45 shall not include any qualifying sleeping unit or other hotel or
46 motel room in existence in Atlantic City on the effective date of
47 this act, whether or not that unit or room is offered or usable for
48 occupancy on the effective date, or any replacement for such a
49 unit or room which results from construction or renovation after
50 the effective date.

1 d. Once a hotel is initially approved, the commission shall
2 thereafter rely on the certification of the casino licensee with
3 regard to the number of rooms and, when applicable, the amount
4 of qualifying indoor public space and shall permit rehabilitation,
5 renovation and alteration of any part of the approved hotel even
6 if the rehabilitation, renovation, or alteration will mean that the
7 casino licensee does not temporarily meet the requirements of
8 subsection c. so long as the licensee certifies that the
9 rehabilitation, renovation, or alteration shall be completed within
10 one year.

11 e. (Deleted by amendment, P.L.1987, c.352.)

12 f. [If an approved hotel shall provide more than the minimum
13 number of qualifying sleeping units as hereinbefore defined than
14 is required by subsection c. hereof, the maximum casino space
15 may be permitted to increase by 40 square feet for each such
16 excess sleeping unit.] (Deleted by amendment, P.L. , c.)

17 g. [If a licensed facility shall provide more qualifying indoor
18 public space as hereinbefore defined than is required by
19 subsection c. hereof, the maximum allowable casino space may be
20 permitted to increase by a figure representing one-half of the
21 amount of such excess qualifying indoor public space, including
22 space serving as kitchen support facilities.] (Deleted by
23 amendment, P.L. , c.)

24 h. [In no event may the total of the increased allowable casino
25 space be permitted to exceed a figure representing the original
26 maximum casino size.] (Deleted by amendment, P.L. , c.)

27 i. The commission shall not impose any criteria or
28 requirements regarding the contents of the hotel, including
29 [qualifying] indoor public space, in addition to the criteria and
30 requirements expressly specified in the "Casino Control Act,"
31 P.L.1977, c.110 (C.5:12-1 et seq.); provided, however, that the
32 commission shall be authorized to require each casino licensee to
33 establish and maintain an approved hotel which is in all respects a
34 superior, first-class facility of exceptional quality which will help
35 restore Atlantic City as a resort, tourist and convention
36 destination.

37 (cf: P.L.1987, c.352, s.1)

38 23. (New section) Notwithstanding the provisions of section 83
39 of P.L.1977, c.110 (C.5:12-83) to the contrary, for a period of
40 two years after the effective date of this amendatory and
41 supplementary act:

42 a. a casino hotel in operation on the effective date of this
43 amendatory and supplementary act, P.L. , c. , shall, in
44 addition to the number of qualifying sleeping units required by
45 that section, contain sufficient qualifying indoor public space to
46 provide the basis, in conjunction with the number of qualifying
47 sleeping units, for the size of the casino in operation on that
48 effective date, as determined by the provisions of section 83
49 which were in effect on the day before the effective date of this
50 amendatory and supplementary act; and

1 b. a hotel in operation on the effective date of this amendatory
2 and supplementary act, P.L. , c. , in which a casino was
3 located and operated prior to, but not as of, that effective date,
4 and in which a casino is reestablished after that effective date,
5 shall contain sufficient qualifying indoor space to provide the
6 basis, in conjunction with the number of qualifying sleeping units,
7 for the size of the casino in operation on the date that it ceased
8 operations prior to the effective date of this act, as determined
9 by the provisions of section 83 which were applicable at that time.

10 24. Section 84 of P.L.1977, c.110 (C.5:12-84) is amended to
11 read as follows:

12 84. Casino License--Applicant Requirements. Any applicant
13 for a casino license must produce information, documentation and
14 assurances concerning the following qualification criteria:

15 a. Each applicant shall produce such information,
16 documentation and assurances concerning financial background
17 and resources as may be required to establish by clear and
18 convincing evidence the financial stability, integrity and
19 responsibility of the applicant, including but not limited to bank
20 references, business and personal income and disbursement
21 schedules, tax returns and other reports filed with governmental
22 agencies, and business and personal accounting and check records
23 and ledgers. In addition, each applicant shall, in writing,
24 authorize the examination of all bank accounts and records as
25 may be deemed necessary by the commission or the division.

26 b. Each applicant shall produce such information,
27 documentation and assurances as may be necessary to establish
28 by clear and convincing evidence the integrity of all financial
29 backers, investors, mortgagees, bond holders, and holders of
30 indentures, notes or other evidences of indebtedness, either in
31 effect or proposed, which bears any relation to the casino
32 proposal submitted by the applicant or applicants; provided,
33 however, that this section shall not apply to banking or other
34 licensed lending institutions exempted from the qualification
35 requirements of subsections c. and d. of section 85 of P.L.1977,
36 c.110 (C.5:12-85) and institutional investors waived from the
37 qualification requirements of those subsections pursuant to the
38 provisions of subsection f. of section 85 of P.L.1977, c.110
39 (C.5:12-85). Any such banking or licensed lending institution or
40 institutional investor shall, however, produce for the commission
41 upon its request any document or information which bears any
42 relation to the casino proposal submitted by the applicant or
43 applicants. The integrity of financial sources shall be judged
44 upon the same standards as the applicant. In addition, the
45 applicant shall produce whatever information, documentation or
46 assurances as may be required to establish by clear and
47 convincing evidence the adequacy of financial resources both as
48 to the completion of the casino proposal and the operation of the
49 casino.

50 c. Each applicant shall produce such information,

1 documentation and assurances as may be required to establish by
2 clear and convincing evidence the applicant's good character,
3 honesty and integrity. Such information shall include, without
4 limitation, information pertaining to family, habits, character,
5 reputation, criminal and arrest record, business activities,
6 financial affairs, and business, professional and personal
7 associates, covering at least the 10-year period immediately
8 preceding the filing of the application. Each applicant shall
9 notify the commission of any civil judgments obtained against any
10 such applicant pertaining to antitrust or security regulation laws
11 of the federal government, of this State or of any other state,
12 jurisdiction, province or country. In addition, each applicant shall
13 produce letters of reference from law enforcement agencies
14 having jurisdiction in the applicant's place of residence and
15 principal place of business, which letters of reference shall
16 indicate that such law enforcement agencies do not have any
17 pertinent information concerning the applicant, or if such law
18 enforcement agency does have information pertaining to the
19 applicant, shall specify what the information is. If the applicant
20 has conducted gaming operations in a jurisdiction which permits
21 such activity, the applicant shall produce letters of reference
22 from the gaming or casino enforcement or control agency which
23 shall specify the experiences of such agency with the applicant,
24 his associates, and his gaming operation; provided, however, that
25 if no such letters are received within 60 days of request therefor,
26 the applicant may submit a statement under oath that he is or
27 was during the period such activities were conducted in good
28 standing with such gaming or casino enforcement or control
29 agency.

30 d. Each applicant shall produce such information,
31 documentation and assurances as may be required to establish by
32 clear and convincing evidence that the applicant has sufficient
33 business ability and casino experience as to establish the
34 likelihood of creation and maintenance of a successful, efficient
35 casino operation. The applicant shall produce the names of all
36 proposed casino key employees as they become known and a
37 description of their respective or proposed responsibilities, and a
38 full description of security systems and management controls
39 proposed for the casino and related facilities.

40 e. Each applicant shall produce such information,
41 documentation and assurances to establish to the satisfaction of
42 the commission the suitability of the casino and related facilities
43 subject to subsection i. of section 83 of P.L.1977, c.110
44 (C.5:12-83) and its proposed location will not adversely affect
45 casino operations or overall environmental conditions. Each
46 applicant shall submit an impact statement which shall include,
47 without limitation, architectural and site plans which establish
48 that the proposed facilities comply in all respects with the
49 requirements of this act, the requirements of the master plan and
50 zoning and planning ordinances of Atlantic City, without any use

1 variance from the provisions thereof, and the requirements of the
2 "Coastal Area Facility Review Act," P.L.1973, c.185 (C.13:19-1
3 et seq.), a market impact study which analyzes the adequacy of
4 the patron market and the effect of the proposal on such market
5 and on the existing casino facilities licensed under this act; and
6 an analysis of the effect of the proposal on the overall
7 environment, including, without limitation, economic, social,
8 demographic and competitive conditions as well as the natural
9 resources of Atlantic City and the State of New Jersey.
10 (cf: P.L.1987, c.410, s.7)

11 25. Section 85 of P.L.1977, c.110 (C.5:12-85) is amended to
12 read as follows:

13 85. Additional Requirements. a. In addition to other
14 information required by this act, a corporation applying for a
15 casino license shall provide the following information:

16 (1) The organization, financial structure and nature of all
17 businesses operated by the corporation; the names and personal
18 employment and criminal histories of all officers, directors and
19 principal employees of the corporation; the names of all holding,
20 intermediary and subsidiary companies of the corporation; and
21 the organization, financial structure and nature of all businesses
22 operated by such of its holding, intermediary and subsidiary
23 companies as the commission may require, including names and
24 personal employment and criminal histories of such officers,
25 directors and principal employees of such corporations and
26 companies as the commission may require;

27 (2) The rights and privileges acquired by the holders of
28 different classes of authorized securities of such corporations and
29 companies as the commission may require, including the names,
30 addresses and amounts held by all holders of such securities;

31 (3) The terms upon which securities have been or are to be
32 offered;

33 (4) The terms and conditions of all outstanding loans,
34 mortgages, trust deeds, pledges or any other indebtedness or
35 security devices utilized by the corporation;

36 (5) The extent of the equity security holding in the corporation,
37 of all officers, directors and underwriters, and their remuneration
38 in the form of salary, wages, fees or otherwise;

39 (6) Names of persons other than directors and officers who
40 occupy positions specified by the commission or whose
41 compensation exceeds an amount determined by the commission,
42 and the amount of their compensation;

43 (7) A description of all bonus and profit-sharing arrangements;

44 (8) Copies of all management and service contracts; and

45 (9) A listing of stock options existing or to be created.

46 b. If a corporation applying for a casino license is, or if a
47 corporation holding a casino license is to become, a subsidiary,
48 each holding company and each intermediary company with
49 respect thereto must, as a condition of the said subsidiary
50 acquiring or retaining such license, as the case may be:

- 1 (1) Qualify to do business in the State of New Jersey; and
- 2 (2) If it is a corporation, register with the commission and
3 furnish the commission with all the information required of a
4 corporate licensee as specified in subsection a. (1), (2) and (3) of
5 this section and such other information as the commission may
6 require; or
- 7 (3) If it is not a corporation, register with the commission and
8 furnish the commission with such information as the commission
9 may prescribe. [The commission may, in its discretion, make
10 such investigations concerning the officers, directors,
11 underwriters, security holders, partners, principals, trustees or
12 persons owning or beneficially holding any interest in any holding
13 company or intermediary company as it deems necessary, either
14 at the time of initial registration or at any time thereafter.]
- 15 c. No corporation shall be eligible to hold a casino license
16 unless each officer; each director; each person who directly or
17 indirectly holds any beneficial interest or ownership of the
18 securities issued by the corporation; any person who in the
19 opinion of the commission has the ability to control the
20 corporation or elect a majority of the board of directors of that
21 corporation, other than a banking or other licensed lending
22 institution which makes a loan or holds a mortgage or other lien
23 acquired in the ordinary course of business; each principal
24 employee; and any lender, underwriter, agent, employee of the
25 corporation, or other person whom the commission may consider
26 appropriate for approval or qualification would, but for residence,
27 individually be qualified for approval as a casino key employee
28 pursuant to the provisions of this act.
- 29 d. No corporation which is a subsidiary shall be eligible to
30 receive or hold a casino license unless each holding and
31 intermediary company with respect thereto:
- 32 (1) If it is a corporation, shall comply with the provisions of
33 subsection c. of this section as if said holding or intermediary
34 company were itself applying for a casino license; provided,
35 however, that the commission with the concurrence of the
36 director may waive compliance with the provisions of subsection
37 c. hereof on the part of a publicly-traded corporation which is a
38 holding company as to any officer, director, lender, underwriter,
39 agent or employee thereof, or person directly or indirectly
40 holding a beneficial interest or ownership of the securities of
41 such corporation, where the commission and the director are
42 satisfied that such officer, director, lender, underwriter, agent or
43 employee is not significantly involved in the activities of the
44 corporate licensee, and in the case of security holders, does not
45 have the ability to control the publicly-traded corporation or
46 elect one or more directors thereof; or
- 47 (2) If it is not a corporation, shall comply with the provisions
48 of subsection e. of this section as if said company were itself
49 applying for a casino license.
- 50 e. Any noncorporate applicant for a casino license shall

1 provide the information required in subsection a. of this section
2 in such form as may be required by the commission. No such
3 applicant shall be eligible to hold a casino license unless each
4 person who directly or indirectly holds any beneficial interest or
5 ownership in the applicant, or who in the opinion of the
6 commission has the ability to control the applicant, or whom the
7 commission may consider appropriate for approval or
8 qualification, would, but for residence, individually be qualified
9 for approval as a casino key employee pursuant to the provisions
10 of this act.

11 f. Notwithstanding the provisions of subsections c. and d. of
12 this section, an institutional investor holding either (1) under 10%
13 of the equity securities of a casino licensee's holding or
14 intermediary companies, or (2) debt securities of a casino
15 licensee's holding or intermediary companies where the
16 securities represent a percentage of the company's debt not
17 exceeding 20% shall be granted a waiver of qualification if its
18 holdings of such securities were purchased for investment
19 purposes only and upon request by the commission it files with
20 the commission a certified statement to the effect that it has no
21 intention of influencing or affecting the affairs of the issuer, the
22 casino licensee or its holding or intermediary companies;
23 provided, however, that it shall be permitted to vote on matters
24 put to the vote of the outstanding security holders. The
25 commission may grant a waiver of qualification to an
26 institutional investor holding a higher percentage of such
27 securities upon a showing of good cause and if the conditions
28 specified above are met. If an institutional investor changes its
29 investment intent, or if the commission finds reasonable cause to
30 believe that the institutional investor may be found unqualified,
31 no action other than divestiture shall be taken by such investor
32 with respect to its security holdings until there has been
33 compliance with the provisions of P.L.1987, c.409 (C.5:12-95.12
34 et seq.), including the execution of a trust agreement.

35 g. If at any time the commission finds that an institutional
36 investor holding any security of a casino licensee or of a holding
37 or intermediary company with respect thereto fails to comply
38 with the terms of subsection f. of this section, or if at any time
39 the commission finds that, by reason of the extent or nature of
40 its holdings, an institutional investor is in a position to exercise
41 such a substantial impact upon the controlling interests of a
42 licensee that qualification of the institutional investor is
43 necessary to protect the public interest, the commission may, in
44 accordance with the provisions of subsections d. and e. of section
45 105 of P.L.1977, c.110 (C.5:12-105), take any necessary action to
46 protect the public interest, including requiring such an
47 institutional investor to be qualified pursuant to the provisions of
48 the "Casino Control Act," P.L.1977, c.110 (C.5:12-1 et seq.).

49 (cf: P.L.1987, c.354, s.9)

50 26. Section 86 of P.L.1977, c.110 (C.5:12-86) is amended to

1 read as follows:

2 86. Casino License--Disqualification Criteria. The
3 commission shall deny a casino license to any applicant who is
4 disqualified on the basis of any of the following criteria:

5 a. Failure of the applicant to prove by clear and convincing
6 evidence that the applicant is qualified in accordance with the
7 provisions of this act:

8 b. Failure of the applicant to provide information,
9 documentation and assurances required by the act or requested by
10 the commission, or failure of the applicant to reveal any fact
11 material to qualification, or the supplying of information which is
12 untrue or misleading as to a material fact pertaining to the
13 qualification criteria;

14 c. The conviction of the applicant, or of any person required to
15 be qualified under this act as a condition of a casino license, of
16 any offense in any jurisdiction which would be:

17 (1) Any of the following offenses under the "New Jersey Code
18 of Criminal Justice," P.L.1978, c.95 (Title 2C of the New Jersey
19 Statutes) as amended and supplemented:

20 all crimes of the first degree;

21 N.J.S.2C:5-1 (attempt to commit an offense which is listed in
22 this subsection);

23 N.J.S.2C:5-2 (conspiracy to commit an offense which is listed
24 in this subsection);

25 N.J.S.2C:11-4b. (manslaughter);

26 N.J.S.2C:12-1b. (aggravated assault which constitutes a crime
27 of the second or third degree);

28 N.J.S.2C:13-1 (kidnapping);

29 N.J.S.2C:14-1 et seq. (sexual offenses which constitute crimes
30 of the second or third degree);

31 N.J.S.2C:15-1 (robberies);

32 N.J.S.2C:17-1a. and b. (crimes involving arson and related
33 offenses);

34 N.J.S.2C:17-2a. and b. (causing or risking widespread injury or
35 damage);

36 N.J.S.2C:18-2 (burglary which constitutes a crime of the
37 second degree);

38 N.J.S.2C:20-1 et seq. (theft and related offenses which
39 constitute crimes of the second or third degree);

40 N.J.S.2C:21-1 et seq. (forgery and fraudulent practices which
41 constitute crimes of the second or third degree);

42 [N.J.S.2C:21-4a. (falsifying or tampering with records);

43 N.J.S.2C:21-14 (receiving deposits in a failing financial
44 institution);]

45 N.J.S.2C:27-1 et seq. (bribery and corrupt influence);

46 N.J.S.2C:28-1 et seq. (perjury and other falsification in official
47 matters which constitute crimes of the second, third or fourth
48 degree);

49 N.J.S.2C:30-2 and N.J.S.2C:30-3 (misconduct in office and
50 abuse in office which constitutes a crime of the second degree);

1 N.J.S.2C:35-5 (manufacturing, distributing or dispensing a
2 controlled dangerous substance or a controlled dangerous
3 substance analog which constitutes a crime of the second or third
4 degree);

5 N.J.S.2C:35-6 (employing a juvenile in a drug distribution
6 scheme);

7 N.J.S.2C:35-7 (distributing, dispensing or possessing a
8 controlled dangerous substance or a controlled substance analog
9 on or within 1,000 feet of school property or bus);

10 N.J.S.2C:35-11 (distribution, possession or manufacture of
11 imitation controlled dangerous substances);

12 N.J.S.2C:35-13 (acquisition of controlled dangerous substances
13 by fraud);

14 N.J.S.2C:37-1 et seq. (gambling offenses which constitute
15 crimes of third or fourth degree);

16 N.J.S.2C:37-7 (possession of a gambling device); or

17 (2) Any other offense under present New Jersey or federal law
18 which indicates that licensure of the applicant would be inimical
19 to the policy of this act and to casino operations; provided,
20 however, that the automatic disqualification provisions of this
21 subsection shall not apply with regard to any conviction which did
22 not occur within the 10-year period immediately preceding
23 application for licensure and which the applicant demonstrates by
24 clear and convincing evidence does not justify automatic
25 disqualification pursuant to this subsection and any conviction
26 which has been the subject of a judicial order of expungement or
27 sealing;

28 d. Current prosecution or pending charges in any jurisdiction
29 of the applicant or of any person who is required to be qualified
30 under this act as a condition of a casino license, for any of the
31 offenses enumerated in subsection c. of this section; provided,
32 however, that at the request of the applicant or the person
33 charged, the commission shall defer decision upon such
34 application during the pendency of such charge;

35 e. The pursuit by the applicant or any person who is required
36 to be qualified under this act as a condition of a casino license of
37 economic gain in an occupational manner or context which is in
38 violation of the criminal or civil public policies of this State, if
39 such pursuit creates a reasonable belief that the participation of
40 such person in casino operations would be inimical to the policies
41 of this act or to legalized gaming in this State. For purposes of
42 this section, occupational manner or context shall be defined as
43 the systematic planning, administration, management, or
44 execution of an activity for financial gain;

45 f. The identification of the applicant or any person who is
46 required to be qualified under this act as a condition of a casino
47 license as a career offender or a member of a career offender
48 cartel or an associate of a career offender or career offender
49 cartel in such a manner which creates a reasonable belief that
50 the association is of such a nature as to be inimical to the policy

1 of this act and to gaming operations. For purposes of this
2 section, career offender shall be defined as any person whose
3 behavior is pursued in an occupational manner or context for the
4 purpose of economic gain, utilizing such methods as are deemed
5 criminal violations of the public policy of this State. A career
6 offender cartel shall be defined as any group of persons who
7 operate together as career offenders;

8 g. The commission by the applicant or any person who is
9 required to be qualified under this act as a condition of a casino
10 license of any act or acts which would constitute any offense
11 under subsection c. of this section, even if such conduct has not
12 been or may not be prosecuted under the criminal laws of this
13 State or any other jurisdiction or has been prosecuted under the
14 criminal laws of this State or any other jurisdiction and such
15 prosecution has been terminated in a manner other than with a
16 conviction; and

17 h. Contumacious defiance by the applicant or any person who
18 is required to be qualified under this act of any legislative
19 investigatory body or other official investigatory body of any
20 state or of the United States when such body is engaged in the
21 investigation of crimes relating to gaming, official corruption, or
22 organized crime activity.

23 (cf: P.L.1987, c.354, s.10)

24 27. Section 90 of P.L.1977, c.110 (C.5:12-90) is amended to
25 read as follows:

26 90. Licensing of Casino Employees. a. No person may
27 commence employment as a casino employee unless he is the
28 holder of a valid casino employee license.

29 b. Any applicant for a casino employee license must, prior to
30 the issuance of any such license, produce sufficient information,
31 documentation and assurances to meet the qualification criteria,
32 including New Jersey residency, contained in subsection b. of
33 section 89 of this act and any additional residency requirement
34 imposed under subsection c. of this section; except that the
35 standards for business ability and casino experience may be
36 satisfied by a showing of casino job experience and knowledge of
37 the provisions of this act and regulations pertaining to the
38 particular position involved, or by successful completion of a
39 course of study at a licensed school in an approved curriculum.

40 c. The commission may, by regulation, require that all
41 applicants for casino employee licenses be residents of this State
42 for a period not to exceed six months immediately prior to the
43 issuance of such license, but application may be made prior to the
44 expiration of the required period of residency. The commission
45 shall, by resolution, waive the required residency period for an
46 applicant upon a showing that the residency period would cause
47 undue hardship upon the casino licensee which intends to employ
48 said applicant, or upon a showing of other good cause.

49 d. The commission shall endorse upon any license issued
50 hereunder the particular positions as defined by regulation which

1 the licensee is qualified to hold.

2 e. The commission shall deny a casino employee license to any
3 applicant who is disqualified on the basis of the criteria contained
4 in section 86 of this act.

5 f. For the purposes of this section, casino security employees
6 shall be considered casino employees and must, in addition to any
7 requirements under other laws, be licensed in accordance with
8 the provisions of this act.

9 g. A temporary license may be issued by the commission to
10 casino employees for positions not directly related to gaming
11 activity if, in its judgment, the issuance of a plenary license will
12 be restricted by necessary investigations and said temporary
13 licensing of the applicant is necessary for the operation of the
14 casino. In addition, a temporary license may be issued by the
15 commission to a casino employee for the position of slot
16 change person if the division has not responded to the application
17 for licensure within 30 days of the filing of the application and if
18 the employee's position involves working with an impressment of
19 \$1,000 or less and no access to any other funds. Unless otherwise
20 terminated pursuant to this act, a temporary license issued
21 pursuant to this subsection shall expire six months from the date
22 of its issuance and be renewable, at the discretion of the
23 commission, for one additional six month period. Positions
24 "directly related to gaming activity" shall include, but not be
25 limited to, boxmen, floormen, dealers or croupiers, cage
26 personnel, count room personnel, slot and slot booth personnel,
27 credit and collection personnel, casino surveillance personnel, and
28 casino security employees whose employment duties require or
29 authorize access to the casino.

30 h. Notwithstanding the provisions of subsection e. of this
31 section, no applicant shall be denied a casino employee license on
32 the basis of a conviction of any of the offenses enumerated in
33 this act as disqualification criteria or the commission of any act
34 or acts which would constitute any offense under subsection c. of
35 section 86 of P.L.1977, c.110 (C.5:12-86), as specified in
36 subsection g. of that section; provided that the applicant has
37 affirmatively demonstrated his rehabilitation. In determining
38 whether the applicant has affirmatively demonstrated his
39 rehabilitation the commission shall consider the following factors:

40 (1) The nature and duties of the position applied for;
41 (2) The nature and seriousness of the offense or conduct;
42 (3) The circumstances under which the offense or conduct
43 occurred;
44 (4) The date of the offense or conduct;
45 (5) The age of the applicant when the offense or conduct was
46 committed;
47 (6) Whether the offense or conduct was an isolated or repeated
48 incident;
49 (7) Any social conditions which may have contributed to the
50 offense or conduct;

1 (8) Any evidence of rehabilitation, including good conduct in
2 prison or in the community, counseling or psychiatric treatment
3 received, acquisition of additional academic or vocational
4 schooling, successful participation in correctional work-release
5 programs, or the recommendation of persons who have or have
6 had the applicant under their supervision.

7 (cf: P.L.1987, c.354, s.13)

8 28. Section 91 of P.L.1977, c.110 (C.5:12-91) is amended to
9 read as follows:

10 91. Registration of Casino Hotel and Casino Hotel Security
11 Employees. a. No person may commence employment as a
12 casino hotel employee or a casino hotel security employee unless
13 he has been registered with the commission, which registration
14 shall be in accordance with subsection f. of this section.

15 b. Any applicant for casino hotel employee or casino hotel
16 security employee registration shall produce such information as
17 the commission may require. Subsequent to the registration of a
18 casino hotel employee or a casino hotel security employee, the
19 commission may revoke, suspend, limit, or otherwise restrict the
20 registration upon a finding that the registrant is disqualified on
21 the basis of the criteria contained in section 86 of P.L.1977,
22 c.110 (C.5:12-86).

23 c. The commission may, by regulation, require that all
24 applicants for casino hotel employee or casino hotel security
25 employee registration be residents of this State for a period not
26 to exceed three months immediately prior to such registration,
27 but application may be made prior to the expiration of the
28 required period of residency. The commission shall waive the
29 required residency period for an applicant upon a showing that
30 the residency period would cause undue hardship upon the casino
31 licensee which intends to employ said applicant, or upon a
32 showing of other good cause.

33 d. Notwithstanding the provisions of subsection b. of this
34 section, no casino hotel employee or casino hotel security
35 employee registration shall be revoked on the basis of a
36 conviction of any of the offenses enumerated in this act as
37 disqualification criteria or the commission of any act or acts
38 which would constitute any offense under subsection c. of section
39 86 of P.L.1977, c.110 (C.5:12-86), as specified in subsection g. of
40 that section, provided that the registrant has affirmatively
41 demonstrated his rehabilitation. In determining whether the
42 registrant has affirmatively demonstrated his rehabilitation the
43 commission shall consider the following factors:

- 44 (1) The nature and duties of the registrant's position;
45 (2) The nature and seriousness of the offense or conduct;
46 (3) The circumstances under which the offense or conduct
47 occurred;
48 (4) The date of the offense or conduct;
49 (5) The age of the registrant when the offense or conduct was
50 committed;

1 (6) Whether the offense or conduct was an isolated or repeated
2 incident;

3 (7) Any social conditions which may have contributed to the
4 offense or conduct;

5 (8) Any evidence of rehabilitation, including good conduct in
6 prison or in the community, counseling or psychiatric treatment
7 received, acquisition of additional academic or vocational
8 schooling, successful participation in correctional work-release
9 programs, or the recommendation of persons who have or have
10 had the registrant under their supervision.

11 e. The commission may waive any disqualification criterion for
12 a casino hotel employee or a casino hotel security employee
13 consistent with the public policy of this act and upon a finding
14 that the interests of justice so require.

15 f. Upon petition by the holder of a casino license, casino hotel
16 employee or casino hotel security employee registration shall be
17 granted to each applicant for [casino hotel employee] such
18 registration named therein, provided that the petition certifies
19 that each such applicant has filed a completed application for
20 casino hotel employee or casino hotel security employee
21 registration as required by the commission.

22 [Any person who, on the effective date of this amendatory act,
23 possesses a current and valid temporary or plenary casino hotel
24 employee license, or has a completed application for such
25 licensure pending before the commission, shall be considered
26 registered in accordance with the provisions of this section.]

27 Any person who, on the effective date of this amendatory and
28 supplementary act, P.L....., c....., possesses a current and valid
29 casino employee license and serves solely as a casino hotel
30 security employee, or has a completed application for such
31 licensure pending before the commission in order to serve as a
32 casino hotel security employee, shall be considered registered in
33 accordance with the provisions of this section.

34 (cf: P.L.1987, c.354, s.14)

35 29. Section 94 of P.L.1977, c.110 (C.5:12-94) is amended to
36 read as follows:

37 94. Approval and Denial of Registrations and Licenses Other
38 Than Casino Licenses. a. Upon the filing of an application for
39 any license or registration required by this act, other than a
40 casino license, and after submission of such supplemental
41 information as the commission may require, the commission shall
42 request the division to conduct such investigation into the
43 qualification of the applicant, and the commission shall conduct
44 such hearings concerning the qualification of the applicant, in
45 accordance with its regulations, as may be necessary to
46 determine qualification for such license or registration.

47 b. After such investigation, the commission may either deny
48 the application or grant a license to or accept the registration of
49 an applicant whom it determines to be qualified to hold such
50 license or registration.

1 c. The commission shall have the authority to deny any
2 application pursuant to the provisions of this act. When an
3 application is denied, the commission shall prepare and file its
4 order denying such application with the general reasons therefor.
5 and if requested by the applicant, shall further prepare and file a
6 statement of the reasons for the denial, including the specific
7 findings of fact.

8 d. When the commission grants an application, the commission
9 may limit or place such restrictions thereupon as it may deem
10 necessary in the public interest. Licenses shall be granted and
11 registrations approved for a term of one year; provided, however,
12 that: (1) all casino employee licenses, gaming school resident
13 director, instructor, principal employee and sales representative
14 licenses, casino service industry licenses issued pursuant to
15 subsection c. of section 92 of P.L.1977, c.110 (C.5:12-92c.), and
16 junket representative and junket enterprise licenses issued
17 pursuant to section 102 of P.L.1977, c.110 (C.5:12-102) shall be
18 granted for a term of three years; (2) casino hotel employee
19 registration shall remain in effect unless revoked, suspended,
20 limited, or otherwise restricted by the commission in accordance
21 with the provisions of P.L.1977, c.110 (C.5:12-1 et seq.); and (3)
22 after the first two renewal periods succeeding the issuance of a
23 casino key employee license or of a casino service industry
24 license required pursuant to subsection a. of section 92 of
25 P.L.1977, c.110 (C.5:12-92), the license term shall be for two
26 years[, but the]. The commission shall reconsider the granting of
27 [such a] any license or the approval of any registration at any
28 time at the request of the Division of Gaming Enforcement in the
29 Department of Law and Public Safety.

30 Notwithstanding the provisions of paragraph (3) of this
31 subsection, the commission may, for the purpose of avoiding the
32 renewal in the same year of all the licenses existing on the
33 effective date of this 1987 amendatory act which are affected by
34 that paragraph, renew an appropriate number of those licenses
35 for a term of one year, but the renewal period for those licenses
36 may not be adjusted more than once pursuant to this provision.

37 e. After an application is submitted to the commission, final
38 action of the commission shall be taken within 90 days after
39 completion of all hearings and investigations and the receipt of
40 all information required by the commission.

41 (cf: P.L.1987, c.354, s.15)

42 30. Section 3 of P.L.1987, c.409 (C.5:12-95.12) is amended to
43 read as follows:

44 3. Applicability and Requirements.

45 a. Except as provided in subsection b. of this section,
46 whenever any person contracts to transfer any property relating
47 to an ongoing casino operation, including a security holding in a
48 casino licensee or holding or intermediary company, under
49 circumstances which require that the transferee obtain casino
50 licensure under section 82 of the "Casino Control Act," P.L.1977,

1 c.110 (C.5:12-82), or qualification under section 84 or 85 of the
2 "Casino Control Act," P.L.1977, c.110 (C.5:12-84 and 5:12-85),
3 the contract shall not specify a closing or settlement date which
4 is earlier than the 121st day after the submission of a completed
5 application for licensure or qualification, which application shall
6 include a fully executed and approved trust agreement in
7 accordance with section 5 of this 1987 amendatory and
8 supplementary act. Any contract provision which specifies an
9 earlier closing or settlement date shall be void for all purposes.
10 Subsequent to the earlier of the report of the division on interim
11 authorization or the 90th day after the timely submission of the
12 completed application, but no later than the closing or settlement
13 date, the commission shall hold a hearing and render a decision on
14 the interim authorization of the applicant. If the commission
15 grants interim authorization, then, subject to the provisions of
16 sections 3 through 7 of this 1987 amendatory and supplementary
17 act, the closing or settlement may occur without interruption of
18 casino operations. If the commission denies interim
19 authorization, there shall be no closing or settlement until the
20 commission makes a determination on the qualification of the
21 applicant, and if the commission then denies qualification the
22 contract shall thereby be terminated for all purposes without
23 liability on the part of the transferor.

24 b. Whenever any person, as a result of a transfer of
25 publicly-traded securities of a casino licensee or a holding or
26 intermediary company or a subsidiary of a casino licensee or of a
27 holding or intermediary company, is required to qualify under
28 section 84 or 85 of the "Casino Control Act," P.L.1977, c.110
29 (C.5:12-84 and 5:12-85), the person shall, within 30 days after the
30 commission determines that qualification is required [under
31 section 84] or declines to waive qualification under section 84,
32 under paragraph (1) of subsection d. of section 85, or under
33 subsection f. of section 85, or within such additional time as the
34 commission may for good cause allow, file a completed
35 application for such licensure or qualification, which application
36 shall include a fully executed and approved trust agreement in
37 accordance with section 5 of [this 1987 amendatory and
38 supplementary act] P.L.1987, c.409 (C.5:12-95.14), or in the
39 alternative, such person, within 120 days after the commission
40 determines that qualification is necessary, shall divest such
41 securities as the commission may require in order to remove the
42 need for qualification. No extension of the time for filing a
43 completed application shall be granted unless the person submits
44 a written acknowledgement of the jurisdiction of the commission
45 and the obligations imposed by the "Casino Control Act,"
46 P.L.1977, c.110 (C.5:12-1 et seq.). If a person required by this
47 section to file an application fails to do so in a timely manner,
48 such failure shall constitute a per se disqualification to continue
49 to act as a security holder, and the commission shall take
50 appropriate action under the "Casino Control Act." If a person

1 required by this section to file an application does so in a timely
2 manner, then, subsequent to the earlier of the report of the
3 division on interim authorization or the 90th day after submission
4 of the completed application, but not later than the 120th day
5 after such submission, the commission shall hold a hearing and
6 render a decision on the interim authorization of such person.
7 The pendency of proceedings under this subsection shall not
8 prevent the renewal of a casino license under section 88 of the
9 "Casino Control Act," P.L.1977, c.110 (C.5:12-88), so long as any
10 person required by this subsection to file an application has
11 complied with this subsection and has otherwise complied with
12 the "Casino Control Act."

13 (cf: P.L.1987, c.409, s.3)

14 31. Section 5 of P.L.1987, c.409 (C.5:12-95.14) is amended to
15 read as follows:

16 5. Provisions and Application of Trust Agreement.

17 a. (1) Where the applicant is not required to obtain a casino
18 license, the trust agreement filed pursuant to section 3 of this
19 1987 amendatory and supplementary act shall transfer and convey
20 all of the applicant's present and future right, title and interest
21 in the property described in section 3, including all voting rights
22 in securities, to the trustee.

23 (2) Where the applicant is required to obtain a casino license,
24 the trust agreement filed pursuant to section 3 of this 1987
25 amendatory and supplementary act shall transfer and convey to
26 the trustee, if the applicant is a corporation, all outstanding
27 equity securities of the corporation, and, if the applicant is other
28 than a corporation, all outstanding interest in the applicant.

29 (3) The compensation for the service, costs and expenses of
30 the trustee or trustees shall be stated in the trust agreement and
31 shall be approved by the commission.

32 (4) The trust agreement filed pursuant to section 3 of this 1987
33 amendatory and supplementary act shall, in all instances, contain
34 such provisions as the commission may deem necessary and
35 desirable.

36 b. With respect to applicants described in subsection b. of
37 section 3 of this 1987 amendatory and supplementary act, if the
38 commission denies interim authorization, it shall order that the
39 trust agreement become operative, or take such other action as
40 may be appropriate in accordance with this 1987 amendatory and
41 supplementary act. With respect to all applicants under section
42 3, if the commission grants interim authorization, it shall
43 thereafter order that the trust agreement become operative at
44 such time as it finds reasonable cause to believe that the
45 applicant or any person required to be qualified in connection
46 with the application may be found unqualified.

47 c. While the trust agreement remains operative, the trustee
48 shall exercise all rights incident to the ownership of the property
49 subject to the trust, and shall be vested with all powers, authority
50 and duties necessary to the unencumbered exercise of such rights.

1 as provided in sections 31 through 40 of P.L.1978, c.7
2 (C.5:12-130.1 through 5:12-130.11), except that the applicant
3 shall have no right to participate in the earnings of the casino
4 hotel or receive any return on its investment or debt security
5 holdings during the time the trust is operative.

6 d. The trust agreement, once operative, shall remain operative
7 until the commission finds the applicant qualified, or the
8 commission finds the applicant unqualified and the property
9 subject to the trust is disposed of in accordance with subsection
10 e. of section 5 of this 1987 amendatory and supplementary act,
11 except that the applicant may request the commission to direct
12 the trustee to dispose of the property subject to the trust, in
13 accordance with that subsection e., prior to a finding with
14 respect to qualification.

15 e. If the commission denies qualification to a person subject to
16 sections 3 through 7 of this 1987 amendatory and supplementary
17 act, the trustee shall endeavor and be authorized to sell, assign,
18 convey or otherwise dispose of all property subject to the trust to
19 such persons as shall be appropriately licensed or qualified or
20 shall obtain interim authorization in accordance with those
21 sections. The disposition of trust property by the trustee shall be
22 completed within 120 days of the denial of qualification, or
23 within such additional time as the commission may for good cause
24 allow, and shall be conducted in accordance with sections 31
25 through 40 of P.L.1978, c.7 (C.5:12-130.1 through 5:12-130.11),
26 except that the proceeds of such disposition shall be distributed
27 to the unqualified applicant only in an amount not exceeding the
28 actual cost of the assets to such unqualified applicant, calculated
29 as if the investment had been made on the date the trust becomes
30 operative, and any excess remaining proceeds shall be paid to the
31 casino revenue fund.

32 (cf: P.L.1987, c.409, s.5)

33 32. Section 96 of P.L.1977, c.110 (C.5:12-96) is amended to
34 read as follows;

35 96. Operation Certificate. a. Notwithstanding the issuance of
36 a license therefor, no casino may be opened or remain open to the
37 public, and no gaming activity, except for test purposes, may be
38 conducted therein, unless and until a valid operation certificate
39 has been issued to the casino licensee by the commission. Such
40 certificate shall be issued by the commission upon a finding that
41 a casino complies in all respects with the requirements of this act
42 and regulations promulgated hereunder, that the casino licensee
43 has implemented necessary management controls and security
44 precautions, that casino personnel are properly trained and
45 licensed for their respective responsibilities, and that the casino
46 is prepared in all respects to receive the public.

47 b. The operation certificate shall include a statement of
48 compliance with subsection a. of this section and an itemized list
49 by category and number of the authorized games permitted in the
50 particular casino establishment.

1 c. A casino licensee shall [notify the commission in advance of
2 any proposed change], in accordance with regulations
3 promulgated by the commission, file any changes in the number
4 of authorized games to be played in a particular casino[, and shall
5 request the issuance of an operation certificate which permits
6 such changes to occur. The commission shall issue a revised
7 operation certificate unless it finds that the planned change in
8 authorized games does not conform to the requirements of this
9 act or regulations promulgated hereunder, or that there has been
10 a change of circumstances in the casino or with respect to the
11 casino licensee materially affecting compliance with subsection
12 a. of this section] with the commission and the division, which
13 shall review the changes for compliance with the "Casino Control
14 Act," P.L.1977, c.110 (C.5:12-1 et seq.) or regulations
15 promulgated thereunder.

16 d. An operation certificate shall remain in force and effect
17 unless altered in accordance with subsection c. of this section, or
18 revoked, suspended, limited, or otherwise altered by the
19 commission in accordance with this act.

20 e. It shall be an express condition of continued operation under
21 this act that a casino licensee shall maintain all books, records,
22 and documents pertaining to the licensee's operations and
23 approved hotel in a manner and location within this State
24 approved by the commission. All such books, records and
25 documents shall be immediately available for inspection during
26 all hours of operation in accordance with the rules of the
27 commission and shall be maintained for [a period of seven years
28 or] such [other] period of time as the commission shall require.

29 (cf: P.L.1987, c.354, s.17)

30 33. Section 97 of P.L.1977, c.110 (C.5:12-97) is amended to
31 read as follows:

32 97. Hours of Operation. a. No casino licensed pursuant to this
33 act shall operate between the hours of [6] 8 a.m. and 10 a.m. on
34 Saturdays, Sundays and State and Federal holidays, or between
35 the hours of 4 a.m. and 10 a.m. on all other days, except that for a
36 period of three years following the effective date of this
37 amendatory and supplementary act, P.L. , c. , the commission
38 may extend the hours of operation on any day, up to and including
39 24 hours of operation, if the commission determines that there is
40 an event to be held in a casino or in Atlantic City that will have a
41 substantial citywide impact with respect to the number of
42 visitors to the city and will have an economic impact on the
43 casino industry which would justify the extension of those hours.

44 b. A casino licensee shall file with the commission a schedule
45 of hours prior to the issuance of an initial operation certificate.
46 If the casino licensee proposes any change in scheduled hours,
47 such change may not be effected until such licensee files a notice
48 of the new schedule of hours with the commission. Such filing
49 must be made 30 days prior to the effective date of the proposed
50 change in hours.

1 c. Nothing herein shall be construed to limit a casino licensee
2 in opening its casino later than, or closing its casino earlier than,
3 the times stated in its schedule of operating hours; provided,
4 however, that any such alterations in its hours shall comply with
5 the provisions of subsection a. of this section and with regulations
6 of the commission pertaining to such alterations.

7 (cf: P.L.1977, c.110, s.97)

8 34. Section 98 of P.L.1977, c.110 (C.5:12-98) is amended to
9 read as follows:

10 98. a. Each casino licensee shall arrange the facilities of its
11 casino in such a manner as to promote maximum comfort for the
12 patrons and optimum security for the casino operation, and shall
13 comply in all respects with regulations of the commission
14 pertaining thereto.

15 b. Each casino licensee shall:

16 (1) Install a closed circuit television system according to
17 specifications approved by the commission, and provide access on
18 the licensed premises to the system or its signal by the
19 commission or the division, in accordance with regulations
20 pertaining thereto;

21 (2) [Provide exterior public entrances to a casino only through
22 an enclosed lobby or receiving foyer of not less than 400 square
23 feet; provided, however, that nothing herein shall limit the
24 number of such entrances to a casino;

25 (3)] Establish a single room [of at least 15,000 square feet] as
26 its casino, and provide that visibility between any two areas in
27 the casino, whether or not contiguous, may not be obstructed by
28 partitions of any kind which cover more than 50% of the
29 structural opening; provided, however, that multi-level casinos
30 otherwise complying with this subsection shall be permitted; and

31 ~~[(4)]~~ (3) Not permit the interior of the casino to be visible from
32 outside the casino hotel facility; and

33 (5) Not be entitled to have considered any meeting space and
34 restaurant, entertainment, and sports space which has direct
35 public access only through the casino as counting toward the
36 minimum ancillary space requirements of section 83 of this act].

37 (cf: P.L.1977, c.110, s.98)

38 35. Section 99 of P.L.1977, c.110 (C.5:12-99) is amended to
39 read as follows:

40 99. Internal Controls. a. Each casino licensee shall submit to
41 the commission a description of its system of internal procedures
42 and administrative and accounting controls for gaming operations
43 and a description of any changes thereof. Such submission shall
44 be made at least [120] 60 days before gaming operations are to
45 commence [or at least 90 days before changes in previously
46 submitted control plans are to become effective] or at least 60
47 days before any change in those procedures or controls is to take
48 effect, unless otherwise directed by the commission. Each such
49 submission shall contain both narrative and diagrammatic
50 representations of the internal control system to be utilized by

- 1 the casino, including, but not limited to:
- 2 (1) Accounting controls, including the standardization of forms
- 3 and definition of terms to be utilized in the gaming operations;
- 4 (2) Procedures, forms, and, where appropriate, formulas
- 5 covering the calculation of hold percentages, revenue drop,
- 6 expense and overhead schedules, complimentary services, junkets,
- 7 cash equivalent transactions, salary structure and personnel
- 8 practices;
- 9 (3) Job descriptions and the system of personnel and
- 10 chain-of-command, establishing a diversity of responsibility
- 11 among employees engaged in casino operations and identifying
- 12 primary and secondary supervisory positions for areas of
- 13 responsibility, which areas shall not be so extensive as to be
- 14 impractical for an individual to monitor;
- 15 (4) Procedures within the cashier's cage for the receipt,
- 16 storage and disbursal of chips, cash, and other cash equivalents
- 17 used in gaming; the cashing of checks; the redemption of chips
- 18 and other cash equivalents used in gaming; the pay-off of
- 19 jackpots; and the recording of transactions pertaining to gaming
- 20 operations;
- 21 (5) Procedures for the collection and security of moneys at the
- 22 gaming tables;
- 23 (6) Procedures for the transfer and recordation of chips
- 24 between the gaming tables and the cashier's cage;
- 25 (7) Procedures for the transfer of moneys from the gaming
- 26 tables to the counting process;
- 27 (8) Procedures and security for the counting and recordation of
- 28 revenue;
- 29 (9) Procedures for the security, storage and recordation of
- 30 chips and other cash equivalents utilized in the gaming operation;
- 31 (10) Procedures for the transfer of moneys or chips from and
- 32 to the slot machines;
- 33 (11) Procedures and standards for the opening and security of
- 34 slot machines;
- 35 (12) Procedures for the payment and recordation of slot
- 36 machine jackpots;
- 37 (13) Procedures for the cashing and recordation of checks
- 38 exchanged by casino patrons;
- 39 (14) Procedures governing the utilization of the private
- 40 security force within the casino;
- 41 (15) Procedures and security standards for the handling and
- 42 storage of gaming apparatus including cards, dice, machines,
- 43 wheels and all other gaming equipment;
- 44 (16) Procedures and rules governing the conduct of particular
- 45 games and the responsibility of casino personnel in respect
- 46 thereto; and
- 47 (17) Procedures for separately recording all transactions
- 48 pursuant to section 101 of this act involving the Governor, any
- 49 State officer or employee, or any special State officer or
- 50 employee, any member of the Judiciary, any member of the

1 Legislature, or any officer of a municipality or county in which
2 casino gaming is authorized, and for the quarterly filing with the
3 Attorney General of a list reporting all such transactions.

4 In addition, each casino licensee shall submit to the commission
5 a description of its system of internal procedures and
6 administrative and accounting controls for non-gaming operations
7 and a description of any changes thereof no later than five days
8 after those operations commence or after any change in those
9 procedures or controls takes effect.

10 b. The commission shall review each submission required by
11 subsection a. hereof, and shall determine whether it conforms to
12 the requirements of this act and to the regulations promulgated
13 thereunder and whether the system submitted provides adequate
14 and effective controls for the operations of the particular casino
15 hotel submitting it. If the commission finds any insufficiencies, it
16 shall specify same in writing to the casino licensee, who shall
17 make appropriate alterations. When the commission determines a
18 submission to be adequate in all respects, it shall notify the
19 casino licensee of same. No casino licensee shall commence or
20 alter gaming operations[, or alter in fact its internal controls.]
21 unless and until such system of controls is approved by the
22 commission. [Except for submissions pending on the effective
23 date of this 1987 amendatory act, the commission shall make a
24 determination concerning a submission for changes in previously
25 submitted control plans no later than 90 days following receipt of
26 the submission unless the commission and the casino licensee
27 agree to extend the period for making such a determination. If
28 there is no determination made within 90 days and there is no
29 agreement to extend the period for making such a determination,
30 then the submission shall be deemed to be approved.]

31 (cf: P.L.1987, c.354, s.18)

32 36. Section 100 of P.L.1977, c.110 (C.5:12-100) is amended to
33 read as follows:

34 100. Games and Gaming Equipment. a. This act shall not be
35 construed to permit any gaming except the conduct of authorized
36 games in a casino room in accordance with this act and the
37 regulations promulgated hereunder.

38 b. Gaming equipment shall not be possessed, maintained or
39 exhibited by any person on the premises of a casino hotel complex
40 except in the casino room and in secure areas used for the
41 inspection, repair or storage of such equipment and specifically
42 designated for that purpose by the casino licensee with the
43 approval of the commission. No gaming equipment shall be
44 possessed, maintained, exhibited, brought into or removed from a
45 casino room by any person unless such equipment is necessary to
46 the conduct of an authorized game, has permanently affixed,
47 imprinted, impressed or engraved thereon an identification
48 number or symbol authorized by the commission, is under the
49 exclusive control of a casino licensee or his employees, and is
50 brought into or removed from the casino room at times

1 authorized for that purpose by the commission or at other times
2 when prior notice has been given to and written approval granted
3 by an authorized agent of the commission.

4 Notwithstanding the foregoing, a person may, with the prior
5 approval of the commission and under such terms and conditions
6 as may be required by the commission, possess, maintain or
7 exhibit gaming equipment in any other area of the casino hotel
8 complex; provided such equipment is used for nongaming purposes.

9 c. Each casino hotel shall contain a count room and such other
10 secure facilities as may be required by the commission for the
11 counting and storage of cash, coins, tokens and checks received in
12 the conduct of gaming and for the inspection, counting and
13 storage of dice, cards, chips and other representatives of value.
14 All drop boxes and other devices wherein cash, coins, or tokens
15 are deposited at the gaming tables or in slot machines, and all
16 areas wherein such boxes and devices are kept while in use, shall
17 be equipped with two locking devices, one key to which shall be
18 under the exclusive control of the commission and the other
19 under the exclusive control of the casino licensee, and said drop
20 boxes and other devices shall not be brought into or removed
21 from the casino room, or locked or unlocked, except at such
22 times, in such places, and according to such procedures as the
23 commission may require.

24 d. All chips used in gaming at all casinos shall be of such size
25 and uniform color by denomination as the commission shall
26 require by regulation.

27 e. All gaming shall be conducted according to rules
28 promulgated by the commission. All wagers and pay-offs of
29 winning wagers at table games shall be made according to rules
30 promulgated by the commission, which shall establish such
31 minimum wagers and other limitations as may be necessary to
32 assure the vitality of casino operations and fair odds to and
33 maximum participation by casino patrons; provided, however,
34 that a licensee may establish a higher minimum wager with the
35 prior approval of the commission. Each slot machine shall have a
36 minimum payout of 83%.

37 f. Each casino licensee shall make available in printed form to
38 any casino patron upon request the complete text of the rules of
39 the commission regarding games and the conduct of gaming,
40 pay-offs of winning wagers, an approximation of the odds of
41 winning for each wager, and such other advice to the player as
42 the commission shall require. Each casino licensee shall
43 prominently post within the casino room according to regulations
44 of the commission such information about gaming rules, pay-offs
45 of winning wagers, the odds of winning for each wager, and such
46 other advice to the player as the commission shall require.

47 g. Each gaming table shall be equipped with a sign indicating
48 the permissible minimum and maximum wagers pertaining
49 thereto. It shall be unlawful for a casino licensee to require any
50 wager to be greater than the stated minimum or less than the

1 stated maximum; provided, however, that any wager actually
2 made by a patron and not rejected by a casino licensee prior to
3 the commencement of play shall be treated as a valid wager.

4 h. No slot machine shall be used to conduct gaming unless it is
5 identical in all electrical, mechanical and other aspects to a
6 model thereof which has been specifically tested by the division
7 and licensed for use by the commission. The commission shall, by
8 regulation, establish such technical standards for licensure,
9 including mechanical and electrical reliability, security against
10 tampering, the comprehensibility of wagering, and noise and light
11 levels, as it may deem necessary to protect the player from fraud
12 or deception and to insure the integrity of gaming. In no event
13 shall slot machines, including walkways between them, occupy
14 more than [30%] 40% of the first 50,000 square feet of floor
15 space of a casino, or more than [25%] 30% of any additional floor
16 space of a casino larger than 50,000 square feet in the case of a
17 casino hotel with fewer than 1,200 qualifying sleeping units or
18 more than 40% of such additional floor space in the case of a
19 casino hotel with at least 1,200 qualifying sleeping units. In the
20 case of casinos in operation on the effective date of this
21 amendatory and supplementary act, P.L. , c. , up to 10% of
22 the number of slot machines in operation on that effective date
23 may be added by the end of the first year after the effective
24 date, up to 20% of that number may be added by the end of the
25 second year after the effective date, and up to 30% of that
26 number may be added by the end of the third year after the
27 effective date. The commission shall, by regulation, determine
28 the permissible density of particular licensed slot machines or
29 combinations thereof, based upon their size and light and noise
30 levels, so as to create and maintain a gracious playing
31 environment in the casino and to avoid deception or frequent
32 distraction to players at gaming tables. The denominations of
33 such machines shall be set by the licensee, subject to the prior
34 approval of the commission.

35 i. [Each casino shall be arranged in such fashion as to allow
36 floor space for each gaming table, including the space occupied
37 by the table, in accordance with the following:

38 Baccarat--300 square feet

39 Blackjack--100 square feet

40 Craps--200 square feet

41 Roulette--150 square feet

42 Big Six Wheel--150 square feet] (Deleted by amendment, P.L.

43 , c.)

44 j. [Each casino shall be arranged in such fashion as to assure
45 that gaming tables shall at all times be present, whether in use or
46 not, according to the following:

47 (1) At least one baccarat or minibaccarat table for every
48 50,000 square feet of casino space or part thereof; and

49 (2) No more than one Big Six Wheel and table for every 10,000
50 square feet of casino space or part thereof.] (Deleted by

1 amendment, P.L. . c.)

2 k. It shall be unlawful for any person to exchange or redeem
3 chips for anything whatsoever, except currency, negotiable
4 personal checks, negotiable counter checks or other chips. A
5 casino licensee shall, upon the request of any person, redeem that
6 licensee's gaming chips surrendered by that person in any amount
7 over \$25.00 with a check drawn upon the licensee's account at
8 any banking institution in this State and made payable to that
9 person.

10 l. It shall be unlawful for any casino licensee or his agents or
11 employees to employ, contract with, or use any shill or barker to
12 induce any person to enter a casino or play at any game or for
13 any purpose whatsoever.

14 m. It shall be unlawful for a dealer in any authorized game in
15 which cards are dealt to deal cards by hand or other than from a
16 device specifically designed for that purpose.

17 n. It shall be unlawful for any casino key employee, other than
18 a junket representative, or any casino employee, other than a
19 bartender, waiter, waitress, or other casino employee who in the
20 judgment of the commission is not directly involved with the
21 conduct of gaming operations, to wager at any game in any casino
22 in this State.

23 o. (1) It shall be unlawful for any casino key employee or
24 boxman, floorman, or any other casino employee who shall serve
25 in a supervisory position to solicit or accept, and for any other
26 casino employee to solicit, any tip or gratuity from any player or
27 patron at the casino where he is employed.

28 (2) A dealer may accept tips or gratuities from a patron at the
29 table at which such dealer is conducting play, subject to the
30 provisions of this subsection. All such tips or gratuities shall be
31 immediately deposited in a lockbox reserved for that purpose,
32 accounted for, and placed in a pool for distribution pro rata
33 among the dealers [on a weekly basis], with the distribution based
34 upon the number of hours each dealer has worked.

35 (cf: P.L.1987, c.355, s.7)

36 37. Section 101 of P.L.1977, c.110 (C.5:12-101) is amended to
37 read as follows:

38 101. Credit. a. Except as otherwise provided in this section,
39 no casino licensee or any person licensed under this act, and no
40 person acting on behalf of or under any arrangement with a
41 casino licensee or other person licensed under this act, shall:

42 (1) Cash any check, make any loan, or otherwise provide or
43 allow to any person any credit or advance of anything of value or
44 which represents value to enable any person to take part in
45 gaming activity as a player; or

46 (2) Release or discharge any debt, either in whole or in part, or
47 make any loan which represents any losses incurred by any player
48 in gaming activity, without maintaining a written record thereof
49 in accordance with the rules of the commission.

50 b. No casino licensee or any person licensed under this act, and

1 no person acting on behalf of or under any arrangement with a
2 casino licensee or other person licensed under this act, may
3 accept a check, other than a recognized traveler's check or other
4 cash equivalent from any person to enable such person to take
5 part in gaming activity as a player, or may give cash or cash
6 equivalents in exchange for such check unless:

7 (1) The check is made payable to the casino licensee;

8 (2) The check is dated, but not postdated;

9 (3) The check is presented to the cashier or his representative
10 and is exchanged only for a credit slip or slips which total an
11 amount equal to the amount for which the check is drawn, which
12 slip or slips may be presented for chips at a gaming table; and

13 (4) The regulations concerning check cashing procedures are
14 observed by the casino licensee and its employees and agents.

15 Nothing in this subsection shall be deemed to preclude the
16 establishment of an account by any person with a casino licensee
17 by a deposit of cash [or], recognized traveler's check or other
18 cash equivalent, or a check which meets the requirements of
19 subsection g. of this section, or to preclude the withdrawal,
20 either in whole or in part, of any amount contained in such
21 account.

22 c. When a casino licensee or other person licensed under this
23 act, or any person acting on behalf of or under any arrangement
24 with a casino licensee or other person licensed under this act,
25 cashes a check in conformity with the requirements of subsection
26 b. of this section, the casino licensee shall cause the deposit of
27 such check in a bank for collection or payment within (1) seven
28 calendar days of the date of the transaction for a check in an
29 amount of \$1,000.00 or less; (2) 14 calendar days of the date of
30 the transaction for a check in an amount greater than \$1,000.00
31 but less than or equal to \$5,000.00; or (3) 45 calendar days of the
32 date of the transaction for a check in an amount greater than
33 \$5,000.00. Notwithstanding the foregoing, the drawer of the
34 check may redeem the check by exchanging cash [or], cash
35 equivalents, chips, or a check which meets the requirements of
36 subsection g. of this section in an amount equal to the amount for
37 which the check is drawn; or he may redeem the check in part by
38 exchanging cash [or], cash equivalents, chips, or a check which
39 meets the requirements of subsection g. of this section and
40 another check which meets the requirements of subsection b. of
41 this section for the difference between the original check and the
42 cash [or], cash equivalents, chips, or check tendered; or he may
43 issue one check which meets the requirements of subsection b. of
44 this section in an amount sufficient to redeem two or more
45 checks drawn to the order of the casino licensee. If there has
46 been a partial redemption or a consolidation in conformity with
47 the provisions of this subsection, the newly issued check shall be
48 delivered to a bank for collection or payment within the period
49 herein specified. No casino licensee or any person licensed under
50 this act, and no person acting on behalf of or under any

1 arrangement with a casino licensee or other person licensed under
2 this act, shall accept any check or series of checks in redemption
3 or consolidation of another check or checks in accordance with
4 this subsection for the purpose of avoiding or delaying the deposit
5 of a check in a bank for collection or payment within the time
6 period prescribed by this subsection.

7 In computing a time period prescribed by this subsection, the
8 last day of the period shall be included unless it is a Saturday,
9 Sunday, or a State or federal holiday, in which event the time
10 period shall run until the next business day.

11 d. No casino licensee or any other person licensed under this
12 act, or any other person acting on behalf of or under any
13 arrangement with a casino licensee or other person licensed under
14 this act, shall transfer, convey, or give, with or without
15 consideration, a check cashed in conformity with the
16 requirements of this section to any person other than:

17 (1) The drawer of the check upon redemption or consolidation
18 in accordance with subsection c. of this section;

19 (2) A bank for collection or payment of the check; or

20 (3) A purchaser of the casino license as approved by the
21 commission. The limitation on transferability of checks imposed
22 herein shall apply to checks returned by any bank to the casino
23 licensee without full and final payment.

24 e. No person other than one licensed as a casino key employee
25 or as a casino employee may engage in efforts to collect upon
26 checks that have been returned by banks without full and final
27 payment, except that an attorney-at-law representing a casino
28 licensee may bring action for such collection.

29 f. Notwithstanding the provisions of any law to the contrary,
30 checks cashed in conformity with the requirements of this act
31 shall be valid instruments, enforceable at law in the courts of this
32 State. Any check cashed, transferred, conveyed or given in
33 violation of this act shall be invalid and unenforceable for the
34 purposes of collection but shall be included in the calculation of
35 gross revenue pursuant to section 24 of P.L.1977, c.110
36 (C.5:12-24).

37 g. Notwithstanding the provisions of subsection b. of this
38 section to the contrary, a casino licensee may accept a check
39 from a person to enable the person to take part in gaming
40 activity as a player, [or] may give cash or cash equivalents in
41 exchange for the check, or may accept a check in redemption or
42 partial redemption of a check issued in accordance with
43 subsection b., provided that:

44 (1) (a) The check is drawn by a casino licensee pursuant to the
45 provisions of subsection k. of section 100 of P.L.1977, c.110
46 (C.5:12-100 k.) or upon a withdrawal of funds from an account
47 established in accordance with the provisions of subsection b. of
48 this section or is drawn by a casino licensee for winnings from
49 slot machine payoffs;

50 (b) The check is issued by a banking institution which is

1 chartered in a country other than the United States on its
2 account at a federally chartered or state-chartered bank and is
3 made payable to "cash," "bearer," a casino licensee, or the
4 person presenting the check; or

5 (c) The check is issued by a banking institution which is
6 chartered in the United States on its account at another federally
7 chartered or state-chartered bank and is made payable to "cash,"
8 "bearer," a casino licensee, or the person presenting the check;

9 (2) The check is identifiable in a manner approved by the
10 commission as a check issued for a purpose listed in paragraph (1)
11 of this subsection;

12 (3) The check is dated, but not postdated;

13 (4) The check is presented to the cashier or the cashier's
14 representative by the original payee and its validity is verified by
15 the drawer; and

16 (5) The regulations concerning check cashing procedures are
17 observed by the casino licensee and its employees and agents.

18 No casino licensee shall issue a check for the purpose of
19 making a loan or otherwise providing or allowing any advance or
20 credit to a person to enable the person to take part in gaming
21 activity as a player.

22 h. Notwithstanding the provisions of subsection b. and
23 subsection c. of this section to the contrary, a casino licensee
24 may, at a location outside the casino, accept a personal check or
25 checks from a person for up to \$2,500 in exchange for cash or
26 cash equivalents, and may, at a cashier's cage, accept a personal
27 check or checks for up to \$2,500 in exchange for cash, cash
28 equivalents, tokens, chips, or plaques to enable the person to take
29 part in gaming activity as a player or non-gaming activity, as the
30 case may be, provided that:

31 (1) The check is drawn on the patron's bank or brokerage cash
32 management account;

33 (2) The check is for a specific amount;

34 (3) The check is made payable to the casino licensee;

35 (4) The check is dated but not post-dated;

36 (5) The patron's identity is established by examination of one
37 of the following: valid credit card, driver's license, passport, or
38 other form of identification credential which contains, at a
39 minimum, the patron's signature;

40 (6) The check is restrictively endorsed "For Deposit Only" to
41 the casino licensee's bank account and deposited on the next
42 banking day following the date of the transaction;

43 (7) No other check or checks are outstanding.

44 i. Checks cashed pursuant to the provisions of subsection h. of
45 this section which are subsequently uncollectable may not be
46 deducted from the total of all sums received in calculating gross
47 revenue pursuant to section 24 of P.L.1977, c.110 (C.5:12-24);

48 j. A person may request the commission to put that person's
49 name on a list of persons to whom the extension of credit by a
50 casino as provided in this section would be prohibited. The person

1 does not need to provide a reason for this request. The
2 commission shall provide this list to the credit department of
3 each casino; neither the commission nor the credit department
4 of a casino shall divulge the names on this list to any person or
5 entity other than those provided for in this subsection. If such a
6 person wishes to have that person's name removed from the list,
7 the person shall submit this request to the commission, which
8 shall so inform the credit departments of casinos no later than
9 three days after the submission of the request.

10 (cf: P.L.1987, c.426, s.4)

11 38. Section 102 of P.L.1977, c.110 (C.5:12-102) is amended to
12 read as follows:

13 102. Junkets and Complimentary Services. a. No junkets may
14 be organized or permitted except in accordance with the
15 provisions of this act. No person may act as a junket
16 representative or junket enterprise except in accordance with
17 this section. Notwithstanding any other provisions of P.L.1977,
18 c.110 (C.5:12-1 et seq.), junket enterprises engaged in activities
19 governed by this section shall not be subject to the provisions of
20 section 92 and subsection b. of section 104 of P.L.1977, c.110
21 (C.5:12-92 and c.5:12-104) with regard to those activities, unless
22 otherwise directed by the commission pursuant to subsection k. of
23 this section.

24 b. A junket representative shall be licensed as a casino key
25 employee in accordance with the provisions of P.L.1977, c.110
26 (C.5:12-1 et seq.); provided, however, that said licensee need not
27 be a resident of this State. Any person who holds a current and
28 valid casino key employee license may act as a junket
29 representative while employed by a casino licensee without
30 further endorsement of his license. No casino licensee or junket
31 enterprise may employ or otherwise engage a junket
32 representative who is not so licensed.

33 c. A junket enterprise shall be licensed in accordance with the
34 provisions of this section prior to conducting any business
35 whatsoever with a casino licensee, its employees or agents. A
36 junket enterprise, as well as such of its owners, management and
37 supervisory personnel and other principal employees as the
38 commission may consider appropriate for qualification, must
39 qualify under the standards, except residency, established for
40 qualification of a casino key employee under P.L.1977, c.110
41 (C.5:12-1 et seq.). No casino licensee or junket enterprise may
42 employ or otherwise engage the services of a junket enterprise
43 who is not so licensed.

44 Notwithstanding the foregoing, any licensed junket
45 representative who is the sole owner and operator of a junket
46 enterprise shall not be required to be licensed as a junket
47 enterprise pursuant to this section if his junket representative
48 license is endorsed as such.

49 d. Prior to the issuance of any license required by this section,
50 an applicant for licensure shall submit to the jurisdiction of the

1 State of New Jersey and shall demonstrate to the satisfaction of
2 the commission that he is amenable to service of process within
3 this State. Failure to establish or maintain compliance with the
4 requirements of this subsection shall constitute sufficient cause
5 for the denial, suspension or revocation of any license issued
6 pursuant to this section.

7 e. (Deleted by amendment, P.L.1987, c.426.)

8 f. Every agreement concerning junkets entered into by a
9 casino licensee and a junket representative or junket enterprise
10 shall be deemed to include a provision for its termination without
11 liability on the part of the casino licensee, if the commission
12 orders the termination upon the suspension, limitation,
13 conditioning, denial or revocation of the licensure of the junket
14 representative or junket enterprise, in accordance with the
15 provisions of P.L.1977, c.110 (C.5:12-1 et seq.). Failure to
16 expressly include such a condition in the agreement shall not
17 constitute a defense in any action brought to terminate the
18 agreement.

19 g. A casino licensee shall be responsible for the conduct of any
20 junket representative or junket enterprise associated with it and
21 for the terms and conditions of any junket engaged in on its
22 premises, regardless of the fact that the junket may involve
23 persons not employed by such a casino licensee.

24 h. A casino licensee shall be responsible for any violation or
25 deviation from the terms of a junket. Notwithstanding any other
26 provisions of this act, the commission may, after hearings in
27 accordance with this act, order restitution to junket participants,
28 assess penalties for such violations or deviations, prohibit future
29 junkets by the casino licensee, junket enterprise or junket
30 representative, and order such further relief as it deems
31 appropriate.

32 i. The commission shall, by regulation, prescribe methods,
33 procedures and forms for the delivery and retention of
34 information concerning the conduct of junkets by casino
35 licensees. Without limitation of the foregoing, each casino
36 licensee, in accordance with the rules of the commission, shall:

37 (1) Maintain on file a report describing the operation of any
38 junket engaged in on its premises, which report may include
39 acknowledgments by the participants, signed on the date of
40 arrival, that they understand the terms of the particular junket;

41 (2) Submit to the commission and division a report on those
42 arrangements which would be junkets but for the fact that those
43 arrangements do not include a selection or approval of
44 participants in accordance with the terms of section 29 of
45 P.L.1977, c.110 (C.5:12-29); and

46 (3) Submit to the commission and division a list of all its
47 employees who are acting as junket representatives but whose
48 licenses are not endorsed as such.

49 j. Each casino licensee, junket representative or junket
50 enterprise shall, in accordance with the rules of the commission,

1 file a report with the division with respect to each list of junket
2 patrons or potential junket patrons purchased directly or
3 indirectly by the casino licensee, junket representative or
4 enterprise.

5 k. The commission shall have the authority to determine,
6 either by regulation, or upon petition by the holder of a casino
7 license, that a type of arrangement otherwise included within the
8 definition of "junket" established by section 29 of P.L.1977, c.110
9 (C.5:12-29) shall not require compliance with any or all of the
10 requirements of this section. The commission shall seek the
11 opinion of the division prior to granting any exemption. In
12 granting exemptions, the commission shall consider such factors
13 as the nature, volume and significance of the particular type of
14 arrangement, and whether the exemption would be consistent
15 with the public policies established by this act. In applying the
16 provisions of this subsection, the commission may condition,
17 limit, or restrict any exemption as the commission may deem
18 appropriate.

19 l. No junket enterprise or junket representative or person
20 acting as a junket representative may:

21 (1) Engage in efforts to collect upon checks that have been
22 returned by banks without full and final payment;

23 (2) Exercise approval authority with regard to the
24 authorization or issuance of credit pursuant to section 101 of
25 P.L.1977, c.110 (C.5:12-101);

26 (3) Act on behalf of or under any arrangement with a casino
27 licensee or a gaming patron with regard to the redemption,
28 consolidation, or substitution of the gaming patron's checks
29 awaiting deposit pursuant to subsection c. of section 101 of
30 P.L.1977, c.110 (C.5:12-101);

31 (4) Individually receive or retain any fee from a patron for the
32 privilege of participating in a junket;

33 (5) Pay for any services, including transportation, or other
34 items of value provided to, or for the benefit of, any patron
35 participating in a junket.

36 m. No casino licensee shall offer or provide any
37 complimentary services, gifts, cash or other items of value to any
38 person unless:

39 (1) The complimentary consists of room, food, beverage or
40 entertainment expenses provided directly to the patron and his
41 guests by the licensee or indirectly to the patron and his guests
42 on behalf of a licensee by a third party; or

43 (2) The complimentary consists of documented transportation
44 expenses provided directly to the patron and his guests by the
45 licensee or indirectly to the patron and his guests on behalf of a
46 licensee by a third party, provided that the licensee complies
47 with regulations promulgated by the commission to ensure that a
48 patron's and his guests' documented transportation expenses are
49 paid for or reimbursed only once; or

50 (3) The complimentary consists of coins, tokens, cash or other

1 complimentary items or services provided through a bus coupon
2 or other complimentary distribution program approved by the
3 commission or maintained pursuant to commission regulation[; or

4 (4) The complimentary consists of].

5 Notwithstanding the foregoing, a casino licensee may offer and
6 provide complimentary cash or noncash gifts which are not
7 otherwise included in paragraphs (1) through (3) of this subsection
8 to any person, provided that any such [noncash] gifts in excess of
9 \$2,000.00 per trip, or such greater amount as the commission may
10 establish by regulation [provided directly to the patron and his
11 guests by the licensee or indirectly to the patron and his guests
12 on behalf of a licensee by a third party shall be], are supported by
13 documentation regarding the reason the [noncash] gift was
14 provided to the patron and his guests, including where applicable,
15 a patron's player rating, [to] which documentation shall be
16 maintained by the casino licensee. For the purposes of this
17 paragraph, all [noncash] gifts presented to a patron and the
18 patron's guests directly by the licensee or indirectly on behalf of
19 the licensee by a third party within any five-day period shall be
20 considered to have been made during a single [noncash gift] trip.

21 Each casino licensee shall maintain a regulated complimentary
22 service account, for those complimentaries which are permitted
23 pursuant to this section, and shall submit a quarterly report to
24 the commission based upon such account and covering all
25 complimentary services offered or engaged in by the licensee
26 during the immediately preceding quarter. Such reports shall
27 include identification of the regulated complimentary services
28 and their respective costs, the number of persons by category of
29 service who received the same, and such other information as the
30 commission may require.

31 n. As used in this subsection, "person" means any State officer
32 or employee subject to financial disclosure by law or executive
33 order and any other State officer or employee with responsibility
34 for matters affecting casino activity; any special State officer or
35 employee with responsibility for matters affecting casino
36 activity; the Governor; any member of the Legislature or
37 full-time member of the Judiciary; any full-time professional
38 employee of the Office of the Governor, or the Legislature;
39 members of the Casino Reinvestment Development Authority;
40 the head of a principal department; the assistant or deputy heads
41 of a principal department, including all assistant and deputy
42 commissioners; the head of any division of a principal
43 department; any member of the governing body, or the municipal
44 judge or the municipal attorney of a municipality wherein a
45 casino is located; any member of or attorney for the planning
46 board or zoning board of adjustment of a municipality wherein a
47 casino is located, or any professional planner or consultant
48 regularly employed or retained by such planning board or zoning
49 board of adjustment.

50 No casino applicant or licensee shall provide directly or

1 indirectly to any person any complimentary service or discount
2 which is other than such service or discount that is offered to
3 members of the general public in like circumstance.

4 o. (1) Any person who, on the effective date of this 1987
5 amendatory act, holds a current and valid plenary junket
6 representative license or a junket enterprise license authorizing
7 the conduct of junket activities, shall be considered licensed in
8 accordance with the provisions of this section as a junket
9 representative or junket enterprise, respectively, for the
10 remaining term of his current license.

11 (2) Any person who, on the effective date of this 1987
12 amendatory act, holds a current and valid temporary junket
13 representative or junket enterprise license authorizing the
14 conduct of junket activities shall be permitted to act as, or
15 perform the services of a junket representative or junket
16 enterprise so long as such junket representative or junket
17 enterprise files with the commission an application for licensure
18 pursuant to the provisions of this 1987 amendatory act within 90
19 days of the effective date hereof. Any junket representative or
20 junket enterprise so filing shall be permitted to engage in junket
21 activities until the commission has acted upon such application.
22 Any junket representative or junket enterprise not so filing shall
23 not be permitted to act as, or perform the services of, a junket
24 representative or junket enterprise upon the expiration of 90 days
25 from and after the effective date of this 1987 amendatory act.

26 (cf: P.L.1987, c.426, s.5)

27 39. Section 103 of P.L.1977, c.110 (C.5:12-103) is amended to
28 read as follows:

29 103. a. Notwithstanding any law to the contrary, the authority
30 to grant any license for, or to permit or prohibit the presence of,
31 alcoholic beverages in, on, or about any premises licensed as part
32 of a casino hotel shall exclusively be vested in the commission.

33 b. Unless otherwise stated, and except where inconsistent with
34 the purpose or intent of this act or the common understanding of
35 usage thereof, definitions contained in Title 33 of the Revised
36 Statutes shall apply to this section. Any definition contained
37 therein shall apply to the same word in any form.

38 c. Notwithstanding any provision of Title 33 of the Revised
39 Statutes, the rules, regulations and bulletins promulgated by the
40 director of the Division of Alcoholic Beverage Control, or any
41 provision promulgated by any local authority, the authority to
42 issue, renew, transfer, revoke or suspend a Casino Hotel
43 Alcoholic Beverage License or any portion, location, privilege or
44 condition thereof; to fine or penalize a Casino Hotel Alcoholic
45 Beverage Licensee; to enforce all statutes, laws, ruling, or
46 regulations relating to such license; and to collect license fees
47 and establish application standards therefor, shall be, consistent
48 with this act, exclusively vested in the commission or the division.

49 d. Except as otherwise provided in this section, the provisions
50 of Title 33 of the Revised Statutes and the rules, regulations and

1 bulletins promulgated by the director of the Division of Alcoholic
2 Beverage Control shall apply to a Casino Hotel and Casino Hotel
3 Alcoholic Beverage Licensee licensed under this act.

4 e. Notwithstanding any provision to the contrary, the
5 commission may promulgate any regulations and special rulings
6 and findings as may be necessary for the proper enforcement,
7 regulation, and control of alcoholic beverages in casino hotels
8 when the commission finds that the uniqueness of casino
9 operations and the public interest require that such regulations,
10 rulings, and findings are appropriate. Regulations of the
11 commission may include but are not limited to: designation and
12 duties of enforcement personnel; all forms necessary or
13 convenient in the administration of this section; inspections,
14 investigations, searches, seizures; licensing and disciplinary
15 standards; requirements and standards for any hearings or
16 disciplinary or other proceedings that may be required from time
17 to time; the assessment of fines or penalties for violations; hours
18 of sale; sales in original containers; sales on credit; out-of-door
19 sales; limitations on sales; gifts and promotional materials;
20 locations or places for sale; control of signs and other displays;
21 identification of licensees and their employees; employment of
22 aliens and minors; storage, transportation and sanitary
23 requirements; records to be kept by the Casino Hotel Alcoholic
24 Beverage Licensees and availability thereof; practices unduly
25 designed to increase consumption of alcoholic beverages; and
26 such other matters whatsoever as are or may become necessary
27 and consistent with the administration of this act.

28 f. (1) It shall be unlawful for any person, including any casino
29 licensee[,] or any of its lessees, agents or employees, to expose
30 for sale, solicit or promote the sale of, possess with intent to sell,
31 sell, give, dispense, or otherwise transfer or dispose of alcoholic
32 beverages in, on or about any portion of the premises of a casino
33 hotel, unless said person possesses [an appropriate] a Casino Hotel
34 Alcoholic Beverage License.

35 (2) It shall be unlawful for any person issued a Casino Hotel
36 Alcoholic Beverage License to expose, possess, sell, give,
37 dispense, transfer, or otherwise dispose of alcoholic beverages,
38 other than within the terms and conditions of the Casino Hotel
39 Alcoholic Beverage License issued, the provisions of Title 33 of
40 the Revised Statutes, the rules and regulations promulgated by
41 the director of the Division of Alcoholic Beverage Control, and,
42 when applicable, the regulations promulgated pursuant to this act.

43 g. In issuing a Casino Hotel Alcoholic Beverage License the
44 commission shall describe the scope of the particular license and
45 the restrictions and limitations thereon as it deems necessary and
46 reasonable. The commission may, in a single Casino Hotel
47 Alcoholic Beverage License, permit the holder of such a license
48 to perform any or all of the following activities, subject to
49 applicable laws, rules and regulations:

50 (1) To sell any alcoholic beverage by the glass or other open

1 receptacle, but not in an original container, for on-premise
2 consumption within a casino; provided, however, that no [food or
3 alcoholic beverage[, other than nonalcoholic beverages or
4 garnishments used in the preparation of alcoholic beverages for
5 consumption by the glass.] shall be sold, given or be available for
6 consumption; offered, delivered or otherwise brought to a patron;
7 or consumed at a gaming table unless so requested by the patron.

8 (2) To sell any alcoholic beverage by the glass or other open
9 receptacle for on-premise consumption within [an enclosed
10 cabaret or entertainment room not in a casino.

11 (3) To sell any alcoholic beverage by the glass or other open
12 receptacle for on-premise consumption within an enclosed
13 restaurant or banquet room or a series of enclosed connected
14 rooms, with or without an adjacent outdoor dining area, not in a
15 casino.

16 (4) To sell any alcoholic beverage by the glass or other open
17 receptacle for on-premise consumption within a pub room not in
18 a casino, or from one] a casino hotel, but not in a casino, or from
19 a fixed location outside a building or structure containing a
20 casino but on a casino hotel premises.

21 ~~[(5)]~~ (3) To sell any alcoholic beverage in original containers for
22 consumption outside the licensed area from [one] an enclosed
23 package room not in a casino]; provided, however, that no food
24 shall be made available for consumption in a package room and no
25 direct access to or from a casino may exist in a package room].

26 ~~[(6)]~~ (4) To sell any alcoholic beverage [~~from one fixed~~] by the
27 glass or other open receptacle or in original containers from a
28 room service location within an enclosed room not in a casino;
29 provided, however, that [the licensed room service room has no
30 direct access to or from a casino and] any sale of alcoholic
31 beverages is delivered only to a guest room or to any other room
32 in the casino hotel authorized by the commission, other than any
33 room authorized by the commission pursuant to paragraph (1),
34 [(2),] (3), [(4),] or (5) of this subsection.

35 ~~[(7)]~~ (5) To possess or to store alcoholic beverages in original
36 containers intended but not actually exposed for sale [in an area,
37 room or location so licensed. The holder of a Casino Hotel
38 Alcoholic Beverage License permitting such possession and
39 storage shall be entitled, subject to applicable laws, rules, and
40 regulations, to store any alcoholic beverage intended for sale] at
41 a fixed location on a casino hotel premises, not in a casino[, and
42 not otherwise licensed under this section]; and to transfer or
43 deliver such alcoholic beverages only to a [licensed location for
44 which such licensee is licensed] location approved pursuant to this
45 section; provided, however, that no access to or from a [licensed]
46 storage location shall be permitted except during the normal
47 course of business by employees or agents of the licensee, or by
48 licensed employees or agents of wholesalers or distributors
49 licensed pursuant to Title 33 of the Revised Statutes and any
50 applicable rules and regulations; and provided further, however,

1 that no provision of this section shall be construed to prohibit a
2 Casino Hotel Alcoholic Beverage Licensee from obtaining an
3 off-site storage license from the Division of Alcoholic Beverage
4 Control.

5 h. (1) No Casino Hotel Alcoholic Beverage License which
6 authorizes the sale of alcoholic beverages within a casino
7 pursuant to subsection g.(1) of this section shall issue to any
8 applicant who does not hold a casino license issued pursuant to
9 this act.

10 (2) No Casino Hotel Alcoholic Beverage License which
11 authorizes the possession, sale or storage of alcoholic beverages
12 pursuant to subsection g.(2), (3), (4), or (5)[, (6), or (7)] of this
13 section shall issue to any applicant who would not qualify under
14 the standards for licensure of a casino [employee as defined under
15 this act, except that such applicant need not be an employee of
16 the casino licensee] service industry pursuant to subsection c. of
17 section 92 of P.L.1977, c.110 (C.5:12-92).

18 (3) No Casino Hotel Alcoholic Beverage License which
19 authorizes the possession or storage of alcoholic beverages
20 pursuant to subsection g.[(7)] of this section shall issue to any
21 applicant who does not hold a Casino Hotel Alcoholic Beverage
22 License, permitting any activity pursuant to subsection g.(1), (2),
23 (3), or (4)[, (5) or (6)] of this section.

24 i. The commission may revoke, suspend, refuse to renew or
25 refuse to transfer any Casino Hotel Alcoholic Beverage License,
26 or fine or penalize any Casino Hotel Alcoholic Beverage Licensee
27 for violations of any provision of Title 33 of the Revised Statutes,
28 the rules and regulations promulgated by the director of the
29 Division of Alcoholic Beverage Control, and the regulations
30 promulgated by the commission.

31 j. Jurisdiction over all alcoholic beverage licenses previously
32 issued with respect to the casino hotel facility is hereby vested in
33 the commission, which in its discretion may by regulation provide
34 for the conversion thereof into a Casino Hotel Alcoholic
35 Beverage License as provided in this section.

36 (cf: P.L.1982, c.148, s.2)

37 40. Section 105 of P.L.1977, c.110 (C.5:12-105) is amended to
38 read as follows:

39 105. Disposition of Securities by Corporate Licensee. a. The
40 sale, assignment, transfer, pledge or other disposition of any
41 security issued by a corporation which holds a casino license is
42 conditional and shall be ineffective if disapproved by the
43 commission.

44 b. Every security issued by a corporation which holds a casino
45 license shall bear, on both sides of the certificate evidencing such
46 security, a statement of the restrictions imposed by this section,
47 except that in the case of a publicly traded corporation
48 incorporated prior to the effective date of this act, a statement
49 of restriction shall be necessary only insofar as certificates are
50 issued by such corporation after the effective date of this act.

1 c. The Secretary of State shall not accept for filing any
2 articles of incorporation of any corporation which includes as a
3 stated purpose the conduct of casino gaming, or any amendment
4 which adds such purpose to articles of incorporation already filed,
5 unless such articles or amendments have been approved by the
6 commission and a copy of such approval is annexed thereto upon
7 presentation for filing with the Secretary of State.

8 d. If at any time the commission finds that an individual owner
9 or holder of any security of a corporate licensee or of a holding
10 or intermediary company with respect thereto is not qualified
11 under this act, and if as a result the corporate licensee is no
12 longer qualified to continue as a casino licensee in this State, the
13 commission shall, pursuant to the provisions of this act, [proposel
14 take any necessary action to protect the public interest, including
15 the suspension or revocation of the casino license of the
16 corporation; provided, however, that if the holding or
17 intermediary company is a publicly traded corporation and the
18 commission finds disqualified any holder of any security thereof
19 who is required to be qualified under section 85 d. of this act, and
20 the commission also finds that: (1) the holding or intermediary
21 company has complied with the provisions of section 82 d. (7) of
22 this act; (2) the holding or intermediary company has made a good
23 faith effort, including the prosecution of all legal remedies, to
24 comply with any order of the commission requiring the
25 divestiture of the security interest held by the disqualified
26 holder; and (3) such disqualified holder does not have the ability
27 to control the corporate licensee or any holding or intermediary
28 company with respect thereto, or to elect one or more members
29 of the board of directors of such corporation or company, the
30 commission shall not take action against the casino licensee or
31 the holding or intermediary company with respect to the
32 continued ownership of the security interest by the disqualified
33 holder. For purposes of this act, a security holder shall be
34 presumed to have the ability to control a publicly traded
35 corporation, or to elect one or more members of its board of
36 directors, if such holder owns or beneficially holds 5% or more of
37 the voting securities of such corporation, unless such presumption
38 of control or ability to elect is rebutted by clear and convincing
39 evidence.

40 e. Commencing on the date the commission serves notice upon
41 a corporation of the determination of disqualification under
42 subsection d. of this section, it shall be unlawful for the named
43 individual:

44 (1) To receive any dividends or interest upon any such
45 securities;

46 (2) To exercise, directly or through any trustee or nominee,
47 any right conferred by such securities; or

48 (3) To receive any remuneration in any form from the
49 corporate licensee for services rendered or otherwise.

50 f. After a nonpublicly traded corporation has been issued a

1 casino license pursuant to the provisions of this act, but prior to
2 the issuance or transfer of any security to any person required to
3 be but not yet qualified in accordance with the provisions of this
4 act, such corporation shall file a report of its proposed action
5 with the commission, and shall request the approval of the
6 commission for the transaction. If the commission shall deny the
7 request, the corporation shall not issue or transfer such security.
8 After a publicly traded corporation has been issued a casino
9 license, such corporation shall file a report quarterly with the
10 commission, which report shall list all owners and holders of any
11 security issued by such corporate casino licensee.

12 g. Each corporation which has been issued a casino license
13 pursuant to the provisions of this act shall file a report of any
14 change of its corporate officers or members of its board of
15 directors with the commission. No officer or director shall be
16 entitled to exercise any powers of the office to which he was so
17 elected or appointed until qualified by the commission in
18 accordance with the provisions of this act.

19 (cf: P.L.1987, c.355, s.9)

20 41. Section 106 of P.L.1977, c.110 (C.5:12-106) is amended to
21 read as follows:

22 106. [Work Permits] Casino Employment. a. A casino licensee
23 shall not appoint or employ any person not registered or not
24 possessing a current and valid license permitting such
25 appointment or employment. [A casino licensee shall, in
26 accordance with the rules of the commission, apply for a work
27 permit for each such employee, which shall be granted if the
28 employee is the holder of a current and valid registration or
29 license which permits employment in the position to be held.
30 Each work permit shall be renewed annually in accordance with
31 rules and regulations promulgated by the commission.]

32 b. A casino licensee shall, within 24 hours of receipt of written
33 notice thereof, terminate the appointment or employment of any
34 person whose license or registration has been revoked or has
35 expired. A casino licensee shall comply in all respects with any
36 order of the commission imposing limitations or restrictions upon
37 the terms of employment or appointment in the course of any
38 investigation or hearing.

39 (cf: P.L.1987, c.410, s.9)

40 42. Section 111 of P.L.1977, c.110 (C.5:12-111) is amended to
41 read as follows:

42 111. Penalties for Willful Evasion of Payment of License Fees,
43 Other Acts and Omissions. Any person who willfully fails to
44 report, pay or truthfully account for and pay over any license fee
45 or tax imposed by the provisions of this act, or willfully attempts
46 in any manner to evade or defeat any such license fee, tax, or
47 payment thereof is guilty of a [misdemeanor] crime of the fourth
48 degree and subject to [not more than three years imprisonment or
49 a fine of] the penalties therefor, except that the amount of a fine
50 may be up to \$25,000.00 [or both], and in the case of a person

1 other than a natural person, [to a fine of not more than] the
2 amount of a fine may be up to \$100,000.00, and shall in addition
3 be liable for a penalty of three times the amount of the license
4 fee evaded and not paid, collected or paid over, which penalty
5 shall be assessed by the commission and collected in accordance
6 with the provisions of this act.

7 (cf: P.L.1977, c.110, s.111)

8 43. Section 112 of P.L.1977, c.110 (C.5:12-112) is amended to
9 read as follows:

10 112. Unlicensed Casino Gambling Games Unlawful; Penalties.
11 a. Any person who violates the provisions of sections 80 or 82 or
12 of Article 7 of this act, or permits any gambling game, slot
13 machine or device to be conducted, operated, dealt or carried on
14 in any casino by a person other than a person licensed for such
15 purposes pursuant to this act is guilty of a [misdemeanor] crime
16 of the fourth degree and subject to [a term of imprisonment of
17 not more than three years or a fine of] the penalties therefor,
18 except that the amount of a fine may be up to \$25,000.00 [or
19 both], and in the case of a person other than a natural person, [to
20 a fine of not more than] the amount of a fine may be up to
21 \$100,000.00.

22 b. Any licensee who places games or slot machines into play or
23 displays such games or slot machines in a casino without
24 authority of the commission to do so is guilty of a [misdemeanor]
25 crime of the fourth degree and subject to [not more than three
26 years imprisonment or a fine of] the penalties therefor, except
27 that the amount of a fine may be up to \$25,000.00 [or both], and
28 in the case of a person other than a natural person, [to a fine of
29 not more than] the amount of a fine may be up to \$100,000.00.

30 c. Any person who operates, carries on or exposes for play any
31 gambling game, gaming device or slot machine after his license
32 has expired and prior to the actual renewal thereof is guilty of a
33 [misdemeanor] crime of the fourth degree and subject to [not
34 more than three years imprisonment or a fine of] the penalties
35 therefor, except that the amount of a fine may be up to
36 \$25,000.00 [or both], and in the case of a person other than a
37 natural person, [to a fine of not more than] the amount of a fine
38 may be up to \$100,000.00.

39 (cf: P.L.1977, c.110, s.112)

40 44. (New section) A person commits a disorderly persons
41 offense if, in playing a game in a licensed casino, the person uses,
42 or assists another in the use of, an electronic, electrical or
43 mechanical device which is designed, constructed, or programmed
44 specifically for use in obtaining an advantage at playing any game
45 in a licensed casino. A device used by any person in violation of
46 this section shall be subject to forfeiture pursuant to the
47 provisions of N.J.S.2C:64-1 et seq.

48 Each casino licensee shall post notice of this prohibition and
49 the penalties of this section in a manner determined by the
50 commission.

1 45. Section 115 of P.L.1977, c.110 (C.5:12-115) is amended to
2 read as follows:

3 115. Cheating Games and Devices in a Licensed Casino;
4 Penalty. a. It shall be unlawful:

5 (1) Knowingly to conduct, carry on, operate, deal or allow to
6 be conducted, carried on, operated or dealt any cheating or
7 thieving game or device; or

8 (2) Knowingly to deal, conduct, carry on, operate or expose for
9 play any game or games played with cards, dice or any
10 mechanical device, or any combination of games or devices,
11 which have in any manner been marked or tampered with, or
12 placed in a condition, or operated in a manner, the result of
13 which tends to deceive the public or tends to alter the normal
14 random selection of characteristics or the normal chance of the
15 game which could determine or alter the result of the game.

16 b. It shall be unlawful knowingly to use or possess any marked
17 cards, loaded dice, plugged or tampered with machines or devices.

18 c. Any person who violates this section is guilty of a
19 [misdemeanor] crime of the fourth degree and subject to [not
20 more than three years imprisonment or a fine of] the penalties
21 therefor, except that the amount of a fine may be up to
22 \$25,000.00 [or both], and in the case of a person other than a
23 natural person, [to a fine of not more than] the amount of a fine
24 may be up to \$100,000.00.

25 (cf: P.L.1977, c.110, s.115)

26 46. Section 116 of P.L.1977, c.110 (C.5:12-116) is amended to
27 read as follows:

28 116. Unlawful possession of device, equipment or other
29 material illegally manufactured, distributed, sold or serviced
30 Any person who possesses any device, equipment or material
31 which he knows has been manufactured, distributed, sold,
32 tampered with or serviced in violation of the provisions of this
33 act is guilty of a [misdemeanor] crime of the fourth degree and
34 subject to [not more than three years imprisonment or a fine of]
35 the penalties therefor, except that the amount of a fine may be
36 up to \$25,000.00 [or both], and in the case of a person other than
37 a natural person, [to a fine of not more than] the amount of a fine
38 may be up to \$100,000.00.

39 (cf: P.L.1977, c.110, s.116)

40 47. Section 117 of P.L.1977, c.110 (C.5:12-117) is amended to
41 read as follows:

42 117. Employment Without License[,] or Registration[, or Work
43 Permit]; Penalty. a. Any person who, without obtaining the
44 requisite license or registration as provided in this act, works or
45 is employed in a position whose duties would require licensing or
46 registration under the provisions of this act is guilty of a
47 [misdemeanor] crime of the fourth degree and subject to [not
48 more than three years' imprisonment or a fine of] the penalties
49 therefor, except that the amount of a fine may be up to
50 \$10,000.00 [or both], and in the case of a person other than a

1 natural person. [to a fine of not more than] the amount of a fine
2 may be up to \$50,000.00.

3 b. Any person who employs or continues to employ an
4 individual not duly licensed or registered under the provisions of
5 this act in a position whose duties require a license or
6 registration under the provisions of this act is guilty of a
7 [misdemeanor] crime of the fourth degree and subject to [not
8 more than three years' imprisonment or a fine of] the penalties
9 therefor, except that the amount of a fine may be up to
10 \$10,000.00 [or both], and in the case of a person other than a
11 natural person, [to a fine of not more than] the amount of a fine
12 may be up to \$50,000.00.

13 c. [Any person who employs an individual without obtaining a
14 work permit as required by this act, is guilty of a misdemeanor
15 and subject to a fine of not more than \$10,000.00, and in the case
16 of a person other than a natural person, to a fine of not more
17 than \$50,000.00.] (Deleted by amendment, P.L. , c. .)

18 d. Any person violating the provisions of subsection 101 e. of
19 this act shall be guilty of a [misdemeanor] crime of the third
20 degree, and shall be subject to [imprisonment for not more than
21 seven years or a fine of not more than] the penalties therefor,
22 except that the amount of a fine may be up to \$25,000.00[or
23 both]. Any licensee permitting or allowing such a violation shall
24 also be punishable under this subsection, in addition to any other
25 sanctions the commission may impose.

26 (cf: P.L.1987, c.410, s.10)

27 48. Section 118 of P.L.1977, c.110 (C.5:12-118) is amended to
28 read as follows:

29 118. **Regulations Requiring Exclusion or Rejection of Certain**
30 **Persons from Licensed Casinos; Unlawful Entry by Person Whose**
31 **Name Has Been Placed on List; Penalty.** Any person whose name
32 is on the list of persons promulgated by the commission pursuant
33 to the provisions of section 71 of this act who knowingly enters
34 the premises of a licensed casino is guilty of a [misdemeanor]
35 **disorderly persons offense.**

36 (cf: P.L.1977, c.110, s.118)

37 49. Section 119 of P.L.1977, c.110 (C.5:12-119) is amended to
38 read as follows:

39 119. **Gaming by Certain Persons Prohibited; Penalties;**
40 **Defenses.** a. No person under the age at which a person is
41 authorized to purchase and consume alcoholic beverages, other
42 than a person licensed under the provisions of this act in the
43 regular course of his licensed activities, shall enter a licensed
44 casino except by way of passage to another room.

45 b. Any licensee or employee of a casino who allows a person
46 under the age at which a person is authorized to purchase and
47 consume alcoholic beverages to remain in a casino is guilty of a
48 disorderly [person] persons offense; except that the establishment
49 of all of the following facts by a licensee or employee allowing
50 any such underage person to remain shall constitute a defense to

1 any prosecution therefor:

2 (1) That the underage person falsely represented in writing
3 that he or she was at or over the age at which a person is
4 authorized to purchase and consume alcoholic beverages;

5 (2) That the appearance of the underage person was such that
6 an ordinary prudent person would believe him or her to be at or
7 over the age at which a person is authorized to purchase and
8 consume alcoholic beverages; and

9 (3) That the admission was made in good faith, relying upon
10 such written representation and appearance, and in the
11 reasonable belief that the underage person was actually at or
12 over the age at which a person is authorized to purchase and
13 consume alcoholic beverages.

14 (cf: P.L.1983, c.134, s.2)

15 50. Section 120 of P.L.1977, c.110 (C.5:12-120) is amended to
16 read as follows:

17 120. Prohibited Political Contributions; Penalty. Any person
18 who makes or causes to be made a political contribution
19 prohibited by the provisions of this act is guilty of a
20 [misdemeanor] crime of the fourth degree and subject to [not
21 more than three years' imprisonment or a fine of] the penalties
22 therefor, except that the amount of a fine may be up to
23 \$100,000.00 [or both], and in the case of a person other than a
24 natural person, [to a fine of not more than] the amount of a fine
25 may be up to \$250,000.00.

26 (cf: P.L.1987, c.410, s.12)

27 51. Section 31 of P.L.1978, c.7 (C.5:12-130.1) is amended to
28 read as follows:

29 31. Institution of Conservatorship and Appointment of
30 Conservators.

31 a. Notwithstanding any other provision of the Casino Control
32 Act, (1) upon the revocation of a casino license, (2) upon, in the
33 discretion of the commission, the suspension of a casino license
34 or operation certificate for a period of in excess of 120 days, or
35 (3) upon the failure or refusal to renew a casino license, and
36 notwithstanding the pendency of any appeal therefrom, the
37 commission [shall] may appoint and constitute a conservator to,
38 among other things, take over and into his possession and control
39 all the property and business of the licensee relating to the casino
40 and the approved hotel; provided, however, that this subsection
41 shall not apply in any instance in which the casino in the casino
42 hotel facility for which the casino license had been issued has not
43 been, in fact, in operation and open to the public, and provided
44 further that no person shall be appointed as conservator unless
45 the commission is satisfied that he is individually qualified
46 according to the standard applicable to casino key employees,
47 except that casino experience shall not be necessary for
48 qualification.

49 b. (Deleted by amendment. P.L.1987, c.410.)

50 c. The commission may proceed in a conservatorship action in

1 a summary manner or otherwise and shall have the power to
2 appoint and remove one or more conservators and to enjoin the
3 former or suspended licensee from exercising any of its privileges
4 and franchises, from collecting or receiving any debts and from
5 paying out, selling, assigning or transferring any of its property to
6 other than a conservator, except as the commission may
7 otherwise order. The commission shall have such further powers
8 as shall be appropriate for the fulfillment of the purposes of this
9 act.

10 d. Every conservator shall, before assuming his duties, execute
11 and file a bond for the faithful performance of his duties payable
12 to the commission in the office of the commission with such
13 surety or sureties and in such form as the commission shall
14 approve and in such amount as the commission shall prescribe.

15 e. When more than one conservator is appointed pursuant to
16 this section, the provisions of this article applicable to one
17 conservator shall be applicable to all; the debts and property of
18 the former or suspended licensee may be collected and received
19 by any of them; and the powers and rights conferred upon them
20 shall be exercised by a majority of them.

21 f. The commission shall require that the former or suspended
22 licensee purchase liability insurance, in an amount determined by
23 the commission, to protect a conservator from liability for any
24 acts or omissions of the conservator occurring during the duration
25 of the conservatorship which are reasonably related to, and
26 within the scope of, the conservator's duties.

27 (cf: P.L.1987, c.410, s.15)

28 52. (New section) Upon the appointment of a conservator, the
29 commission shall provide the conservator with written
30 instructions which enumerate the specific powers and duties
31 conferred by the commission on the conservator with respect to
32 the conservatorship. A conservator shall be under the direct
33 supervision of the commission and shall exercise only those
34 powers and perform only those duties expressly conferred on the
35 conservator by the commission. The commission may, at any
36 time after a conservatorship is established, modify the powers of
37 the conservator by providing the conservator with a new set of
38 written instructions.

39 53. Section 32 of P.L.1978, c.7 (C:5:12-130.2) is amended to
40 read as follows:

41 32. Powers, Authorities and Duties of Conservators.

42 a. Upon his appointment, the conservator shall become vested
43 with the title of all the property of the former or suspended
44 licensee relating to the casino and the approved hotel, subject to
45 any and all valid liens, claims, and encumbrances. The
46 conservator shall have the duty to conserve and preserve the
47 assets so acquired to the end that such assets shall continue to be
48 operated on a sound and businesslike basis.

49 b. Subject to the [general] direct supervision of the
50 commission and pursuant to the written instructions of the

1 commission issued pursuant to section 52 of P.L. , c. (C.)
2 (now pending before the Legislature as this bill) and any
3 [specific] other order [it] the commission may deem appropriate.
4 a conservator shall have power to:

5 (1) Take into his possession all the property of the former or
6 suspended licensee relating to the casino and the approved hotel,
7 including its books, records and papers;

8 (2) Institute and defend actions by or on behalf of the former
9 or suspended licensee;

10 (3) Settle or compromise with any debtor or creditor of the
11 former or suspended licensee, including any taxing authority;

12 (4) Continue the business of the former or suspended licensee
13 and to that end enter into contracts, borrow money and pledge,
14 mortgage or otherwise encumber the property of the former or
15 suspended licensee as security for the repayment of the
16 conservator's loans; provided, however, that such power shall be
17 subject to any provisions and restrictions in any existing credit
18 documents;

19 (5) Hire, fire and discipline employees;

20 (6) Review all outstanding agreements to which the former or
21 suspended licensee is a party that fall within the purview of
22 section 104b. of P.L.1977, c.110 (C.5:12-104b.) and advise the
23 commission as to which, if any, of such agreements should be the
24 subject of scrutiny, examination or investigation by the
25 commission; and

26 (7) Do all further acts as shall best fulfill the purposes of the
27 Casino Control Act.

28 c. Except during the pendency of a suspension or during the
29 pendency of any appeal from any action or event set forth in
30 section 31 a. of this amendatory and supplementary act which
31 precipitated the conservatorship or in instances in which the
32 commission finds that the interests of justice so require, the
33 conservator, subject to the prior approval of and in accordance
34 with such terms and conditions as may be prescribed by the
35 commission, and after appropriate prior consultation with the
36 former licensee as to the reasonableness of such terms and
37 conditions, shall endeavor to and be authorized to sell, assign,
38 convey or otherwise dispose of in bulk, subject to any and all
39 valid liens, claims, and encumbrances, all the property of a
40 former licensee relating to the casino and the approved hotel only
41 upon prior written notice to all creditors and other parties in
42 interest and only to such persons who shall be eligible to apply for
43 and shall qualify as a casino licensee in accordance with the
44 provisions of the Casino Control Act. Prior to any such sale, the
45 former licensee shall be granted, upon request, a summary review
46 by the commission of such proposed sale.

47 d. The commission may direct that the conservator, for an
48 indefinite period of time, retain the property and continue the
49 business of the former or suspended licensee relating to the
50 casino and the approved hotel. During such period of time or any

1 period of operation by the conservator, he shall pay when due,
2 without in any way being personally liable, all secured obligations
3 and shall not be immune from foreclosure or other legal
4 proceedings to collect the secured debt, nor with respect thereto
5 shall such conservator have any legal rights, claims, or defenses
6 other than those which would have been available to the former
7 or suspended licensee.

8 e. A conservator shall cooperate fully with any investigation
9 or inquiry conducted by the commission or the division during the
10 conservatorship or after the discontinuation of the
11 conservatorship.

12 (cf: P.L.1987, c.410, s.16)

13 54. Section 33 of P.L.1978, c.7 (C.5:12-130.3) is amended to
14 read as follows:

15 33. Compensation of Conservators and Others. In any
16 proceeding pursuant to section 31 of [this amendatory and
17 supplementary act] P.L.1978, c.7 (C.5:12-130.1), the commission
18 shall [allow], upon the appointment of a conservator, establish a
19 reasonable rate of compensation for the services, costs and
20 expenses in the conservatorship action of the conservator[.]. The
21 commission shall also designate the party or parties responsible
22 for the payment of compensation to the conservator and shall
23 direct that the responsible party or parties guarantee payment in
24 such manner as the commission shall deem appropriate. The rate
25 of compensation payable to the attorney for the conservator, the
26 appraiser, the auctioneer, the accountant and such other persons
27 as the commission may appoint in connection with the
28 conservatorship action shall be established by the commission at
29 the time of appointment. All requests for payment by the
30 conservator and other persons appointed by the commission in
31 connection with the conservatorship shall be subject to the
32 approval of the commission, and the commission shall reduce any
33 fee which it deems to be excessive. Fees payable to the
34 conservator and expenses incurred in the course of the
35 conservatorship shall have priority for payment over all other
36 debts or obligations of the former or suspended licensee,
37 including debts or obligations secured by the former or suspended
38 licensee's property.

39 (cf: P.L.1978, c.7, s.33)

40 55. Section 145 of P.L.1977, c.110 (C.5:12-145) is amended to
41 read as follows:

42 145. Casino revenue fund. a. There is hereby created and
43 established in the Department of the Treasury a separate special
44 account to be known as the "Casino Revenue Fund," into which
45 shall be deposited all revenues from the tax imposed by section
46 144 of this act [and]; the investment alternative tax imposed by
47 section 3 of P.L.1984, c.218 (C.5:12-144.1); and all penalties
48 levied and collected by the commission pursuant to P.L.1977,
49 c.110 (C.5:12-1 et seq.) and the regulations promulgated
50 thereunder, except that the first \$500,000 in penalties collected

1 each fiscal year shall be paid into the General Fund for
2 appropriation by the Legislature to the Department of Health to
3 provide funds to the Council on Compulsive Gambling of New
4 Jersey.

5 b. The commission shall require at least monthly deposits by
6 the licensee of the tax established pursuant to subsection a. of
7 section 144 of P.L.1977, c.110 (C.5:12-144), at such times, under
8 such conditions, and in such depositories as shall be prescribed by
9 the State Treasurer. The deposits shall be deposited to the credit
10 of the Casino Revenue Fund. The commission may require a
11 monthly report and reconciliation statement to be filed with it on
12 or before the 10th day of each month, with respect to gross
13 revenues and deposits received and made, respectively, during the
14 preceding month.

15 c. Moneys in the Casino Revenue Fund shall be appropriated
16 exclusively for reductions in property taxes, rentals, telephone,
17 gas, electric, and municipal utilities charges of eligible senior
18 citizens and disabled residents of the State, and for additional or
19 expanded health services or benefits or transportation services or
20 benefits to eligible senior citizens and disabled residents, as shall
21 be provided by law. On or about March 15 and September 15 of
22 each year, the State Treasurer shall publish in at least 10
23 newspapers circulating generally in the State a report accounting
24 for the total revenues received in the Casino Revenue Fund and
25 the specific amounts of money appropriated therefrom for
26 specific expenditures during the preceding six months ending
27 December 31 and June 30.

28 (cf: P.L.1984, c.218, s.4)

29 56. Section 150 of P.L.1977, c.110 (C.5:12-150) is amended to
30 read as follows:

31 150. Penalties. a. Any licensee who shall fail to file his
32 return when due or to pay any tax or deposit when the same
33 becomes due, as herein provided, shall be subject to such
34 penalties and interest as provided in the "State Tax Uniform
35 Procedure Law," Subtitle 9 of Title 54 of the Revised Statutes. If
36 the State Treasurer determines that the failure to comply with
37 any provision of this Article was excusable under the
38 circumstances, he may remit such part or all of the penalty as
39 shall be appropriate under such circumstances.

40 b. Any person failing to file a return, failing to pay the tax or
41 deposit, or filing or causing to be filed, or making or causing to
42 be made, or giving or causing to be given any return, certificate,
43 affidavit, representation, information, testimony or statement
44 required or authorized by this act, or rules or regulations adopted
45 hereunder which is willfully false, or failing to keep any records
46 required by this act or rules and regulations adopted hereunder,
47 shall, in addition to any other penalties herein or elsewhere
48 prescribed, be guilty of a [misdemeanor] a crime of the fourth
49 degree and subject to [not more than three years' imprisonment
50 or a fine of] the penalties therefor, except that the amount of a

1 fine may be up to \$100,000.00 [or both].

2 c. Except as to those determinations required to be made by
3 the commission pursuant to section 149 of P.L.1977, c.110
4 (C.5:12-149), the certificate of the State Treasurer to the effect
5 that a tax or deposit has not been paid, that a return has not been
6 filed, that information has not been supplied, or that inaccurate
7 information has been supplied pursuant to the provisions of this
8 act or rules or regulations adopted hereunder, shall be
9 presumptive evidence thereof.

10 d. If any part of any underpayment of tax required to be shown
11 on a return is due to fraud, there shall be added to the tax an
12 amount equal to 50% of the underpayment.

13 (cf: P.L.1987, c.354, s.22)

14 57. Sections 48 and 142 of P.L.1977, c.110 (C.5:12-48 and
15 5:12-142) are repealed.

16 58. This act shall take effect immediately, but the change in
17 compensation authorized pursuant to section 53 of P.L.1977,
18 c.110 (C.5:12-53) as amended by section 10 of this act shall be
19 inoperative until an increase takes effect which raises the
20 amount of the annual salaries received by the heads of the
21 principal departments above \$95,000.

22 23 24 STATEMENT

25
26 This bill makes numerous changes in the laws governing the
27 operation and regulation of casinos. Among those changes are
28 the following:

29 1) The Casino Control Commission is relieved from the
30 responsibility of making judgments about the architecture and
31 aesthetics of casino hotels.

32 2) New casino hotels must have at least 1,000 rooms, which
33 would entitle them to casino space of up to 120,000 square feet.
34 Existing casino hotels that add to their present number of rooms
35 would be entitled to expanded casino space up to the same
36 maximum.

37 3) Present statutory requirements for minimum indoor public
38 space (e.g., restaurants and convention space) are eliminated.
39 Existing hotels, however, must maintain such space for two years
40 after the effective date of this act.

41 4) The ability of institutional investors (e.g., mutual funds and
42 pension funds) to invest in casinos is facilitated in order to
43 expand the sources of financing for casinos.

44 5) Greater flexibility is given to the casinos in both
45 non-gaming operations (e.g., the elimination of commission
46 review of non-gaming advertising) and in gaming operations (e.g.,
47 the elimination of statutory requirements requiring a minimum
48 amount of space for various games).

49 6) Two new games, red dog and pai gow, are authorized.

50 7) Weekend and holiday gaming hours are expanded from 20 to

1 22. and the commission is empowered to authorize 24-hour
2 gaming on certain occasions.

3 8) Licensure as a casino employee is required only of
4 employees involved in gaming-related activities. Security
5 employees who work solely in the hotel and not the casino are
6 required to be registered rather than licensed.

7 9) Certain checks, such as bank-to-bank checks and personal
8 checks of up to \$2,500, are permitted to be accepted and cashed
9 by casinos.

10 10) Cash as well as the presently authorized noncash gifts are
11 permitted as complimentary.

12 11) The use of an electronic device by a player to gain
13 advantage while playing a game is prohibited.

14 12) The appointment of a conservator for a casino in trouble is
15 made permissive rather than mandatory in order to give the
16 commission more flexibility in dealing with such circumstances,
17 and the compensation and the mode of operation of the
18 conservator are clarified.

19 13) If and when the increase in the salaries of cabinet officers
20 occurs, the salaries of the commissioners will become comparable
21 to those of Judges of the Superior Court. This will restore the
22 parity which previously existed and served as the basis for the
23 commissioners' salaries.

24 14) A person may request to be put on a list of persons to
25 whom the extension of credit by a casino is prohibited.

26 15) Moneys from penalties levied and collected by the
27 commission are to be paid into the Casino Revenue Fund, except
28 that the first \$500,000 collected each fiscal year shall be used to
29 support the Council on Compulsive Gambling in New Jersey.

30

31

32

GAMBLING

33

34 Makes various changes in the laws governing the operation and
35 regulation of casinos.

TABLE OF CONTENTS

	<u>Page</u>
Jim Belford Private Citizen	3
Hughie Vickerilla Councilman Borough of Totowa	5
Steven P. Perskie Chairman New Jersey Casino Control Commission	7
William C. Murtha, Esq. Vice President General Counsel Casino Association of New Jersey	32
Max Slusher Economist Atlantic County Division of Economic Development	43
Stephen B. Richer President Greater Atlantic City Convention and Visitors Bureau	48
Dennis M. Wyka West Paterson Board of Education	60
Jack Williams President Casino and Gaming Employees (CAGE)	67
Victor K. Rabbat Blauvelt Engineering East Orange, New Jersey	79
APPENDIX:	
Statement submitted by William C. Murtha	9x
Statement submitted by Stephen B. Richer	10x

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ASSEMBLYMAN JOSEPH A. MECCA (Vice-Chairman): Good evening ladies and gentlemen. My name is Joe Mecca. I am the Assemblyman from this district -- the 34th District -- and Vice-Chair, and Acting Chair right now, for the Independent Authorities Committee of the State Assembly.

Tonight, we are here to hear testimony from several people and individuals from the public. We are open to entertaining questions from the public.

I have with me tonight members of the Committee: Assemblyman Hardwick from Union County, he is to my left, here. I have with me Assemblymen Anthony Impreveduto from Secaucus, David Kronick from North Bergen, and Fred Scerni, who is from Atlantic City itself, and the main sponsor of the legislation before us. That bill is Assembly Bill No. 4481.

I thought we would start our meeting. I'm sorry we are starting late, but we had some traveling trouble. I thought we would start with the Pledge of Allegiance and then we would start to hear some testimony, after a statement.

If you would stand; the flag is here. (The Pledge of Allegiance is recited.)

Also, I would like to acknowledge the presence of two of our local officials here tonight; and that is, Mayor Samuel Cherba, who is sitting here. He has been our Mayor in Totowa since 1961, and the Councilman Hughie Vickerilla, who has served our town for many many years. Are there any other public officials here tonight? (no response) Okay, they are all up here. It's easy target practice.

The reason we are here tonight is to address, specifically, a bill, No. A-4481. The casino industry is the focus of that bill, and that casino industry has been a vital cog in the wheel of all New Jersey for some 15 years.

At first the industry was somewhat controversial and maybe not welcomed by all. In fact, many fought against it as if they were fighting for their lives. But many became aware

of what the benefits of it could be, and we have, over the last 15 years, witnessed what the benefits are.

The legislation we have here before us today will permit various changes in the operation and regulation of the casinos. These changes will not throw regulation to the wind, but rather will provide for a leaner and more efficient industry, as we see it. A leaner, more efficient -- yes, perhaps more profitable industry. But in many ways, New Jersey and New Jerseyans stand to profit by the benefit that the casino industry sees through this legislation.

With help, Atlantic City could become that much needed sparkplug that New Jersey needs right now. We can't put too much weight on the economics of it, but we do recognize that the Casino Revenue Fund -- which is a fund funded by a tax on casino profits, has benefited millions of people throughout the State. It makes possible the existence of valuable programs, such as PAAD, which is a pharmaceutical assistance plan that many of the seniors in our area here and throughout the State benefit from.

The Homestead Rebate increase for seniors is funded by the casino fund. New Jersey Transit subsidies for the disabled is funded by casino revenues. Lifeline is funded by casino revenues. Energy assistance, veterans' homes -- such as the one in Paramus which just got additional funding thanks to our colleague Bennett Mazur and many others who supported him -- are supported by the casino fund. Other veterans programs-- And the list goes on and on. These vital programs must continue to be funded.

Implementations of changes, together with the planned expansion of the Atlantic City Airport which will attract more travelers from farther and farther distances, perhaps staying longer and longer, and the expansion of the Convention Center could mean a lot to Atlantic City. It's a program that we must address now. It's of critical importance, and we must

recognize that in order to continue the programs that we have come to enjoy in this State, we need to have that independent funding that the casino fund provides.

I've asked that anybody who wishes to speak tonight fill out a form. They were on the front table here. Anyone who is planning to testify, I need to have that form so I can call on you and have you testify.

Is there anybody here who wants to speak who has not gotten one?

J I M B E L F O R D: Jim Belford, from West Paterson.

ASSEMBLYMAN MECCA: Mr. Belford.

MR. BELFORD: Yes?

ASSEMBLYMAN MECCA: When you testify before the group, I might just explain, there are a few ground rules. One is that you fill out the form and submit it, and we'll call you in order. In addition--

MR. BELFORD: I have no form. I haven't seen any--

ASSEMBLYMAN MECCA: Okay. Victor, (referring to aide) will you get him one, please? In addition, I need you to come up and speak by the microphones here, at the table. You're welcome to speak. Everyone is welcome to speak. We just need a little decorum.

Is there anyone here on the Committee who might want to make a statement before others commence?

ASSEMBLYMAN SCERNI: Mr. Chairman, if I may?

ASSEMBLYMAN MECCA: Assemblyman Scerni?

ASSEMBLYMAN SCERNI: Let me just make a couple of brief remarks: I recognize that this is the first hearing in a multiple series of hearings that this Committee will be holding on this particular piece of legislation. I will not take up a lot of the Committee's time with my thoughts on the bill, but let me share just two thoughts with you; those thoughts really relate to what this bill is not. And I say that we should

pause for a moment and look at what the bill is not, because I think we will then have a better understanding of what it actually is.

In Atlantic City, when we talk about the reform of the industry, we draw a fairly serious distinction between those items that deal with the integrity of the industry on the one hand, versus the business ability of the casinos on the other hand. This legislation is not a moving away from those requirements of integrity. We believe that this legislation, in fact, deals with the reform of the industry's ability to do its business, but it, in fact, is not a lessening of those requirements that have resulted during the last several years in maintaining the integrity of the industry.

Additionally, this bill is not the casino industry's wish list. I am sure that at this hearing and at other hearings on this legislation, there in fact, will be testimony from the casino industry, itself. This bill doesn't do everything the industry wants, but it is, in fact, a reasonable effort at reasonable reform to assist a very real industry in this State; and that is an industry that substantially benefits this State through a variety of means including employment, as well as the Casino Revenue Fund of which the Chairman has already spoken.

Let me just share those couple of thoughts, and as we move through the process of future hearings, I will be glad to address the bill itself in further detail, Mr. Chairman.

ASSEMBLYMAN MECCA: Okay. Can you answer some questions for us, too?

ASSEMBLYMAN SCERNI: At any time.

ASSEMBLYMAN MECCA: Okay. Mr. Scerni is the sponsor of the bill. He is the main sponsor, although there are numerous other sponsors on the bill including Mr. Impreveduto and myself.

Mr. Hardwick, do you have any comments?

ASSEMBLYMAN HARDWICK: No. I'll wait for the testimony. Thank you, Mr. Chairman.

ASSEMBLYMAN MECCA: Mr. Kronick?

ASSEMBLYMAN KRONICK: Not at this point, Mr. Chairman.

ASSEMBLYMAN MECCA: Tony?

ASSEMBLYMAN IMPREVEDUTO: No. As co-prime on this piece of legislation, I would like to get right to the point and bring forth the people who wish to testify.

ASSEMBLYMAN MECCA: Okay.

You have to fill this form out, and the first one I have is from Mr. Hughie Vickerilla, who is our Councilman here in Totowa.

H U G H I E V I C K E R I L L A: Mr. Mecca, this question does not pertain to this bill. It pertains to QEA, if I may.

ASSEMBLYMAN MECCA: Okay.

COUNCILMAN VICKERILLA: I only have two little questions that I want to ask you. I asked you once at one of our Council meetings. I have been reading in the paper about some of the mayors in certain towns wanting to use this money to lower their taxes. And I still keep seeing it pop up in the paper here and there.

I want to know if anything has been done about it, to control this; so the money is not used for taxes that they think they don't need for quality education? Because it's money being taken away from us, and it's hurting us.

Also, Totowa Borough -- I keep reading in the papers -- is the only community which is being hurt by this QEA. Is anything being done on this respect?

ASSEMBLYMAN MECCA: Yes. If I might stray from the agenda just a little bit-- Mr. Vickerilla is a Councilman here in town, and is asking a question about QEA funding. He has asked specifically whether the towns that have announced that they would like to use some of the QEA funding for other than educational purposes -- that being for tax relief -- are still talking about doing that?

If you follow the papers, now, I think -- and I hope to characterize this correctly -- there are two major pieces of legislation out there on the table as of today. There is one from several weeks ago from Senator Lynch and Senator Dalton; a bill that I am sponsoring in the Assembly. And today there was one announced by Speaker Doria, which provides extraordinary property tax relief from QEA funds, not only to the 30 special needs districts, not only to the 200-and-some towns that are going to continue to get aid after 1996, but to every town in the State of New Jersey.

The numbers are so extraordinary that places like Totowa and Little Falls, and West Paterson -- towns around here -- Clifton and Wayne--

ASSEMBLYMAN IMPREVEDUTO: Secaucus.

ASSEMBLYMAN MECCA: --Secaucus, and every town there is, will get extraordinary property tax relief in this new plan. I think both plans are on the same track. They have basically the same concept and go about it a little bit differently, and they go about it a little differently in the numbers. Basically the towns -- at least that I know in the 34th District -- make out quite well, to the point that there will be a net tax-- There will be less taxes next year, and years after.

I provided that information to you, I believe, personally. I think I mailed it to you and sent you the Lynch/Dalton/Mecca proposal. Every public official, actually, in the 34th District has received that.

If you take a look at it, you'll see that it's not just the Bill Pascrells, or the other big city mayors who are talking about using QEA money for property tax relief. It could be, and it will be, every mayor in this State, saying QEA funds will go directly into municipal coffers, and be designed to lower property taxes.

COUNCILMAN VICKERILLA: Well, but is Totowa going to receive some of this funding? Because it is always in the papers that Totowa and Wayne are the two communities that are going to be hurt by this. They are not going to receive as much as other towns. They are going to be cut.

ASSEMBLYMAN MECCA: Right.

ASSEMBLYMAN IMPREVEDUTO: I can tell you this--

ASSEMBLYMAN MECCA: Mr. Impreveduto.

ASSEMBLYMAN IMPREVEDUTO: --and we really need to get off this and get back to where we are, but I'm from the town of Secaucus, and we also were a transition town, as you were, which means you got no aid or would be getting no aid in the near future. Under the bills that I have seen-- In fact, if you want to come down to Trenton on Friday, there are going to be some hearings on these new bills. You can listen to them and find out what's going on. But from the bills that I have seen, either the Lynch/Dalton, or the new Doria bill, which just came out today, show significant changes in that.

COUNCILMAN VICKERILLA: Okay. I would hope that all you Assemblymen would work on that bill in favor of it.

ASSEMBLYMAN MECCA: Thank you.

COUNCILMAN VICKERILLA: Thank you.

ASSEMBLYMAN MECCA: Thank you, Mr. Vickerilla.

The second one I have on the list is Mr. Steven Perskie, the Chairman of the Casino Control Commission. Is he here tonight?

S T E V E N P. P E R S K I E: Mr. Chairman, members of the Committee, good evening. Permit me to introduce Felicia Grondin who serves, as of this month, as the Legislative Liaison for the Casino Control Commission, and who will be, during the course of this and other legislation, as involved with the Casino Control Act, working directly with your Committee, and with Mr. Westreich, in your deliberations.

It is, indeed, something of a singular honor for me to appear here to testify tonight, and I hope that I can provide some insights into the legislation that you are considering.

As you know, obviously, I have both a personal as well as a professional interest in these amendments to the Casino Control Act. Aside from my present position as Chairman of the Casino Control Commission, I am proud that I was there when the casino movement began in Atlantic City in the mid-1970s, and that I played a role in the passage of the original legislation that you are reviewing at this time.

It is partly from that perspective that I appear here tonight. The original Act was adopted in 1977, and conditions have changed considerably since then. Events have shaped a casino industry today that none of us could have envisioned at that time.

Few of us would have guessed that there would be 50,000 jobs directly employed in the industry, or that 31 million people would visit Atlantic City this year. Nor would we have thought that the State would have realized almost \$2 billion in accumulated benefits for its senior citizens.

But our obligations and yours do not stop simply because there are jobs and because the State continues to collect taxes. We continue to have a responsibility to see to it that the industry adheres to the highest standards of integrity, while at the same time helping with the redevelopment and rebuilding of Atlantic City.

The amendments which you are now considering will enable us to meet these obligations, while at the same time they will create a climate in which the industry can operate successfully and can prosper.

Even as we proceed to deregulate certain business aspects of this industry, it's important that we keep in mind the fundamental reasons for authorizing casino gaming back in 1976. We must never let down the bars with respect to

integrity questions. The complete trust and confidence of the public of New Jersey is fundamental to the success of gaming in this State. It is a commitment which we made to the people of this State then, and a commitment that we must keep now.

I would not be here tonight discussing this legislation if I believed there were any danger to the integrity of the industry, or of the operations of the games. I can assure you that we will continue to insist upon the most rigid adherence to the licensing standards established in the Act so that the public is always assured that the games are above reproach, and that the ownership and operation of the casinos are free of any taint of organized crime or other improper influences.

These amendments that are presently before you will not impair our ability to carry out these responsibilities.

At the same time, I am convinced that the proposed changes specified in this bill will allow the industry to make more of its own business decisions without unnecessary interference from State regulators. It is not the State's responsibility or ability to guarantee that casinos make a profit, but I believe it is our obligation to provide a regulatory climate where there is an opportunity for them to prosper.

The Commission supports the concept of expanded hours and certain added games, while at the same time assuring you that we have the ability and the determination to monitor and regulate these changes effectively. The same assurance is given with regard to the changes in the configuration of the casino floor space to allow more slot machines.

The proposed changes, which are proposed to be phased in over three years, will ensure a steady growth rather than a pell-mell rush to change, which could result in a dangerous and financially counterproductive overcapacity.

Questions of the amount of public space and the number of hotel rooms in a casino are, and should be, strictly business decisions that management should address. There is enough bona fide competition present today in this industry in Atlantic City to ensure that future casino hotels will have adequate numbers of restaurants, meeting rooms, lounges, and the like, to meet the need to maintain first-class facilities in Atlantic City. There is, therefore, no longer a need for the State to impose specific provisions and its will upon the industry on these kinds of issues.

In concept, gentlemen, what I am urging here tonight is that the State should never relax its vigilance on integrity issues, but should no longer be involved in matters which are strictly business decisions within the industry.

The important thing to remember as we approach these issues is that the Legislature should resist the invitation to respond to present conditions with a wholesale revision of the protections built into the Casino Control Act. We can and we should revise the statute along the lines I have suggested, but calls to deregulate the industry entirely, or to permit direct political activities by casino executives threaten the delicate balance upon which the public's confidence in casino gambling in New Jersey is based.

It's also important that we raise a note of caution here. It would be wise to resist any call for widespread changes simply because of the current economic conditions. Economic conditions -- as bad as they are today -- are like the tide that washes the beaches in Atlantic City. They come and they go, and we all learn to make the necessary adjustments.

I think that the legislative package which you have before you strikes the appropriate balance with respect to these questions, and I am happy to be here tonight to answer questions about it, and to support it.

I will be available now or at such time as you decide, to respond to any specific questions you may have about the content of the legislation.

ASSEMBLYMAN MECCA: Does anybody have anything?

ASSEMBLYMAN IMPREVEDUTO: Yes, I do.

ASSEMBLYMAN MECCA: Mr. Impreveduto?

ASSEMBLYMAN IMPREVEDUTO: Through the Chair, if I may, Assemblyman Mecca?

Mr. Perskie, it is my understanding that in the entire time that Atlantic City has had gambling, because of the vigilance that we have kept on the casinos and on those who are involved in the casinos, at this point in time, we have not had a single problem with any of the individuals or the hotels -- the casinos themselves. Is that fair to say?

MR. PERSKIE: It is.

ASSEMBLYMAN IMPREVEDUTO: Seeing that, one of the things, and one of the reasons that I agreed to co-sponsor this bill, was the fact that I have a difficult time when I look at the fact that the State, having a 10-year experience now, knowing that the hotels and the casinos have been run legitimately -- that the people who have been involved in them have run legitimately -- does it make sense for us to say then, that the people who are the operators of the casinos, who know the casino business, should be the people who make the determination as to what the business should do? The State is not in the casino business. We don't know how to make money in the casinos. The casino operators do.

If they feel they should be able to have 10% more square footage for slot machines or five tables of red dog-- If, in fact, they want to have red dog -- and I'm honestly leaning towards poker -- if that's a possibility and it's possible to regulate-- They know what will make money for them, and what will make money for them will make money for us.

So, I'm glad to be a co-prime on this, and I think it's important to our State that we begin to relax, carefully, a lot of the controls that we have instituted from day one, and little by little, remove many of those controls; to let the casinos operate in the fashion that they are used to working in other states, particularly Nevada -- I guess only Nevada, at this point -- and be able to make the money that we know they can make.

MR. PERSKIE: Assemblyman, you make some very good points. It's important to keep a few ideas in mind.

First, although it is certainly true that since the initiation of the industry in Atlantic City in 1978 -- it's now within a few weeks of 13 years since the first casino opened -- thanks to my predecessors and thanks to the Legislature over the years that has maintained faith with certain standards, you're right. There has not been any sense or any hint of any impropriety or scandal within the industry or its operations or the people who run the business, or for that matter, the people who are licensed to do business with the casino hotels.

That is, however, by its nature, a battle that can never be declared won. It is simply that, we are winning it as of today. Tomorrow is another day. As a result, we've got to continue tomorrow, and next week, and next month, and next year, to continue to maintain a very sharp focus on the questions and the powers of the regulators that relate to the integrity and to the protection of the industry and the public, as a general comment.

And that, in turn, governs certain limitations about things that are in the statute now, and that are or are not in this bill. And there have been-- And you will hear, tonight and in coming weeks, a number of suggestions, for example, for changes that could be made in the statute that are not in this bill that at least in my judgment, would threaten or would tend to compromise some of the ability of the Commission or of the Division, to ensure those kinds of standards.

I don't know if tonight is the appropriate night, but, you mentioned, for example, poker. There are many regulatory issues implicated in that game that make it far more problematic than the games that we presently regulate.

So, I would simply suggest that while I generally agree that the industry has earned the confidence and the respect of the people of New Jersey as professional businessmen and businesswomen, and that therefore, we can and we should focus on changing some of the regulation of some of the business decisions, there are always going to be limits, which you as legislators, I suggest and hope, will continue to be very sensitive to, so that you will have a feel for how far it can go, and no further.

ASSEMBLYMAN IMPREVEDUTO: Thank you. I don't have a further question of this witness.

ASSEMBLYMAN MECCA: Mr. Hardwick?

ASSEMBLYMAN HARDWICK: Thank you, Mr. Chairman.

Undoubtedly, Mr. Perskie, there are some good things in this bill, of areas to pull back regulation where it is strictly a business decision. But this is a very comprehensive review of the Casino Control Act, and I have three areas that I would like to briefly touch on, if you would be kind enough.

One of them is a story in the February 1, I think, edition of The Philadelphia Inquirer. It says that, "Organized crime could secretly own up to 10% of each casino here under terms of legislation introduced yesterday to scale back the regulation of casinos." They go on to quote veteran law enforcement agencies, who I don't know who they are.

MR. PERSKIE: Well, they don't quote them, but--

ASSEMBLYMAN HARDWICK: Well, they've got quotes around what they say, so--

MR. PERSKIE: Right, but they are unidentified.

ASSEMBLYMAN HARDWICK: Let me finish. That's not unusual in press stories. "This bill is just what Nicky Scarfo

and John Gotti need to get into the casinos," according to the report in The Philadelphia Inquirer.

Would you mind responding to that, and then--

MR. PERSKIE: Assemblyman, I've been waiting to respond to that since the story ran.

ASSEMBLYMAN HARDWICK: Then I'll give you a platform. And then explain, from your perspective, what it is you are trying to do, and why you are trying to do it.

MR. PERSKIE: Sure. I appreciate the opportunity.

First, let me indicate in passing, as I mentioned before, I had, among others, a hand in -- and I am quite proud to have had a hand in -- creating this structure. It would certainly not be my conscious object or intention to come before you now as a Legislature and undo the work of which, I am frankly, quite so proud, as Assemblyman Impreveduto indicates has been so successful over the years.

Let me start with what the present statutory scheme is -- real briefly on that subject -- and address what the problem has been and what this proposal tends to do about it.

The present requirement of the law is that with certain exceptions that are already in the statute, anyone who owns or invests in the ownership, or who loans money to a casino enterprise, must be approved by the Casino Commission to do so. That is to say, if you are a major investor in a casino's bonds, or if you have a certain percentage of the ownership of the stock--

ASSEMBLYMAN HARDWICK: It's up to 5%.

MR. PERSKIE: --or of a partnership, you must be qualified.

ASSEMBLYMAN HARDWICK: Is that up to 5%? Is that what you--

MR. PERSKIE: Well, that's the shorthand. The statute allows the Commission to approve anybody, regardless of ownership amount. But it also says that up to 5% of the

ownership of the stock is generally presumed to be entitled to a waiver of qualification. Meaning that unless somebody comes up with a good reason to require it, in the ordinary course, ownership of less than 5% would be exempt from that qualification process, although I emphasize -- and it's important to remember -- that the present statute and this bill will continue to give the Casino Commission the power to require approval of anybody -- with 1%, one-tenth of 1% -- anybody in that stream of ownership. That's the first point.

Now, when that statute was written in 1977, we did not understand at the time that there would come to be during the 1980s, a principal method of financing that, over the course of the '80s, was used to finance the construction and the development of most of the casino facilities in Atlantic City; that was the bond market that was promoted during the '80s. It is now sometimes generically referred to as the junk bond market, and as you know, during the '80s it fueled billions and billions of dollars of investment throughout the country. As you also know, today it doesn't exist. And as you also know, some of the people responsible for putting it together, also in a commercial sense, don't exist either.

What that has done is -- the destruction of that market, and its high cost anyway, during the time it was in existence, has created a very narrow area within which the casino industry could seek acceptable financing sources because the qualifications process is very onerous, and because generally speaking, banks and insurance companies and other institutional investor type agencies have been unwilling and unprepared to go through the qualification and licensure process that would be required if they invested in this business, when they could invest in a whole lot of other businesses without that effort.

As a result, the Casino Commission undertook a series of hearings last summer in response to a number of suggestions

to try to figure out a way that the provisions of the statute in that regard could be modified so as to open the avenues available to the industry to seek investment capital and ownership capital to replace the bond market of the '80s, and at the same time, assure the regulatory protection and the integrity of the process that has been the hallmark of the statute from the very beginning.

As a result of those series of hearings, and a number of proposals in which the Division of Gaming Enforcement through the Attorney General's Office, the industry, and a number of investment houses testified, has been essentially, this proposal.

This proposal would do a couple of things. First of all, it would say that an investor of up to 10% of the equity, and up to 20% of the bond who was an institutional investor, would, in the ordinary course, be exempt from qualification -- be entitled to a waiver.

Now, there are a couple of points there. First, in the ordinary course, this legislation would continue the authority of the Casino Commission to require qualification by any investor, regardless of amount. It would simply provide that, unless there were reason shown to the contrary, somebody of up to 10% equity or up to 20% bonds, would ordinarily, be entitled to a waiver.

The second and most important concept, and one of the ones that that article ignored, is that this provision would be available only to institutional investors. "Institutional investors" would be a defined term in the bill that you have before you, Mr. Hardwick. I refer to page 7, of the draft that I have. The only investors that would be entitled to this presumption of waiver, and I quote, "would be a Federal, State, or local retirement fund"; that is, a pension fund of Federal employees, State employees, or local employees. And we right now, as an example, have -- interestingly enough -- as an

investor in one of our hotels, the State of Wisconsin Public Employees' Pension Fund, which has a major position in one of Atlantic City's casino hotels: "A mutual fund, a closed-end investment trust, a life insurance company, a property and casualty insurance company, a banking and other licensed lending institution, an investment advisor registered under the Investment Advisors Act of 1940," which is, of course, a Federal statute, "and such other persons as the Commission may determine for reasons consistent with the statute."

The bottom line is that this structure that I have identified is available only to what the statute would call institutional investors.

ASSEMBLYMAN HARDWICK: So, the article is correct when it said that if there is an insurance company that is in another state, that is for some reason under the control of unsavory characters, they could as an insurance company then make investments up to 10% of the stock or 20% of the junk bonds.

MR. PERSKIE: Again, I would remind you that the statute very clearly provides -- and I'll give you the reference while I'm talking -- that notwithstanding-- If you had an insurance company, for example, from another state, that was so controlled, and it had 4%--

ASSEMBLYMAN HARDWICK: But how would you know that if you don't do the investigation?

MR. PERSKIE: We would have the power to undertake any investigation we wanted.

ASSEMBLYMAN HARDWICK: But how would you know if the Kentucky Mutual Insurance Company was controlled by organized crime, if you didn't do the qualifying investigation to begin with?

MR. PERSKIE: The same way we know it today, Assemblyman. The present law that has been in existence since 1977 would permit that same company, today, at 4%, to invest in Atlantic City.

ASSEMBLYMAN HARDWICK: But not up to 20% of the bonds, as I understand it. I mean, you're raising--

MR. PERSKIE: I think today, it's 10% of the bonds.

ASSEMBLYMAN HARDWICK: You're doubling the amount of ownership that can go without the qualifying investment. Is that correct?

MR. PERSKIE: We're doubling the amount that would be automatically entitled to a waiver, absent cause to the contrary. You should understand that notwithstanding--

ASSEMBLYMAN HARDWICK: That's what I--

MR. PERSKIE: They all have to file. Let me explain the process:

They all have to file with us. We have to know and the Division of Gaming Enforcement that does the investigations has to know, every financial source, regardless of amount. Every financial source is subject to inquiry and investigation, and in the ordinary course, is looked at.

Whether there is a waiver of qualification or not, what will sometimes happen -- and at least under the statutory scheme, it hasn't happened yet, because it hasn't been needed -- is that somebody, for example that insurance company that you mentioned, at 4%, could come in. They would in the ordinary course be waived, because the information wouldn't necessarily be presented initially. They would, therefore, be exempt from qualification at the outset. They would still be -- and in the ordinary course are -- investigated and looked at. And they have to file information. The statute requires that they file information and answer any question that is asked of them, and if as a result of that inquiry which is always undertaken any issue is presented, it then is brought by the Division to us in a motion to require them to be qualified.

And, on occasion -- it hasn't happened in a financial source context, but it has happened in the case of

individuals-- Somebody will come in, be hired in a certain position, start to work, and as a result of the investigation that is undertaken, issues are raised. The matter is brought before the Commission and in most instances where there are issues, there are hearings that result from those issues, and on occasion we have been known to require the disqualification of people who have been involved with some of the companies.

ASSEMBLYMAN HARDWICK: Well, the only thing-- And I appreciate your extensive answers, but unless that extensive research is done as it was for Hilton Hotels, for example, you might not find reasons to disqualify somebody.

MR. PERSKIE: What I am trying to say is, it is always done.

ASSEMBLYMAN HARDWICK: It is always done to the extent that you do it for someone who owns over 10% of a casino?

MR. PERSKIE: Absolutely.

ASSEMBLYMAN HARDWICK: You do the same qualifying, detailed examination, on every investor, regardless of the percentage of ownership?

MR. PERSKIE: Absolutely.

ASSEMBLYMAN HARDWICK: Then why make this distinction at all?

MR. PERSKIE: Because in the ordinary course, the filing requirements and the impersonal investigation of some of the backgrounds are a discouragement to some of the major sources of financial capital.

ASSEMBLYMAN HARDWICK: Wait a minute. I'm confused. Now, when often-- The reason extensive personal investigations, I assume, are done and the financial disclosures is to look for a pattern of inappropriate associations.

MR. PERSKIE: Among other things.

ASSEMBLYMAN HARDWICK: Among other things. Are you saying that's done on everyone, or not?

MR. PERSKIE: I'm saying it's done with every individual or entity that is required to be qualified as a financial source.

ASSEMBLYMAN HARDWICK: Well, that's-- I'd like a little more direct answer.

MR. PERSKIE: Okay. I'm not trying to be indirect. Maybe I don't understand your question.

ASSEMBLYMAN HARDWICK: Well, here's my question. It seems to me that there are two levels of investigations: Those who are qualified, meaning they could own 100% of a casino, like a Donald Trump, and they are examined from top to bottom; or those who are not qualified, because they own either a de minimis amount of stock, or in this case, if it's an institution, up to 5% of the securities or 10% of the debt.

Now that, I am under the impression, is a much less rigorous examination.

MR. PERSKIE: Oh, okay.

ASSEMBLYMAN HARDWICK: That's your point of saying why they are discouraged from investing more; because they don't want to go through the rigorous examination.

MR. PERSKIE: Okay. I follow you.

ASSEMBLYMAN HARDWICK: So, what you are doing, if I understand the bill -- tell me if this is wrong, if I understand the bill -- you are raising the limits of ownership that institutional investors, including insurance companies, pension funds, and others can have, from 5% to 10% of the stock, from 10% to 20% of the bonds, without their having to go through that rigorous, painful, financial disclosure.

So, The Philadelphia Inquirer's article was correct in that point.

MR. PERSKIE: I disagree that the article-- I agree that you have described what we are doing. I disagree that that's what the article says, or that it was correct.

Your description, as far as it goes, is correct. I say as far as it goes only because there is some additional language to which I would address your attention on pages 32 and 33 of the draft, which expressly provide -- which we have done by regulation -- it would now be in the statute. Expressly provide any investor who is otherwise waived from qualification, to provide upon request by the Division or the Commission, any documents or information--

ASSEMBLYMAN HARDWICK: Right. But my only point, Mr. Perskie, and I would like to go on, because I don't want to try to monopolize the time is, you wouldn't know to even ask, necessarily, without having done that investigation.

Okay. My second question: You favored, I understand, continuous gambling and made that request of the bill's sponsor, 24-hour gambling. Do you personally support 24-hour gambling?

ASSEMBLYMAN MECCA: The question is, if you've put that into the bill? Is that what you are asking?

ASSEMBLYMAN HARDWICK: That you requested that it be in the bill, but the sponsors didn't agree?

MR. PERSKIE: No, no. Are you asking me, personally? Are you asking me on behalf of the Commission, or--

ASSEMBLYMAN HARDWICK: Well, I'm not trying to put you on the spot. My impression from reading the news clips is that you supported the industry's position for what I call, "continuous gambling," because if it's 24 hours, day after day, it's continuous. But that the bill's sponsors and others have said, "No," and what's presented here is a compromise.

MR. PERSKIE: No, no. The industry has its own point of view with respect to that issue, and I would not presume to speak for the industry.

ASSEMBLYMAN IMPREVEDUTO: Well, as a sponsor, and the other sponsor is here. I mean it certainly would be--

ASSEMBLYMAN MECCA: Do you mind if I allow them to address it, or--

MR. PERSKIE: No, I would just like to finish the answer. I don't mind, obviously, anyone-- The industry will speak for itself, and I won't speak for them.

The Commission's view, and my view, is that the question of hours of operation is one that: a) we can regulate whatever you tell us, and that there are no regulatory implications to the question. In other words, if you say 20, we can regulate 20. If you say 24, we can regulate 24. If you say the Commission should decide special nights when it should be 24, we can do that. There are no regulatory implications as far as the Commission is concerned to that issue.

The question becomes one of policy, and the question becomes one of, whether this is, as suggested, a kind of a business judgment of what hours they stay open, that should be the industry's judgment, as opposed to ours. That's not a proposal that--

ASSEMBLYMAN HARDWICK: You have not promulgated your regulations, yet, obviously.

MR. PERSKIE: Oh, of course not.

ASSEMBLYMAN HARDWICK: Of course not. But as I look at the statute, there is nothing that would prevent you, as the Casino Control Commission, from having 24-hour gambling on Friday night, because there is one event in town; 24-hour gambling on Saturday night because there is another event in town--

MR. PERSKIE: Do you mean under this new bill?

ASSEMBLYMAN HARDWICK: Under this bill. Twenty-four hours on Sunday night because there is another event in town, weekend after weekend, if you so chose. Is that correct?

MR. PERSKIE: Assuming that the showing met the standard of the language in this bill, that's correct. There is some language in here to the effect that the Commission would have to find some event in the City--

ASSEMBLYMAN HARDWICK: Or in a casino.

MR. PERSKIE: --that would have some citywide impact, yes.

ASSEMBLYMAN HARDWICK: Or be good for the economics of the casino industry. So--

MR. PERSKIE: Whatever the language is. We would have to make that final.

ASSEMBLYMAN HARDWICK: This gives you almost carte blanche, as a Casino Control Commission, for 24-hour gambling whenever you want it, I assume.

MR. PERSKIE: Again, subject to a standard that would be specified in the statute.

ASSEMBLYMAN HARDWICK: My last question, Mr. Chairman--

MR. PERSKIE: All right. But I just want to point out this is not a suggestion that the Commission has initiated. This is something that we feel we can regulate, if the Legislature decides to do it.

ASSEMBLYMAN HARDWICK: My last question: I see a major change in policy it looks like, concerning comps and to give cash comps. In the statute it says that, cash comp over \$2000 or higher -- and you can make it even higher -- there must be documentation as to why you are giving cash comps. Aren't we opening up a whole can of worms, to start paying people money.

That \$10 roll of quarters was one thing, but the statute now refers to a \$2000 cash comp and higher, leaving it wide open. Isn't that a whole can of worms, and why--

MR. PERSKIE: Assemblyman, not one that hasn't long since been opened.

ASSEMBLYMAN HARDWICK: --are you doing that?

MR. PERSKIE: Okay. The answer is that we cannot make any sense anymore from a regulatory perspective of distinguishing between the cash comps that are not permitted, and the noncash comps that are.

We can, for example -- and we do, today -- permit a casino to offer a \$50,000 automobile as a bonus or as a prize or as a comp, or whatever. But, we won't permit a \$500 cash benefit.

The fact is that we have learned that we can--

ASSEMBLYMAN HARDWICK: Would you say that again? I know there are comp rooms, and there are comp drinks, and there are comp meals. You are saying there are comp cars?

MR. PERSKIE: You can go down there and you can find slot machines that are-- You can have a cash prize--

ASSEMBLYMAN HARDWICK: Well, I'm not talking about prizes. I'm talking about the comps that are given away. Prizes, yeah, but I'm talking about the comps that are given away. Am I confused in my terminology?

MR. PERSKIE: Not really. It's generic, but I understand your distinction now. The point I'm making is--

ASSEMBLYMAN HARDWICK: Well, aren't we referring to cash comps, now?

MR. PERSKIE: Among other things, yes.

ASSEMBLYMAN HARDWICK: Well, that's all I'm referring to: cash comps.

MR. PERSKIE: Okay.

ASSEMBLYMAN HARDWICK: Complimentaries that are given to gamblers to encourage them to come and gamble.

MR. PERSKIE: And we now regulate somewhat extensively, and it's not proposed to cut back on that -- the supervision of the noncash comps. We know what is given. We have records of it. The records are maintained. We audit them every year. We have extensive documentation as to what is provided.

From a regulatory perspective, it doesn't make any difference whether the comp is cash or not.

ASSEMBLYMAN HARDWICK: Oh, I understand. But from a-- Look, you've endorsed this bill. You are a leading

policymaker on casinos -- or policy recommender and maker on casinos in the State. Why are you endorsing a policy to give, apparently, no limit here? Because it refers to \$2000 and even higher unlimited cash comps to get gamblers to come and gamble.

MR. PERSKIE: There's a two-part answer. The first part of the answer is from a regulatory perspective: It doesn't make any difference.

ASSEMBLYMAN HARDWICK: I know you can do it.

MR. PERSKIE: The second part of the answer is, the question-- As long as there are no regulatory implications -- no integrity or security implications -- which I suggest there are not, the only remaining question is what is the State's interest from a policy point of view in telling a business -- this particular business -- what kind of money and what form of money, and how much money to spend to develop its business?

From a policy point of-- You're the policymakers in this area. I am the policy implementer. I'll enforce and administer whatever policy you set. But from our point of view it doesn't make a lot of sense to distinguish in telling the industry, "You can spend any sum of money you want in promotion and in comps, as long as it isn't in cash," and we can regulate that and document that, "but you can't spend that same sum of money, or a fraction of it or more, in a cash context."

ASSEMBLYMAN HARDWICK: May I offer a policy reason why what you have been doing is the right thing?

MR. PERSKIE: As I said, you're the policymakers.

ASSEMBLYMAN HARDWICK: Well, I'm one voice out of 80 in the State Assembly.

Having visited -- not as a gambler, but as a legislator on tour, let me hasten to add to those who are here -- some of the sumptuous suites that are offered to big ticket gamblers-- There is only so much intrinsic value when your comps are room, food and drink, that you can give to what I would call, luring people into your casino. If you put them

into a so-called \$20,000 suite, they're not going to stay there much anyway. If they are that kind of a gambler, they are going to be down on the floor.

So, there is a limit, somehow, of value what the casinos are giving in the way of comps. Once you go to giving cash comps, there is no limit. How do you--

MR. PERSKIE: Assemblyman, I would simply suggest to you--

ASSEMBLYMAN HARDWICK: Let me finish now, Mr. Perskie; you asked for policy. How to then distinguish that from the gambler who has lost his money, is now over his head in credit, and is hanging on, and the casinos want to keep him as a customer, and they say, "Here's a \$2000 cash comp"?

MR. PERSKIE: I can't distinguish that from the case where they will fly--

ASSEMBLYMAN HARDWICK: Because he can't play with his room. He can't play with his room or his--

MR. PERSKIE: --somebody in from wherever, where they will give him a room, where they will treat him to any amount of room, food, and beverage. From a policy point of view, as far as I am concerned, the amount of money and the form of the money that they choose to spend -- as long as we can regulate it, as long as we can document it and as long as we know what they are doing -- the amount and the form of the money they spend to attract their business, ought to be a function of their judgment as to how they want to spend it.

I can't make the distinction from a policy perspective as to the amount or the form. If it involved a regulatory question, I would be the first one here to draw the line. I suggest that it doesn't.

ASSEMBLYMAN HARDWICK: Well, the only value I see of that is there will be some people now who will have quarters to pay their way home on the Garden State Parkway. But--

MR. PERSKIE: But now it's 35 cents, as you've probably heard.

ASSEMBLYMAN HARDWICK: Thirty-five cents, since it was raised.

Mr. Chairman, thank you for your forbearance.

ASSEMBLYMAN MECCA: Thank you for your questions.

ASSEMBLYMAN IMPREVEDUTO: Mr. Chairman?

ASSEMBLYMAN MECCA: Yes, Mr. Impreveduto?

ASSEMBLYMAN IMPREVEDUTO: Mr. Perskie, if Assemblyman Hardwick chose to buy 10,000 shares of Bally tomorrow, could he do that?

MR. PERSKIE: Wait a minute, because it has been a long time since I looked. There is some provision in the Legislative Code of Ethics that requires disclosure.

ASSEMBLYMAN IMPREVEDUTO: Well, not as an Assemblyman; as Mr. Hardwick, absent the Assemblyman.

ASSEMBLYMAN HARDWICK: How much is it per share? I want-- (laughter)

ASSEMBLYMAN IMPREVEDUTO: Knowing Mr. Hardwick's pocketbook, he probably could afford it, but may not want to.

MR. PERSKIE: Could he buy 10,000 shares? Yes, he could.

ASSEMBLYMAN HARDWICK: At \$3.00 a share, I might be able to do that.

ASSEMBLYMAN IMPREVEDUTO: Over the counter -- you know, on the New York Stock Exchange, through a stockbroker?

MR. PERSKIE: Yes. A publicly traded company you mean?

ASSEMBLYMAN IMPREVEDUTO: Yes.

MR. PERSKIE: Sure.

ASSEMBLYMAN IMPREVEDUTO: If Mr. Hardwick's brother-in-law happened to be some guy named Scarfo, could he still buy 10,000 shares of Bally?

MR. PERSKIE: Most of the casinos in Atlantic City are publicly traded at some level, and they are traded in the

millions of shares, so that for example, there may well be -- that we don't know today, individual people whose qualifications we could never approve, who hold--

ASSEMBLYMAN IMPREVEDUTO: Small percentages--

MR. PERSKIE: --relatively small amounts of publicly traded companies.

I remind you again, that the provisions we are talking about here are institutional investors, which are highly regulated.

ASSEMBLYMAN IMPREVEDUTO: These are the points that I am trying to come to. To make it seem as if no one--

MR. PERSKIE: If you are asking me if Nicky Scarfo, today, owns stock in any casinos in Atlantic City, the answer is, "I don't know."

ASSEMBLYMAN IMPREVEDUTO: It's very possible. It could be very possible, you would never know that.

MR. PERSKIE: As long as the holding was small enough, I would never know that.

ASSEMBLYMAN IMPREVEDUTO: Absolutely. And his wife, and his grandmother, and his great grandfather, and everybody else in his family, could each own a small piece and you might never ever know that.

MR. PERSKIE: Arguably.

ASSEMBLYMAN IMPREVEDUTO: So when we begin to talk about who owns and who doesn't own, because they are publicly traded corporations many people can own them.

MR. PERSKIE: Most of them are publicly traded. There are a couple that are not.

ASSEMBLYMAN IMPREVEDUTO: Well, Resorts, Bally, I mean-- You know, I was fortunate enough, before I got elected, to buy some shares in Resorts International; in fact, the day before the election. Fortunately, I was able to make a few dollars with it.

MR. PERSKIE: Are you talking about the election, years ago?

ASSEMBLYMAN IMPREVEDUTO: The election years ago, yes. If you remember, I spoke to Senator Frank Herbert. I don't know if you remember Frank? I said, "Frank, is that going to pass in Atlantic City?" He said, "No way." I said, "Great. I'm going to buy the stock, because it is going to work."

But anyway, the fact of the matter is, many of them-- Bally I know is, Resorts was, and I suspect some of the others are traded publicly. In fact, people can buy them and we may never know who those people are.

MR. PERSKIE: You are correct. Keep in mind that when you get to a certain percentage of the ownership of the stock of a publicly traded company, you are required to register. That's where these things tend to trigger in.

ASSEMBLYMAN IMPREVEDUTO: Absolutely.

ASSEMBLYMAN MECCA: Just to follow up. You raise an issue that I have-- The fact that the Scarfos tend to travel in families--

ASSEMBLYMAN IMPREVEDUTO: Can we use an Irish name, for a change?

ASSEMBLYMAN MECCA: No. You raised it. I'm not ashamed.

Can we essentially have 50 Scarfos in the same family, each owning 10,000?

ASSEMBLYMAN IMPREVEDUTO: Individual ownership, sure.

MR. PERSKIE: Frankly, you're into an area that I have no expertise in. I am not sure whether the Federal Security Registration Laws have any type of what is called "imputed ownership." I don't know. I'm not an expert in that area; I can't answer you.

ASSEMBLYMAN IMPREVEDUTO: But if they are individual owners, I am sure that they probably could.

ASSEMBLYMAN MECCA: Does anyone else have questions?

Mr. Kronick?

ASSEMBLYMAN KRONICK: On a more positive note from what Assemblyman Hardwick had asked, I would like to know whether it's possible for you to give any indication to the Chair what these changes that this bill provides for could mean to the State in terms of either total dollars or percentage of increase? Do you have any sense of that, Mr. Perskie?

MR. PERSKIE: Assemblyman, it's difficult to quantify the bill in those terms. A great deal of what is in the bill will simplify the regulatory process. It will enable the industry to be regulated by us in a more expeditious, and in a cheaper, leaner, and more efficient fashion. Some of the changes, if they were adopted in this form would have direct financial impact in terms of if you decide to expand the authorized games, or if you decide to expand the hours of operation. That would have some direct ability to translate into dollars and cents.

There are a number of other changes that are going to positively affect the bottom line of the industry as a whole. For example, we propose to eliminate the work permit process in here. That is at this point, unnecessary, because of the new computers we have. We know where everybody is at any given time, if they are working. Going out and getting a work permit and paying for that, and filing all those papers requires "X" dollars -- "X" thousands of dollars a year -- of administrative costs that they are no longer going to have to pay.

Some of the other things in here: Reducing the investigative and processing time on certain permits. It's difficult for me to give you a dollar value on what that represents, but I would remind you that every dollar that gets to the increase in the bottom line of the industry is an extra dollar that is available for corporate income tax in New Jersey, is an extra dollar that is available for reinvestment in Atlantic City and in New Jersey, and in general to promote the underlying purposes of the Act to begin with.

ASSEMBLYMAN KRONICK: Well, that was my point. Thank you.

MR. PERSKIE: Okay. I am handed a legislative fiscal estimate for the bill, which frankly, until just now I haven't seen.

ASSEMBLYMAN IMPREVEDUTO: It just came out.

MR. PERSKIE: Okay.

ASSEMBLYMAN KRONICK: It's a significant dollar amount that I see there, and that to me is very positive. That would give good rationale for the changes.

MR. PERSKIE: I can't comment, frankly, on it, only because as I said, I'm just looking at it now for the first time, and I don't know the assumptions on which it is based. But certainly, the tenor of it is right.

ASSEMBLYMAN MECCA: Mr. Kronick, do you care to make a statement on that, or is it on the fiscal note?

ASSEMBLYMAN KRONICK: No. Only on the fact that New Jersey will benefit, if indeed, these numbers are 50% correct.

ASSEMBLYMAN MECCA: What are those numbers? I don't have--

ASSEMBLYMAN KRONICK: So the citizens in New Jersey -- the seniors will benefit; everyone will benefit. I think I saw a figure of approximately 64 million. Is that correct, Assemblyman?

MR. PERSKIE: The fiscal note indicates potential additional revenue of \$64 million.

ASSEMBLYMAN KRONICK: That's the revenue -- the additional revenue, \$64.7 million.

MR. PERSKIE: The State would have a direct benefit for the casino revenue fund of 8% of whatever that sum was. In this case, if the 64 million figure were correct, the casino revenue fund would do just a little better than \$5.5 million. I would comment to you in that respect, the casino revenue fund -- as you probably know from some of your other work -- is

under substantial long-term distress. It's in balance for Fiscal '91. It's in balance in the Governor's proposed budget -- as I understand it -- for Fiscal '92. After that, there are some serious questions as to the viability of the fund.

ASSEMBLYMAN KRONICK: So this makes it very significant. Thank you.

ASSEMBLYMAN MECCA: Thank you, Mr. Kronick.

Mr. Scerni?

ASSEMBLYMAN SCERNI: Nothing at this time.

ASSEMBLYMAN MECCA: Mr. Impreveduto? (no response)
Mr. Hardwick, any follow-up on that?

ASSEMBLYMAN HARDWICK: No, thank you.

ASSEMBLYMAN MECCA: Mr. Perskie, I thank you for testifying. If your schedule permits, I would appreciate it if you stayed around, because you offered to answer some questions. If you need to go--

MR. PERSKIE: I will be available for a little while. We do have something of a lengthy drive, but I also would offer my services and those of Ms. Grondin and the Commission staff, if during the course of your deliberations there is any technical information that you need or any data from the Casino Control Commission or any questions regarding our usual procedures or how we go about doing things. If you will have Mr. Westreich give us a call, we will get you the information immediately.

ASSEMBLYMAN MECCA: Again, thank you, and I appreciate your coming here.

MR. PERSKIE: Thank you.

ASSEMBLYMAN MECCA: Ms. Grondin, thank you, too.

Next on the list to testify is Mr. William C. Murtha, from the Casino Association of New Jersey. Mr. Murtha?

W I L L I A M C. M U R T H A, E S Q.: Good evening.

ASSEMBLYMAN MECCA: Just tell us a little about what the Casino Association is.

MR. MURTHA: Certainly.

ASSEMBLYMAN MECCA: Do you have a statement?

MR. MURTHA: Yes, I do.

ASSEMBLYMAN MECCA: Okay.

MR. MURTHA: It's a pleasure to be here before your Committee tonight, to discuss the casino industry and this critical piece of casino legislation.

ASSEMBLYMAN MECCA: Speak up a little. Bring your mike up, okay, so the back can hear you.

MR. MURTHA: For those of you who do not know me, my name is William C. Murtha. I am Vice President and General Counsel for the Casino Association of New Jersey. We are a trade group that represents 10 of the 12 Atlantic City casinos.

I have attached to my formal testimony two statistical documents which outline the economic impact of the casino industry -- that economic impact which we have had since 1978 on the entire State of New Jersey.

The first document, entitled, "New Jersey Casino Industry Economic Impact Data," revised December of 1990. This is produced by my office and updated on a quarterly basis. It contains yearly and aggregate information dating back to 1978 on every aspect of the casino industry, including gross revenue data, employment statistics, capital investment, and taxes paid by the casino industry.

The second document is a recent report produced by the Atlantic County Division of Economic Development. It assesses the casino industry's impact upon Atlantic County and the entire South Jersey region over the course of the last 13 years. I hope that you will have an opportunity to review this information. Dr. Slusher from Atlantic County is here tonight, and I'm sure he will fill you in on the statistics that the industry has had, particularly with respect to South Jersey.

ASSEMBLYMAN MECCA: Would you like him to join in your testimony, or have him come up at the same time?

MR. MURTHA: I think he intends to testify separately.

ASSEMBLYMAN MECCA: Okay.

MR. MURTHA: It wasn't my intention, at this point, to get into those statistics. They are in the report.

ASSEMBLYMAN MECCA: Very good.

MR. MURTHA: What I will attempt to do for you tonight is to draw a picture of where the casino industry has been, where it is currently, and where it may be headed in the future.

It's fitting that the first hearing on this casino reform legislation takes place in Passaic County. It indicates to me that this Committee understands and recognizes that the casino industry is not only something that is of concern to the South Jersey economy, but is something that has an impact on the entire State of New Jersey.

I grew up not too far from here in Oakland, in Bergen County. During those years, Atlantic City for me was a place which my grandparents visited once a year for a week-long vacation, and which I visited once or twice in my life. I suspect that the picture hasn't really changed for most North Jersey residents. Everyone knows we have casinos in Atlantic City. I imagine several times a year people think about visiting Atlantic City and visiting the casinos, and on occasion, one might actually get in a car or in a bus and to go visit Atlantic City. Beyond that, for most residents in the northern part of the State, Atlantic City really isn't something they think about too much.

This Committee, I am sure, has a deeper understanding of how critically important the casino industry is to the entire State of New Jersey. Two funds, in particular, are based upon and are entirely replenished by the taxes casinos pay on their gross casino revenues. The Casino Revenue Fund, which is created by an 8% tax on those gross revenues, pays for critical State senior citizen programs -- which Assemblyman

Mecca has pointed out earlier -- such as the Pharmaceutical Assistance to the Aged and Lifeline utility programs. This fund benefits every senior citizen in the State, and is expended for the most part by the northern New Jersey counties, since they have the most senior citizens.

As indicated in the Governor's recent budget documents, this fund is in serious jeopardy primarily because of increased expenses in the programs sponsored by it -- particularly the Pharmaceutical Assistance Program -- and flat revenue projections. If we do not do something to either decrease those expenses or increase the revenues, the fund may very well be depleted within the next year or two.

The second fund sponsored by the casino reinvestment dollars is managed by the Casino Reinvestment Development Authority. In the early years, this money under current law has been mostly invested in Atlantic City, for the redevelopment of Atlantic City. Presently, and increasingly in the future, however, these funds will be scheduled to be invested in other parts of the State, including North Jersey, so that the northern part of the State will see tangible evidence in the future of the economic impact of the casino industry through construction of commercial and residential development, utilizing casino funds.

I am here tonight to tell you that the casino industry is in very serious trouble. We are not just in short-term trouble because of the war or the recession. I am talking about long-term trouble which began long before the war started and long before the recession began. It has resulted from a number of factors, none of which have to do with the war or the recession. We have short-term problems that are impacted because of the war and recession, but we do have long-term problems.

The factors that created these long-term problems are important. The first one is that during 1990, our market

growth was relatively flat, in the area of about 5%. We didn't see a significant market increase in '88 or '89, either. At the same time in 1990, we had the Taj Mahal Casino Hotel come on-line, which is really the equivalent of two casinos. When that came on-line, it took a huge slice out of the existing revenue pie with devastating bottom-line impacts on many casinos.

The second factor is that the casino industry, by and large, is struggling under massive debt as a result of financing to construct some \$5 billion in improvements in Atlantic City, and as a result of corporate takeovers in the 1980s, which impacted the casino industry like it did just about every other industry in this country.

The third factor--

ASSEMBLYMAN MECCA: Mr. Murtha?

MR. MURTHA: Yes?

ASSEMBLYMAN MECCA: Once you go through that third factor, could you summarize the rest. We all have the testimony in writing, before us.

MR. MURTHA: Okay. Fine.

ASSEMBLYMAN MECCA: I very much appreciate the distance you have come to speak to us, but--

MR. MURTHA: Okay. The third factor really is extremely significant, because Chairman Perskie, for example, mentioned that we have economic problems, but sometimes they might change, the tide will change, and the economy will come back. The third factor is really the radical proliferation of gambling throughout the United States.

The problem that causes, is that it immediately jeopardizes the casino industry in Atlantic City. There is no longer a choice between Las Vegas and Atlantic City. There is gambling in South Dakota, Colorado, up and down the Mississippi, probably up the Ohio certainly in the near future, and perhaps in Gary, Indiana. There is also gaming on Indian

reservations. These other forms of gaming really threaten the casino industry. We have to put in place, now, the building blocks to make our industry compete favorably against those other jurisdictions that come on-line in the future.

This piece of legislation goes a long way in terms of creating flexibility, efficiency, and really, business initiative in the way that we do our business.

Unfortunately, however, it does not go far enough in particular, in two items that I would like to summarize tonight, and hope that you will reflect upon.

The first one is in the area of new games. Right now the statute authorizes specific games -- some five or six games. This proposed legislation would authorize an additional two games. The problem that we will find ourselves in, I am certain, is that we will be back right away for additional games again.

We see a more favorable mechanism being to delegate authority to the Casino Control Commission to pass regulations adopting rules of those games, then for the casinos to implement internal controls to control those games, and then after suitable test periods -- assuming that we have very favorable tests and that we can go forward with the games -- then we would implement those games on a routine basis.

This legislation does not go far enough. I have attached, in Exhibit "C" what we believe to be the monetary impact of the games; Exhibit "C" contains the revenues that Nevada produces in games. We think that we can produce those revenues within a certain period of time. We're not sure how long it will take, but we think we compare favorably with Nevada in the existing table games, so that we can produce significant revenues, given the opportunity to have a variety of games.

A variety of games will also create diversity. In different casinos, which look very much like cookie cutter

casinos, offering the same games on the same blueprint will offer diversity. Some will go for certain games, others will go for other games. There will be different markets niched out, and it will create some kind of excitement down in Atlantic City.

Again, given the opportunity to have a variety of new games, we can produce, we believe, a significant amount of money versus a little bit of money, for the benefit of the casinos as well as the Casino Revenue Fund.

The second item, which is really the same point, deals with 24-hour gaming. We believe that the casinos in their business judgment should determine whether they should be open 24 hours, or 22 hours, or 20 hours.

The benefit of 24 hours, of course, is that you are open a longer period of time. You are employing more people for longer hours. You are buying more goods and services. There is a spinoff effect on the rest of the economy on 24 hours.

In terms of the Casino Revenue Fund, we've estimated that with 24 hours, we can do about \$132 million of gross revenue; 8% of that goes into the Casino Revenue Fund. We don't think that we are going to have a very big bottom-line impact because we'll have significant operating expenses, operating 24 hours. This legislation, we believe, would increase our hours about 250 hours a year, or about \$16 million in gross revenue.

So, there is an option here. You can give us the opportunity, the flexibility, to operate the hours that we want to operate, and we can produce a significant amount of money. Continuing to restrict those hours will restrict the amount of money going into the tax funds.

Those are the main points that I want to hit on, Mr. Mecca.

ASSEMBLYMAN MECCA: Thank you for summarizing the second half of that, Mr. Murtha.

First I will turn to Mr. Impreveduto, and if anyone else has questions for Mr. Murtha--

ASSEMBLYMAN IMPREVEDUTO: Mr. Murtha, are you familiar with the games in Reno and Vegas, and how the casinos operate in those states?

MR. MURTHA: I am familiar-- I have a basic understanding. I am a lawyer. I am not a casino operations person. I know the games that they have out there. I know that they operate under more flexible rules of the game than, for example, we operate in New Jersey.

ASSEMBLYMAN IMPREVEDUTO: Assemblyman Hardwick mentioned cash comps before. Do they do that in Reno and Vegas?

MR. MURTHA: They certainly do, and I think-- I had wanted to make the point in response that, when we eliminated cash comps -- I believe it was back in 1987, from the statute -- we have between '87 and the present, lost a significant amount of business on the high end. That's a result, primarily of the fact that "high rollers," as you call them -- people who have a substantial amount of money to gamble, players who live in foreign countries, players who live in the United States -- have an opportunity to go wherever they want to go. Quite frankly, they are opting now, one of the reasons being because of cash comps, to go to other jurisdictions that do offer cash comps.

So, we lose business. We lose the flexibility which we really think is a marketing decision in terms of whether you offer someone a Rolls Royce or you offer someone \$100,000. We see very little difference, practically speaking, in the two, and believe it's really a marketing decision.

We offer cash comps right now to the low rollers. When people come down on the bus, they get \$10 or \$20 in quarters, depending upon the competition between the casinos.

That's a cash comp. That cash comp is based on the volume of play that we expect from a bus person to play in a slot machine. We believe that we should be able to do the same thing on the high end, and regain some of that business we have lost over the last couple of years.

ASSEMBLYMAN IMPREVEDUTO: In your opinion -- Mr. Chairman, through you -- if a place like Miami, which I understand is considering putting gambling on the ballot were to do this, will that hurt Atlantic City?

MR. MURTHA: It certainly would hurt Atlantic City.

ASSEMBLYMAN IMPREVEDUTO: In your opinion, why?

MR. MURTHA: I'm not sure where Florida stands. I know it's been on the ballot a couple of times, and not been successful. A more direct threat is Gary, Indiana, which is just south of Chicago. My sources tell me that it is very likely that that is going to go casino gaming. It is going to have a dramatic impact on the middle of the country market.

ASSEMBLYMAN IMPREVEDUTO: In order for us to compete with a potential Gary, Indiana, a potential Poconos, a potential Miami, what do you see us having to do to stay in competition, if Gary, Indiana-- I mean, how do we hold our end of the market if Gary, Indiana goes, and we don't change?

MR. MURTHA: What we have to do is offer a product that competes with the other jurisdictions. We have been in existence for 13 years, and we have been staggered, really, over the last several years. We need to create some excitement in Atlantic City. We've got to offer new games; give somebody a reason to come back down again -- more hours. The airport is extremely critical in terms of long-term planning.

We need to put into place all of these things; the infrastructure improvements, the flexibility in the casinos, in order for us within two or three years, to really get back on the right track to be able to capture those markets. Atlantic City clearly has got to develop as a full-time tourist resort.

That will probably require more than one industry down there. You have the beach and the Boardwalk. You have the casinos. If we could get a major amusement park, or something that just draws more people to the shore area, I'm sure that will help Atlantic City, in the long-run, develop.

You mentioned Gary, Indiana -- or I mentioned it. It's interesting that their legislation that has been drafted includes 24-hour gaming, includes a diversity of games, including authorizing their commission the ability to create new games. It also starts out, I might add, with a land use plan for Gary, Indiana which is something we really don't have in Atlantic City. They will start out with a full plan for development.

ASSEMBLYMAN MECCA: Mr. Hardwick.

ASSEMBLYMAN HARDWICK: I just had one question. Mr. Murtha, you referred to the increased competition to Atlantic City, and you cited point Number three. I'm interested to know if you have a view, then, on the lottery videos, which as I understand how the machines would work would be almost direct competition to the slot machines in Atlantic City?

MR. MURTHA: Yes. We do have a position on it; and that is that we are opposed to it. I think that this State has to be very, very careful in balancing its different forms of gaming. We have a State lottery, we have race tracks, and we have casinos. To the extent that we are not careful in terms of what we do with the impact of something like a video lottery in a bar, or some other place, will impact our slot market.

ASSEMBLYMAN HARDWICK: Thousands of bars. I mean--

MR. MURTHA: Sure. That will impact our slot market because of the similarity of the games, and that's got to be really taken into consideration before that measure goes through.

ASSEMBLYMAN HARDWICK: Thank you.

ASSEMBLYMAN MECCA: Thank you. Anyone else for Mr. Murtha? (no response)

Mr. Murtha, thank you. I just have one thing to ask you. You indicated that the proximity to Chicago may draw -- you know, for Gary, to be close to Chicago -- may draw upon your clientele, if you will. Do you have the ability to, and have you traced where your people come from -- the ten casinos that represent your association? Do you know where the gamblers are coming from?

MR. MURTHA: Yes, we have become much more sophisticated over the last several years, especially in tracking.

ASSEMBLYMAN MECCA: Can you give us an idea -- percentages, just round figures -- of who comes from Jersey, who comes from out of the State? Where do the gamblers come from?

MR. MURTHA: Well, the rough percentage is that two-thirds of all gamblers come from outside of New Jersey, one-third from inside New Jersey. So, we are drawing mostly from the surrounding area of New York, Pennsylvania, south of here. We have charter flights now in from the Midwest. So, we get significant business on those charter flights, in small proportion to where we are, locally.

We need to expand. We need, especially, to expand in terms of commercial air flight. We've got very serious threats closer to home. Connecticut-- There is Indian gaming in Connecticut. They have won a Federal court lawsuit that will allow them to open casinos near Mystic Seaport. The response to that of the Connecticut State Legislature is, at least initially, to introduce legislation to legalize gaming throughout Connecticut. It's a major threat to Atlantic City.

We will see-- There are over a hundred Indian gaming establishments in the country right now. That will spread throughout the 1990s, not only on Indian reservations, but off Indian reservations.

ASSEMBLYMAN MECCA: Mr. Murtha, as you may know, we are going to be conducting hearings throughout the State. Mr. Impreveduto and Mr. Scerni have indicated they would like to see further hearings, and I agree. We will be giving you the opportunity to testify again. We ask you to come back. We also ask you to just stay a little bit, in the event that someone has some questions for you.

But I understand too, that you have come a long distance, and I appreciate your coming here tonight.

MR. MURTHA: I'll be pleased to stay for any questions. Thank you.

ASSEMBLYMAN MECCA: Okay. Thank you.

Mr. Belford, Jim Belford?

MR. BELFORD: Assemblyman Mecca, I'm for your bill on deregulation. I'm all for it. My questions are far from what you people have been asking.

I heard Mr. Perskie's well read letter, but the questions I would like to ask, up to 50,000 jobs-- What is the percentage of-- How many people from Atlantic City work in the casinos? It's rumored they are mostly imported. Can Mr. Perskie answer that question?

ASSEMBLYMAN MECCA: Who would know--

M A X S L U S H E R: (speaking from audience) Approximately 70% of the--

ASSEMBLYMAN MECCA: Why don't you come up? There might be a few more questions like that. This is Max Slusher, from the Atlantic County Division of Economic Development. He probably has some answers to those questions.

MR. BELFORD: I appreciate that.

ASSEMBLYMAN MECCA: The question is: Of the 50,000 employees, how many come from Atlantic City, per se?

MR. BELFORD: Yeah, because it's rumored that they are mostly imported.

ASSEMBLYMAN MECCA: Imported from?

MR. BELFORD: Well, if you owned a camel--

ASSEMBLYMAN MECCA: From anywhere.

MR. BELFORD: --you get a job down there. It's a pun.

ASSEMBLYMAN MECCA: All right.

MR. SLUSHER: It sounds kind of like a beer, almost, you know.

Out of the 50,000 -- that's full- and part-time workers he is talking about -- approximately 10,000 come from the City itself. That's one out of every four of men, women, and children of Atlantic City work in the casino gaming industry. Of the 50,000, approximately 70% come from Atlantic County, proper. That works out to around 35,000. We also draw about 5% of our work force from Cape May County, Cumberland County, Camden County, and Ocean County. Five percent from each individual county.

ASSEMBLYMAN MECCA: Okay. Good.

Mr. Belford, did you have any other questions?

MR. BELFORD: Yes. Secondly, how do they intend to clean up the environment two blocks off the Boardwalk? I have heard the gentleman who just spoke now, talking about how do you intend to build up the environment of northern New Jersey, when here they are looking for an attraction to get to Atlantic City-- It's like going to a Roseland Ranch, you practically have to walk through the flop to get there. And as funny as it may sound, that's how true it is.

And you talk about the environment for an attraction. This would be a great attraction. I know, my wife, who is not a gambler, when I take her down there, before we get there she says, "My God, where are you taking me?"

And that's one person. Just imagine how many other persons have that same thought in mind.

ASSEMBLYMAN MECCA: Do you want Mr. Slusher to address that, or--

MR. BELFORD: Yeah.

MR. SLUSHER: That one is a little more political. I think I will leave that for the politicians.

ASSEMBLYMAN MECCA: Mr. Hardwick, do you want to--
(no response)

I think we can register what you are saying is a complaint and a statement, and I think many people have that same concern; that the glimmer of the casinos quickly fades as we go west on all the state streets. If you go down a few blocks on the Arkansas, the Indianas, and such, you may not feel as secure as you would inside the casino, where you could lose all of your money, or win.

What else do you have?

MR. BELFORD: Well, then they told me where the money is partially used for household rebate. I think that is great. The only thing is, I wish the Assembly would come up with a better bill -- that you don't need a Philadelphia lawyer to fill out that form.

ASSEMBLYMAN MECCA: For your Homestead Rebate?

MR. BELFORD: For your Homestead Rebate.

ASSEMBLYMAN MECCA: They are trying to keep the lawyers employed.

MR. BELFORD: They are giving me \$100, and I have to hire a lawyer for \$80, so they are not giving me nothing. (laughter) Thank you, Mr. Mecca, I hope you can answer that.

ASSEMBLYMAN MECCA: Thank you, Mr. Belford.

ASSEMBLYMAN SCERNI: I think I want to--

ASSEMBLYMAN MECCA: Mr. Scerni is from Atlantic County. He is very familiar with the area.

ASSEMBLYMAN SCERNI: Let's talk about Atlantic City and the condition of Atlantic City. I think a little further on -- Steve, (referring to Mr. Richer, sitting in the audience) are you going to testify? (affirmative response) You will be hearing from the head of our Tourism and Convention Bureau in a few minutes.

There are a number of projects underway in Atlantic City that will improve the overall appearance and quality of life in the City itself. At different times during this hearing you may have heard reference to the CRDA moneys, which are basically the redevelopment moneys that are being reinvested in Atlantic City, itself.

Chairman Perskie, in his remarks, I believe, indicated that gaming was originally the engine to drive the economic and overall redevelopment of the City. Well, the CRDA is the body that administers those moneys, and at this point there is currently planned in the northeast inlet of Atlantic City, the redevelopment of several square city blocks. I believe the total money that is designated, at this point in time, is something in excess of \$600 million. So, you will see, as a result of the moneys, that the casinos have, in fact, generated a redevelopment of a substantial portion of the City. That's redevelopment that would not have happened were it not for casino gaming. Within Atlantic City we do not speak of simply reforming the casino industry. When we talk about the redevelopment of Atlantic City and the greater Atlantic County area, it really is a three-pronged approach.

The reform of the gaming industry is only one of those prongs. Additionally, we talk about the Atlantic City Airport, and upgrading it to a full international airport. We also talk about the construction of a new convention center. There are plans right now for that new convention center, which would be, approximately, at the foot of the Atlantic City Expressway.

If you are familiar with the area, this convention center would be immediately adjacent to the Amtrak rail terminal. As part of that project -- that is, the construction of a new convention center -- the Atlantic County Improvement Authority, which is the Authority that will eventually build that convention center, has authorized \$100,000 to basically redo the corridor from the convention center to the Boardwalk.

That's an area four blocks long and two blocks wide. The purpose of that would be to redevelop that entire area with commercial and dining establishments and things of that nature. So, that is another project that is in the works.

Then there is the convention center, itself. If we, in fact, can build that convention center, and make Atlantic City a true destination resort, we now add another dimension to the entire economic mix in Atlantic City. That dimension, in and of itself, will generate overall improvement throughout the City.

We additionally look to the redevelopment of the Atlantic City Airport. Within the last eight weeks, Governor Florio has come to Atlantic City and he, along with Mayor Whelan, of Atlantic City have announced that the State and the City have finally reached agreement over some difficulties as to how the airport is going to be developed. The Governor has pledged \$11 million to buy out the City's interest, so that we can go forward and create an actual international airport on that scene.

I appreciate your concerns. Your concerns are not limited to you. A number of people share those same kinds of concerns as to the overall development of the City, and where is the future? I would suggest to you, that with this bill that we discuss here tonight, and when we combine the benefits that this bill will bring, with the benefits of the other efforts that we are undertaking on behalf of that City, that you will, in fact, see in the coming years a substantial change in the City.

I would also suggest to you that not only will you see a change in the City, but these other assets -- the convention center and the airport -- will, in fact, be State assets. They will service a larger region than just Atlantic City, itself.

Atlantic City has a new focus and a new direction, and the legislation that we discuss here tonight is one element in that new direction.

MR. BELFORD: Mr. Scerni, I appreciate what you are saying, but it has taken you 13 years to realize this.

ASSEMBLYMAN SCERNI: Sir, I would have to agree with you. I've only been sitting where I am sitting for 14 months. Had I been here 13 years ago, I would have been glad to deal with it.

MR. BELFORD: There must have been somebody there within that 13 years. Thank you.

ASSEMBLYMAN MECCA: Mr. Belford, thank you for your comments. They were well taken.

While you are up there, would you like to testify, Mr. Slusher?

MR. SLUSHER: Yes. In fact, Steve Richer is on next, and I was going to come up with him anyway.

ASSEMBLYMAN MECCA: Why don't the two of you come up? Stephen Richer, is from the Greater Atlantic City Convention and Visitors Bureau, and Max Slusher is from the Atlantic County Division of Economic Development. Then we just have two others after that.

Welcome, Steve.

S T E P H E N B. R I C H E R: Thank you, Mr. Chairman and members of the Committee. I'll skip reading my statement and try to get to some of the significant aspects, and draw a little bit of a different picture for you about the potential of Atlantic City and how we look at it in terms of marketing.

I want to first point out--

ASSEMBLYMAN MECCA: Do we have your statement for the record? Or do we have copies--

MR. RICHER: Yes, you do.

ASSEMBLYMAN MECCA: Okay. Thank you.

MR. RICHER: I want to first point out, Mr. Chairman, my strong New Jersey credentials. I was born in Essex County and grew up in Morris County. I went to college in Mercer County and had my first job in Bergen County. I served as

Mayor of Randolph Township in Morris County, and then after being the first Director of Tourism for New Jersey, spent six years in the Governor's cabinet in Nevada in charge of tourism. I think that I am probably competent to compare both our jurisdiction and the entire State of Nevada, not to mention having been a guest speaker in almost every single other new jurisdiction who wanted to compare what they were doing with both Nevada and New Jersey.

I'm here tonight to really address three things generally, as opposed to addressing the bill specifically. I want to touch just on the issues of: the integrity of the industry in New Jersey, responsiveness to consumer demand, and the casino industry in Atlantic City generally as a source of employment and public revenue.

If I can paint a little picture for you on a comparative basis: I'm somebody who is very optimistic about where we are headed. However, I draw my optimism from the fact that we have been very successful in Atlantic City despite the fact that we haven't done much right yet. The previous speaker certainly noticed some of the things that haven't been done correctly.

On a comparative basis, Atlantic City, with 32 million visitors a year approximately, has less than 3% of those people visiting our new \$5 billion hotel complex come by air. More than half come from Las Vegas. Less than 1% of the people visiting Atlantic City buy their visitation through travel agents compared to over 45% in Las Vegas. Barely 3% of the total visitors to Atlantic City come for conventions, gate shows, and trade shows, compared to more than 10% in Las Vegas.

A sore point with me is our current destination advertising budget. What I am saying is: To market Greater Atlantic City -- and we say Greater Atlantic City because our marketing message talks about Cape May and Wildwood and Bridgeton and the Pine Barrens. We spoke this morning with

people from Ocean County and Monmouth County about selling southern New Jersey as a major destination the same way we sell -- in the United States -- Orlando or Hawaii, or southern California, or the way that Europe or other places in the world sell themselves.

Our budget to market Greater Atlantic City is \$250,000, compared to \$24 million in Las Vegas; almost a hundred times more to get the message across and to create an image of what's going on to our major competitor.

We have a lot of things to do. Assemblyman Scerni mentioned some of them: A convention center, the airport and increased air service, going after the regional trade show market, more conventions, hopefully improving our advertising budget so that we can get a different image of Atlantic City out there, and certainly, cleaning it up and doing the things that have been described are important.

ASSEMBLYMAN MECCA: What do you think of our bill?

MR. RICHER: I like the bill, but my point is, it probably doesn't go far enough in terms of allowing properly regulated businesspeople to make decisions as to how this industry can function. I am coming to you with the experience of having watched what happens in other jurisdictions.

I offer this as my personal opinion, not the opinion of the hospitality community or of anyone else with whom I am associated in Atlantic City.

The comments that I have made in my statement repeat some of the things you have heard earlier this evening. We have an assembly line type of casino industry in Atlantic City. Everybody was required to have so much meeting space, so much restaurant space, so much showroom space, and quite frankly -- because the games are all the same and the odds are all the same -- what you get is different decorations and different ambience, but you really have all the same casinos trying to market themselves differently.

In Nevada, because they don't have to have assembly line physical plants, you have got places like Hilton. They want the convention market; they built big convention space. You've got Circus Circus. They want the family market; they built trapeze artist paraphernalia and arcades for children, and no public meeting space.

You've got other places like the Hacienda and the Sahara; they want low market end. They've got big buffets and inexpensive shows, and get a lot of people in and built a lot of hotel rooms. You've got the Boyd group. They have western emporiums and very fancy shopping arcades. The people come in because they want a special kind of ambience and want to shop in those casino hotels.

And then you have megaresorts. The best example, probably, is the Golden Nugget, which built the Mirage. We are all familiar with them. They left, and hopefully they will come back.

But we don't allow that diversity, and I think that this bill will address some of that by not requiring the assembly line physical plant.

The second issue-- I want to go back. The two issues I am addressing that make for the diversification are the ones I am mentioning now, but I absolutely, unequivocally agree on retaining the integrity of the industry the way it is regulated here. The job in New Jersey has been much better done on that front than in Nevada, and I think if you are going to defer anymore decisions to the people running the industry, maintaining the level of integrity as has been done previously, is required so that those kinds of deferrals can be made.

Diversity in the product, the games themselves: Moving things around? How many slots versus table games? I'm sure the Legislature, in its wisdom, would not want to tell Johnson and Johnson what percentage of Band-Aids they can sell in New Brunswick. If the consumer demand is 40%, you aren't

going to tell them to only sell 20% Band-Aids. Or how much produce the Wakefern Corporation-- Or whether Toys R Us can only sell 10% of its market in Nintendo games for kids.

You don't want to make those decisions, and I would suggest that if the games are authorized, those are decisions that properly licensed individuals in the market should be able to respond to. If 80% of the customers in Atlantic City want to play slots, why should only 30% of the floor space be devoted to that, if it's a game that is acceptable and it's only a decision that reflects not integrity, not morality, just consumer demand.

I also think that there should be the possibility for the Casino Control Commission to determine new games and other games, providing they can properly regulate them. I think we are far beyond the issues of whether it is moral or not. With all the other jurisdictions that are coming on-line, I think it would be a shame that Atlantic City, with its proximity to large population centers, good air transportation, other products, that in our own State could make us so strong-- I'm talking about the Cape Mays, the 127 miles of beaches, the beautiful Pine Barrens, the golf courses, the historic places in our State.

Our State is so small, it really is amazing, because having served as Mayor in Randolph, and on the Planning Board as part of the requirement, I used to go around Nevada, mentally subdividing the state. It's interesting to note that the population density, for example, of Bergen County, would have 380 million people living in Nevada at the same density, compared to the 1 million they have right now.

I went to a graduation of 102 kids, members of the Assembly, in White Pine County. That was the high school graduation. I flew out there with the Governor in a State plane. That county is bigger than New Jersey, and it has one high school and they commute daily. It would be like if

everyone in the State went to high school in Montclair, and then went home. The proportions are just amazing.

What I found very interesting is that they have 10 incorporated municipalities in the whole state, and all the decisions are made by the county commissioners, except for those 10 municipalities. So, if you have the League of Municipalities meet, that means 10 mayors get together.

The issue that I am raising is that they don't pay the same amount of attention to county and municipal boundaries that we do. And because of that, they have a much freer spirit in grabbing things and incorporating it into their product. The two most important attractions in Las Vegas are the Hoover Dam -- which is 60 miles away -- an hour by car; same county -- and in the international market, the Grand Canyon, which is six hours away by car and one hour by plane, and it's in another state.

When we talk about Atlantic City, we're talking about positioning New Jersey in the international and national market by using the private sector dollars that will be generated, not only to fix up Atlantic City, but to start to sell the Germans on extending the season by coming to the Jersey shore in the months that we don't particularly choose to go; by getting the people who live in Indiana, Ohio, Michigan, and close to the Mississippi River, that New Jersey is their beach.

You know, stop and think about that. Where is their beach? It's us. We have just as much right as Florida, or South Carolina, or New England--

If we start doing those kinds of things, everything that was promised about Atlantic City will come true. Not just in terms of gaming, but in terms of the family attractions and the convention center, and all the things that we want to happen that makes us proud and excited about New Jersey the way we have been in recent years.

So, that's basically what my message is all about. A lot of it is in this plan that we wrote that I have given you, that has about 100 recommendations. If you will give us the ability through allowing our private sector industry to function the same way that any other private industry in the State is allowed to function, my evaluation, personally -- compared with all those things that haven't been done, and what has been done in Nevada -- is that we are only doing about 30% of what we can produce in terms of public revenue, jobs, and economic impact for the State of New Jersey.

I'll stop there. My friend, Max Slusher, who wrote the report is here. I think he can give you some parameters as to what has been accomplished, really without having done too much right, yet.

MR. SLUSHER: First of all, I don't hold a doctorate. I hold a couple of degrees in history and economics on the undergraduate level, and I hold a master's degree in applied economics, but I have spent most of my academic career where I specialized in the economic history -- killed two birds with one stone -- on the economy of southern New Jersey. On my master's level, my thesis was on the market structure and the profitability of the Atlantic City casino industry. So, I do have some background.

It took me about six months to put together this study. I began last summer, when we began to realize there were starting to be some cracks in the financial foundation of the industry itself. We wanted to see exactly what were the impacts of this very dominant industry over the course of 13 years; not just on Atlantic City -- which is generally the area that is looked at -- but also on the economy of Atlantic County and on the economy of Southern New Jersey, which we define as the eight lower counties of New Jersey; in other words, Burlington, Ocean County and southward, inclusive of those two counties; also the economy of New Jersey, proper.

Instead of reading the report to you, I will try to quickly summarize. We found that the direct casino impact, and I only looked at full-time casino employment-- In fact, wherever possible, I minimized or was conservative in the numbers, just because I wanted to make sure that this study can stand up to scrutiny.

We found that, of course, one out of every four men, women, and children, in Atlantic City proper is employed by the industry. Two out of every three jobs in Atlantic City -- and I'm talking not just private sector, but public and private sector -- are casino hotel jobs. One out of every three jobs in Atlantic County are casino hotel jobs. Over 5% of all the jobs in southern New Jersey are casino-hotel jobs, and over 1% of all the jobs in New Jersey are casino-hotel jobs.

Now, I also ran these numbers through an economic impact analysis model. Briefly, the model was purchased by the Division from the U.S. Department of Commerce, Bureau of Economic Analysis. It's of the same lineage of the models they use to do impacts of government expenditures. What would happen if they open a military base; if they cut down on social spending; and so forth, and so on? So the model itself has the backing of the U.S. Department of Commerce. Of course, I did put the numbers through it.

What we found was that approximately 44% -- when you look at the indirect impacts of those jobs that owe their existence to the gaming industry or to the employees who work in the industry -- that over 44% of all employment in Atlantic County is based on casino gaming employment, the direct and indirect impacts. In southern New Jersey, that number is 9%. In the State of New Jersey, that number is 2%; or, one out of every 50 jobs in the State of New Jersey, directly or indirectly, is attributable to casino gaming. This is from an industry that was nonexistent less than 13 years ago.

I was asked if this industry--

ASSEMBLYMAN MECCA: Mr. Slusher, on the bill. Would you have any comments on this bill in particular, and what impact that might have on the numbers you are talking about -- the industry you are talking about?

MR. SLUSHER: Okay, well, to cut right to the chase: What we see right now is that the industry is stagnated. It's not just the downturn in the mid-eastern states. It's a little more than that. What we have is, a leveling off of the industry as it has reached the maturation stage.

What we believe is going to happen, unless the industry is given a little more leeway as far as being able to lower its costs or increase its revenues, is that in the long-run, what's going to happen--. It will be equivalent to the situation that we encountered the last time our tourism industry went into a long-term decline. That was back in the 1920s and 1930s. We would expect to experience probably 20 to 30 years of long-term decline, and in the end, will end up being the basket case that we were when they had to bring in the industry to start saving the economy down in that area.

What we would like to see, if at all possible, is any type of legislation -- not just this bill, as Steve has brought up -- not just this bill, but any type of legislation that could lower the costs of the industry or that could increase the total gaming revenues, however way that may be achieved. That way it gives the industry more time, and more than anything else, it gives the economy of southern New Jersey more time to diversify away from this very dominant casino-hotel base.

ASSEMBLYMAN MECCA: What do you see in this bill that achieves those ends?

MR. SLUSHER: What I see is a lowering of the costs of the industry.

ASSEMBLYMAN MECCA: And how is that manifested?

MR. SLUSHER: I did not do an actual analysis of how many dollars, but I believe it would be significant enough that it would justify the passage of this bill.

As a matter of fact -- and I know this is getting off the subject, once again. There are several other things we need to look at, also, if we intend to keep this industry healthy and vibrant, and by extension, the economy of southern New Jersey healthy and vibrant.

We do need the convention center. We do need to expand the airport. And we do need to try to minimize any type of regulation that could create increased costs in that industry. The way we see it right now, is that we are fighting against time, our most precious commodity. It's just a matter of time before someone like Connecticut opens up their own casino gaming. If that ever happens, gentlemen--

In 1989, the industry paid over half a billion dollars in direct taxes to all forms of government; half a billion dollars. That was before the cut from the people who work in the industry is taken into account. You are going to have to make that up from somewhere; on a State level, you are going to have to make it up from somewhere.

The problem is, we're not going to be able to toe the line anymore, because instead of being an inflow of revenue to the State, we're going to start demanding State services like we did before casino gaming. Our welfare and unemployment rolls will go up, so instead of being any sort of positive, where we can help try to take up the slack, we are going to be more of a negative. We'll be a double whammy.

ASSEMBLYMAN MECCA: I understand.

Mr. Hardwick, did you have any questions?

ASSEMBLYMAN HARDWICK: I did, for Mr. Richer. You know, you said how different Nevada and New Jersey are. You described the geography among other things.

MR. RICHER: Yes, I did.

ASSEMBLYMAN HARDWICK: Certainly, having been to Nevada, I agree with you. It makes me think that many of the comparisons, therefore, may not be valid. When we cite, "Well, Nevada does this," and "Nevada does that." Well, Nevada is really a different situation.

For example, as you pointed out, more people fly to Nevada and go through travel agents than New Jersey. So on the whole issue of 24-hour gambling, I would venture to say that more people who are gambling in Nevada hotels are going to spend the night in that hotel, compared to people who are going to drive home in New Jersey. So, by keeping them up all night in New Jersey, we may be setting up a safety situation that would not be applicable to Nevada.

The second point you made that I found interesting was that you said, "Like any other business we want to be able to control-- The business should be able to do what it wants to do." Gambling is not like any other business. The product is more volatile. It's a potentially dangerous product to some people. It's not a benign product to everyone.

So, though I am a free enterpriser, I think when it comes to protecting the consumer -- because this is a different kind of product, the same way that tobacco and alcohol are different types of products -- the free market has to be looked at very carefully.

My concern is that because you are here from an economic standpoint, your bailiwick is not to protect the consumer; that in our haste to do what is good for the economy of the State, that in the process we start to squeeze out every last dollar out of every gambler, keeping them there for as long as possible -- easier credit, giving them cash comps -- that we end up doing an incremental increase of revenue, but perhaps a bigger incremental increase in social harm, that may never occur in Nevada because as you so articulately pointed out, Nevada is really different than New Jersey.

MR. RICHER: Let me respond to your two questions, if I might, Assemblyman.

There are also a lot of similarities. There are over half of the people in Nevada who come by car. Unfortunately for them, they come from California and usually have to drive over a mountain to go home. And they still do come on day trips; bus rides are a little bit longer, car rides are a little bit longer. Some places stay open at night, and some don't. They make that decision, depending on where they are.

The point that I was trying to make in terms of our potential, is that we, also, could be a national destination. We could be an international destination.

I had the pleasure, while in Nevada, to open their promotional office in Tokyo -- just for tourism, not for economic development. They generated from 150,000 Japanese a year spending over \$300 each a day, up to half a million in a three-year period.

We could be doing things like that because the second most visited place for Japanese in the continental United States, excluding Hawaii, is New York. We just have to convince them to come down here. We don't have the marketing dollars yet to do it, but that's the kind of change I am suggesting could happen when Atlantic City is fixed up and southern New Jersey is sold as a unit, the same way that Orlando is sold, and other places are sold.

So my comparison in that regard was to say that we have tremendous potential, and a whole new client base that won't be as heavily dependent on the drive-in market.

And my comments about 24 hours, or any decisions along those lines related to the regulatory issues-- Because I really and truly believe, with all of the jurisdictions that there are, we are past the issues of morality on that particular area.

ASSEMBLYMAN MECCA: Does anybody in the public have any questions of Mr. Richer and Mr. Slusher? They both have a world of information, I'm sure, to offer us.

Mr. Wyka, you indicated that you had some questions or comments. Could you direct them to the gentlemen here, who know the industry so well?

D E N N I S M. W Y K A: (speaking from audience, off mike) Well, I did have one specific--

ASSEMBLYMAN MECCA: Do you want to come up, so I can have you on the mike?

MR. WYKA: Okay. (witness complies)

ASSEMBLYMAN MECCA: Mr. Wyka is from West Paterson. Dennis Wyka.

MR. WYKA: I had two statements that I would like to make. Then I have a question and a brief additional statement to add onto that.

The first statement I wanted to make was: In April of '88 I was elected to the West Paterson Board of Education, and in April of '90 I was reelected to that position. Shortly after your election, Assemblyman Mecca, in November '89, I started receiving communications and documentation asking for my personal input into educational bills, which I had never received from any Assemblyman or Senator, prior to your election.

Now, tonight, for the first time, we are being invited to a public hearing upon a specific Assembly bill. This is a first for myself, and I would like to commend you and the other legislators at the dias this evening for bringing government to the people in this form.

ASSEMBLYMAN MECCA: Well, thank you. Thanks.

MR. WYKA: The second comment I would like to make -- and I am in favor of this bill. I feel that the vital programs that are being funded through the present casino funding laws should be more publicized and advertised to the public.

I think public awareness is very, very essential. If you ask the average person, "Where is it going?" they have no idea where or what. I think that is something that should be addressed, regardless of the bill.

The question that I have -- and it is something that nobody has touched on this evening. I'd like to know if there is any concrete, supportive data that will show by instituting the changes that are in this legislation there will not be a rise to the local crime rate to Atlantic City? I'm not speaking about organized crime.

I also feel that with the accrued additional income through this specific legislation, a portion should be set aside for the hiring of additional police and/or fire personnel for the protection of the people of that City.

ASSEMBLYMAN MECCA: I see. Do either Mr. Slusher or Mr. Richer want to comment on that? I think you can see there is a concern. There are two things that he is pointing out here, that I think are very critical. One is that everybody wants to know, where is all this money going?

I know the Governor has indicated that he would, at some time mail everybody a list of the beneficiaries of the money. I don't know if we ever got that list, but it is available.

ASSEMBLYMAN IMPREVEDUTO: There is a brochure that comes out once a year, that shows a pie, and it shows where each of the casino dollars go, as well as Lottery dollars.

ASSEMBLYMAN MECCA: That's correct, Mr. Impreveduto. The second, the public has a real concern about the crime, or about the conditions in Atlantic City when they are asked to go down there -- when they are invited to go down there. Someone testified before, that people in North Jersey don't think too much about Atlantic City, and only go down once or twice. But I think plenty of us think about it, and many of us go there. That is very much a concern, either on the Boardwalk or on the streets maybe a block or two from the Boardwalk.

MR. SLUSHER: I don't think there is anything in this bill that could create any additional crime over what already exists in Atlantic City. That crime that is there is part of the problem when you have a city that is paved with gold. We manage to attract people from the outside, due to the number of tourists and the amount of just sheer dollars that people hear about that go through the City.

The problem of crime in Atlantic City is, obviously, a very severe problem. I don't think that's one that you could just trivialize and say there is one or two easy solutions to it. As someone who has several friends who are on the police force there, I do know that they could use some extra help, but like any other city, Atlantic City is constrained by the size of its-- They have large ratables, but they are constrained by how much they can tax.

ASSEMBLYMAN MECCA: Max, I was told that the casinos were told to police the Boardwalk, and that the Atlantic City Police Department won't take that responsibility anymore. Is that true?

MR. SLUSHER: They do police the Boardwalk right now.

ASSEMBLYMAN MECCA: Who does?

MR. SLUSHER: The Atlantic City Police Department. That's one of the few places where they have foot patrols.

ASSEMBLYMAN MECCA: Okay. Are the casinos asked, also, to provide personnel -- security personnel -- on the Boardwalk?

MR. SLUSHER: They have security personnel-- They have police officers in the casino hotels, which they pay for themselves -- off duty police officers who guard certain events and maintain order during certain events.

ASSEMBLYMAN IMPREVEDUTO: In addition to that, I think it's wise to know, and for the public to go to Atlantic City. I have been down there on a number of occasions since I have been a member of this Committee, and we have seen the back part of the casinos, the part the public never gets to see.

I need to tell you that -- and I know for a fact -- at Bally's, this bank of television cameras, that State Police are watching, that go a block in each direction-- So when you are walking away from the Bally's hotel a block west of the Boardwalk, you are being watched on television, as well as you are when you go into the elevators. There is a camera in your elevator.

When you go out on the Boardwalk, there is a camera that is following what you are doing, and there is somebody watching the screen, gentlemen and ladies. While I don't go down to Atlantic City very often, I did go down for the League of Municipalities convention. My wife did not want to stray one block from the Boardwalk at night -- and neither did I, to be honest with you -- but it is more comforting to know that somebody is watching a television camera that you are on.

ASSEMBLYMAN MECCA: Steve?

MR. RICHER: Yes, Mr. Chairman. There are some things, even in the bill, that might be of some help.

Atlantic City is looking at a new lighting ordinance, that can change the kinds of lights that are allowed. It's pretty dim, even in the Boardwalk area. In addition to being attractions for the excitement of the casino area, good lighting is safety. Having more things change in the City in terms of the corridor that Assemblyman Scerni mentioned -- the convention center and so on -- will create more activity. You might also want to remember, just in the back of your mind, that 24-hour gambling means 24-hour activity in the community; more policing, more pedestrian traffic, more lighting. If you think of it, anytime you may have been to Las Vegas, anytime during the day or night, those areas of activity are very safe, and that would happen in Atlantic City.

Right now, it is the unlit areas and the off-hours where the problems exist, not in the well lit areas where the activity is going on.

ASSEMBLYMAN MECCA: Mr. Wyka, you had another statement, I think?

MR. WYKA: If I can, in just addressing that. With 24-hour gambling we will have additional gambling machines, there will be additional income, and it's all well and good to say there will be additional lighting, additional police. But how can we be guaranteed? There is a guarantee with this that there will be increased revenue. How is there a guarantee to balance that with increased protection?

ASSEMBLYMAN IMPREVEDUTO: Protection to who?

MR. WYKA: To the public, so that they don't have to be in just a one block radius along the Boardwalk.

There will be additional revenue. It shows that the percentages on gambling does increase revenue. How can we be guaranteed there will be increased protection to go with the increased revenue?

ASSEMBLYMAN MECCA: Steve, did you want to address that?

MR. RICHER: This is more of a political answer, but I am very much involved in everything that is going on in the community, and one of the things that we are doing better and better is race relations in Atlantic City, and getting everybody on the same sheet of music to sing the same song. Whether it's the local residents -- many of whom are minority citizens -- or the businesspeople, we all want the same thing: safe streets, clean streets, good schools, and we're working together to see that that happens.

It's a universal priority in Atlantic City to have safety. And do you know what? If we provide it for the visitors, we are also providing it for ourselves. So, there is no debate, and people are putting that kind of priority on having police protection throughout the whole town, because when we treat you well, we are also protecting ourselves.

That goes for everything else that we do in Atlantic City and the area.

MR. WYKA: Has your crime rate increased or decreased over the last few years?

MR. RICHER: I don't have the statistics at my fingertips, but I can tell you there are more foot patrol people, and less people behind desks now than at any time, probably, in the last five years, and that's a big help.

MR. WYKA: Well, my question was: Is crime increasing or decreasing? I know there may be more foot patrol people and less desk people.

MR. RICHER: I can't give you that by category.

MR. WYKA: Okay, but you see where I am shooting?

ASSEMBLYMAN IMPREVEDUTO: You might want to also ask, is crime increasing in Bergen County, or Passaic County, or in your city or my city? And the answer probably is, "Yes."

MR. RICHER: But that's a function more of the recession than anything else. You'll find as times get hard, people become more desperate.

ASSEMBLYMAN MECCA: Mr. Wyka, your question is really a comment, too.

MR. WYKA: Right.

ASSEMBLYMAN MECCA: I think it is well taken. I think that what Mr. Slusher and Mr. Richer have pointed out is that the health of the casinos is in many ways based on the health of Atlantic City. This bill alone is not designed to rescue an industry. It is designed to help it. As Mr. Scerni pointed out before, too, we need the convention center to draw the thousands of nongaming individuals who come primarily to do business, and then will participate in the games.

MR. WYKA: I'm definitely in favor. I think it's an excellent bill.

ASSEMBLYMAN MECCA: The airport will facilitate the kinds of conventions that San Francisco has, or that they have in Houston or in Chicago. It's a whole process.

Also he points out in his report -- and I think it's very important that we note that -- this is a 13-year experiment in a way. We all try to compare ourselves to Las Vegas, that has been there for decades and decades, and had an opportunity to grow out of a desert, where there were no problems before, except maybe not enough water. Here we are dealing with urban renewal. We are dealing with a recessionary area. We are dealing with a lot of decay that was there before.

What's rising from the ashes there is something that is quite marvelous in that although it seems to have problems from time to time, it is quite a successful venture. What we are trying to do through this bill is to continue that success and expand it.

So, your comments are very well taken and I think that they point out what the public is really concerned about; that is, that when you go down there you can enjoy it freely. You don't have to be worried about it.

MR. WYKA: As a family.

ASSEMBLYMAN MECCA: As a family. Even as a family.

MR. WYKA: Thank you very much.

ASSEMBLYMAN MECCA: Gentlemen, maybe if you could stay, because you have added to that conversation. I would like to ask Mr.--

Yes, I'm sorry.

MR. SLUSHER: Could I just make a comment, very quickly?

ASSEMBLYMAN MECCA: Sure you can.

MR. SLUSHER: Something that I would like to elaborate on: Your question was, back a little earlier, do I think, would this bill, would it impact-- Would it be on the cost side or on the revenue side? I said the cost side. I meant that because I do believe that the most significant impact will be the costs that are born by the casinos, just because they

are highly inefficient economic units at this point even assuming that no extra demand is created, that there are significant savings that can be found by just reducing the costs of the internal operations.

I mean, I realize there are two parts to this bill, and I didn't want to--

ASSEMBLYMAN MECCA: No. I thought your answer was sufficient, but thank you for elaborating on it.

Jack Williams, the President of the Casino and Gaming Employees of New Jersey organization, which goes by the name of CAGE, is here with us tonight. We would like him to-- Can you make a few comments?

J A C K W I L L I A M S: Yes. (speaking from audience, off mike)

ASSEMBLYMAN MECCA: Would you like to come up, please?

I would like to point out to those people who are still in the audience that all the testimony is recorded and put into transcript form which becomes part of the official record. Any documents that are given to us also become part of the record. They are open to the public. The public has access to that record.

All that goes into allowing the decision to be made by this august body and by the General Assembly, altogether, in deciding whether this bill is something that is good for the people of this State.

Thanks for coming, Mr. Williams.

MR. WILLIAMS: Mr. Chairman, my name is Jack Williams. I'm a dealer in Atlantic City. I've been there 10 years, and I don't own a camel. Also, about six years ago, I started an association called--

ASSEMBLYMAN MECCA: Can you hear okay?

UNIDENTIFIED MEMBER OF AUDIENCE: No. I can't hear him.

ASSEMBLYMAN MECCA: Pull a couple of mikes over by you. Do you want to start again?

MR. WILLIAMS: Yes, sir. Mr. Chairman and members of the Independent Authorities Committee: My name is Jack Williams. I am a dealer of casino games in Atlantic City. I have been there 10 years, and I don't own a camel.

I started a small organization about six years ago of dedicated employees. What we are, is, we're nonunion, nonprofit. It's for casino employees' rights.

Our objectives are strictly to help affect casino legislation in the revision of casino control laws that we feel are unjust, excessive, or in any way affect the welfare of the casino employee. This is what we have been doing for the last few years. We haven't got too far.

I would like to say, first of all, I am thankful to see something come out of the Assembly and the Senate where they are starting to recognize the casino industry. In past years, in past administrations, I think we were a cancer. Nobody wanted to touch it, no matter what we did.

I'm pretty much in favor of most of this bill. I talked to other employees in other casinos. It doesn't cover enough, as far we're concerned; definitely not. There are three bills that are definitely missing, that should be there, that should be of benefit to employees. That's your Assembly Bill No. 751. That's the right for the casino employees to have the right to gamble; that is, to participate in casino games.

I think our organization, myself, will debate that with anyone you want. There is no reason why we shouldn't be able to, today. Maybe 10 years ago, when it first started, you had a little bit of a question about it, but not today. But I'm not here to talk about casino employees gambling.

The second one that I think is very important that should be on there is Assembly Bill No. 752. This Assembly

Bill No. 752 is the one that demands the Casino Control Commission and the Division on Gaming to make a full and detailed report on their income and assets at the end of each year.

ASSEMBLYMAN MECCA: Do you know that's on the agenda tomorrow?

MR. WILLIAMS: Is it on tomorrow? I've been trying to get information on it.

ASSEMBLYMAN MECCA: Yeah, I believe it is.

MR. WILLIAMS: This bill, as you know, has passed the Assembly and Senate, five years ago, unanimously--

ASSEMBLYMAN MECCA: It's back again.

MR. WILLIAMS: --and it was vetoed. The most important part about that is, for the casinos' employees, one of your main sources of revenue is the income you're gaining from the casino industry on investigations. Those investigations, we're paying for, and we're being raped by the Division on Gaming with excessive fees: \$2000, \$3000, no explanation. This is why we started this; for this, and this is why--

If you say it is on the agenda, I would like to see it go through. It should have been, really, in with this batch, because this is something that will benefit the employees we're on the hardships with.

ASSEMBLYMAN MECCA: It's on the board list, tomorrow.

MR. WILLIAMS: That's good. I'll be making some phone calls. Fine, I'll get off of that one.

The third one that I have a prime interest in, is the 22 hours that you have for gaming. I wish somebody from the Assembly, or Senator Codey, or anybody in the Senate would call any of the casinos. Call the scheduling office -- day, swing shift -- see what they think about it. They are going to tell you it is completely asinine. It's ridiculous. It is not helping the casino employees at all.

I take affront with what you are saying. I think one of the legislators of the bill said that a gambler needs a break, to stop from gambling. With this bill, you're not giving him a break.

Right now, the present thing you have right now, we say, leave what you have or give us 24. Because if you put this in with 22 hours, you're going to have somebody gamble until 8:00 in the morning, and maybe have to close from 8:00 to 10:00. At 8:00 they are going to go up and get breakfast, have a cup of coffee, walk on the Boardwalk for 10 minutes, and go right back to the tables at 10:00. Right now, they got four hours to wait, they are in their car and headed back to New York, Pennsylvania, North Jersey. They're not going to hang around four or six hours during the week to start gaming again. They'll come back another night.

But this -- with the 22 -- it's great for the casinos themselves. Sure, they'll take it. They'll take anything you give right now, because it does help, and they want 24. It benefits them, but it benefits us -- the employees -- also. I don't think we've been taken into consideration on this.

ASSEMBLYMAN IMPREVEDUTO: Are you saying the 24 benefits you, the employees?

MR. WILLIAMS: Absolutely. Eighty percent of the casino employees reside outside of Atlantic City. We have a half hour to one hour ride to work. Right now our shifts are now staggered: 7:00, 8:00, 9:00, 10:00 starts. With this: 11:00, 12:00; an hour drive. I mean, your day is ruined. There is no consistency.

Twenty-four hour gaming. Three eight-hour shifts. It's so simple. I mean, it's so easy. You've got three eight-hour shifts. Traffic congestion--

As you talked about before, we are going to have to compete.

ASSEMBLYMAN MECCA: Can I just stop you there?

MR. WILLIAMS: Sure.

ASSEMBLYMAN MECCA: Will the 22-hour shifts still require that kind of alternating shifts?

MR. WILLIAMS: Sure. You're going to be staggered all throughout.

ASSEMBLYMAN MECCA: Okay, staggered.

MR. WILLIAMS: And I've talked to several scheduling offices, and said, "Suppose somebody from the Assembly or Senate called you--" As long as management don't tell them to shut up, they'll give you their honest opinion of it, because they go crazy trying to get this thing on.

Management understands. Sure, they want the 22. It's the first step to 24, so they'll take what they can get. And you can't blame them. They're in business. They'll take a little bit now, and next week they'll be pumping away to get the 24. But for--

ASSEMBLYMAN MECCA: If the casinos are allowed to put in under this statute, or this bill, for certain days they can ask for the 24 hours, and they pass--

MR. WILLIAMS: Certainly, understandable.

ASSEMBLYMAN MECCA: How many days do you estimate that they will opt to go for 24-hour gambling?

MR. WILLIAMS: In seven days a week, they will probably go four or five, because you also have in there any special event that will bring anything to Atlantic City: "Well, let's have a fight Monday night. It should draw something in. Let's have a show Tuesday night, that will bring something in."

And the other two nights, "Well, wait a minute. We don't need you this week." Because what we are going through with this recession now-- I've been down there 10 years. "We don't need you," four hours in and you're out. You're not even getting 40 hours in.

So, it is a hodgepodge. It is a hodgepodge.

ASSEMBLYMAN MECCA: So you're saying five out of seven, meaning maybe about 300 out of 365 days, you think the casinos would opt for 24 hours?

MR. WILLIAMS: Sure. If they wanted to do it, they could do it. Even with a very small staff, they could keep it open.

These gentlemen were absolutely right. If you start bringing people in from overseas and other states, it's going to be like that. You're going to have people who are not on bus trips. You've got to understand that these people who you say are visiting Atlantic City-- We've got 3 million visitors. Maybe a million-and-a-half are on buses. They come down seven days a week. So it's not new people.

I see the same people in front of my games for the past 10 years. And each day, they keep (indiscernible) a new visitor every day. Hey, it's easy to multiply. Let's face it. You may only have half of that.

ASSEMBLYMAN IMPREVEDUTO: Jack, if we can--

MR. WILLIAMS: Yes.

ASSEMBLYMAN IMPREVEDUTO: Mr. Chairman, if I may, through you: Let's go back to a year-and-a-half ago, when Trump is opening.

MR. WILLIAMS: Right.

ASSEMBLYMAN MECCA: The Taj?

ASSEMBLYMAN IMPREVEDUTO: The Taj.

ASSEMBLYMAN MECCA: That's 10 months ago.

ASSEMBLYMAN IMPREVEDUTO: Ten months? That's all it was?

ASSEMBLYMAN MECCA: April 6th, I think it was.

ASSEMBLYMAN IMPREVEDUTO: Well, they were having a difficult time getting employees, because there weren't enough. In fact, most of the hotels were complaining that, "Trump was raiding us. He's taking our employees. We've got jobs, but we don't have people to put in them."

MR. WILLIAMS: I can give you a layman's theory, what we talked about.

ASSEMBLYMAN IMPREVEDUTO: I can remember reading in a newspaper they were going out to West Virginia and Pennsylvania, and Indiana--

ASSEMBLYMAN MECCA: Ireland.

ASSEMBLYMAN IMPREVEDUTO: Ireland, yeah.

MR. WILLIAMS: They got the Irish people.

ASSEMBLYMAN IMPREVEDUTO: To bring kids over, to teach them -- not just kids; men and women -- to teach them how to become croupiers and dealers and slot attendants and waitresses and waiters. What's happened to the industry right now as far as employees go?

MR. WILLIAMS: As far as employees, what we look at-- Well, you're stepping out of line. We have our own thoughts, because we talk about this quite a bit.

When Trump opened up, he had such a humongous casino what he did was he drained from the other casinos, what traffic we did have coming in you could see it -- which makes everybody's revenues drop down.

If you check his own revenues, you'll find that when he first opened, he broke even for the summer months, just held his own. But his other two places -- the Plaza and the Castle -- they lost 35%, so in essence he hurt himself, also.

ASSEMBLYMAN IMPREVEDUTO: So, basically what you are saying is, with the same group of people -- or with the same number of people coming down to Atlantic City, spread out among a larger number of casinos, therefore lowering the take in each of the casinos?

MR. WILLIAMS: Absolutely. Now, I think marketing has a lot to do with Atlantic City casinos, too. Because I work at the old Golden Nugget, which is now Bally's Grand.

Now the Nugget was the third smallest casino down there. We did the highest revenue, the biggest drop, the biggest-- Fantastic place-- We had the joint jumping.

ASSEMBLYMAN IMPREVEDUTO: I think the question is, though, have we saturated the--

MR. WILLIAMS: Have we saturated the market?

ASSEMBLYMAN IMPREVEDUTO: No. Have we saturated the market of the people coming-- I mean, we've got, probably I guess, a six-hour day trip, and after that--

ASSEMBLYMAN MECCA: Let Mr. Richer address some of the things.

MR. RICHER: Two things. Number one, on the employee issue: Part of the problem about raiding has to do with the fact that you can't get enough people credentialed--

ASSEMBLYMAN IMPREVEDUTO: That's the point.

MR. RICHER: --so you have to take somebody else's, because they have existing credentials. You can't start people from scratch. So, that's one of the regulatory issues.

In terms of the market issue: I mean, we've been doing marketing where we buy customers, literally, by the bus load, because we're basically not selling the value of Atlantic City. We're selling it as, "You can't afford not to come."

You know, we haven't done the incentive market. We haven't done the convention market. We haven't done the international market. We haven't done the tour operator market. We haven't done the travel agent market.

We're just basically existing on drive-in business, wholesale; as many people as we can get, put them on a bus. I mean, you can ride, tonight, from the Port Authority in New York to Atlantic City and get cash at the end of the ride, no matter who you are, because that's how bad the marketing is.

That's what I tried to describe in my statement earlier: If we got our act together and sold the value of Atlantic City and the surrounding area as an integrated destination package, and start bringing in much higher value customers, this is going to succeed like you can't imagine. But we've never done that.

ASSEMBLYMAN MECCA: When you say "they" and "we" and "that"; whose job is it to market it better? Whose job is it to get the people from Tokyo, and--

MR. RICHER: We have a bureau in Atlantic City that has never been well funded. I mentioned that we have a \$250,000 advertising budget, and I don't want to raise a whole batch of issues now of how you fund a marketing effort. However, in Las Vegas, they get in one organization, the room tax revenue: They build the hall. They operate the hall. They market the place. And they have a budget that has a \$24 million advertising budget. They have offices to sell Las Vegas in Tokyo, Seoul, Taipei, Frankfurt, Washington, and Chicago.

That's how they get all of those people there. They are out there hustling. You've seen ads in "Sports Illustrated," in "People," and probably on the Super Bowl, that say, "Las Vegas, the American Way to Play."

ASSEMBLYMAN MECCA: They advertise on the billboards in Atlantic City.

MR. RICHER: You bet they do. And they create an idea that this is a fun place to be. I can tell you that they are selling--

If you closed your eyes and I told you of two places, one in the middle of a desert that's not near anything, and another one that is on a beautiful beach on the east coast, in the megalopolis that millions of people can get to in two hours, compared to another one that nobody can get to unless they drive six hours, you tell me which one you think would be busiest?

That's good marketing, and terrible marketing. And if we address the marketing -- and I might add parenthetically that until very recently, New Jersey in its own advertising, never showed that there was a casino in Atlantic City, only a

Boardwalk and an ocean. You know, if I did that in Nevada, I would have been fired the first week for not mentioning there were casinos in that state.

ASSEMBLYMAN IMPREVEDUTO: I think there is a little difference in the morals -- not bad or good, but the way we perceive something as opposed to the way they perceive something; not saying that we perceive it better or they perceive it better. They may have the better idea.

I think we are all tied up in this thing, and I think Assemblyman Hardwick kind of hit on it before, which I disagree with him with. Once you come to the Northeast, you are going to be confronted with Mafia. They are going to take over casinos, and they are going to take over gambling. I think that is one of the things that we in New Jersey have been afraid of, have been going behind the doors and saying, "It's really not here, and our casinos are good."

We need to go out and say, "Hey, our casinos are clean. They are good. Come and enjoy the play."

You're right. We're not doing it.

MR. RICHER: I think everybody is maybe reliving the days, going back in Las Vegas when Bugsy Seigel started gaming.

ASSEMBLYMAN IMPREVEDUTO: Oh, it's good to hear a non-Italian name.

MR. RICHER: That's a nice Jewish boy. Anyway, that's when private, individually held companies owned the casinos. You are talking about publicly traded companies on the New York Stock Exchange.

ASSEMBLYMAN IMPREVEDUTO: The point I tried to make before.

MR. RICHER: That's a whole different thing. I mean, you can't even find those kinds of situations if you wanted to in Nevada because it's publicly traded companies. The number of small places held by individuals is virtually nonexistent. It's a whole different time.

ASSEMBLYMAN IMPREVEDUTO: I think we are ashamed of our gambling here in New Jersey, to be honest with you.

MR. RICHER: Well, I don't think we should be.

ASSEMBLYMAN IMPREVEDUTO: You're right.

MR. RICHER: It's a legitimate industry, and every other state-- I mean, in countries--

I went to Australia recently to a conference. They built a big casino in Adelaide. They've got somebody from Atlantic City operating it there. They built it with public money over railroad yards that were more decrepit than what's in Atlantic City, and they did the whole thing in two years.

ASSEMBLYMAN MECCA: You should point out, too, that they used the New Jersey Casino Control Commission as consultants on their two big gambling projects, one in the Queensland area, on the Gold Coast, and the other in Adelaide. They looked to New Jersey as the model of integrity and morality, and doing it correctly.

However, I think Mr. Impreveduto is right in saying that we have been a little ashamed to come out -- a little bashful about coming out and saying this is what can fuel the South Jersey economy.

Mr. Victor Rabbat had a statement from an engineering firm in East Orange. I would like to call him up.

Again, I don't want to ask you to leave. I ask you to just allow him to join you, so you can comment on his statement.

MR. WILLIAMS: I'd like to make one comment on this marketing, if you don't mind?

ASSEMBLYMAN MECCA: Sure.

Come on up, Mr. Rabbat.

Sure, Mr. Williams.

MR. WILLIAMS: We're talking about two different types of marketing, I'm sure. This gentleman here is marketing the City and its attributes and what have you. I'm talking about

the internal marketing of the casino, itself; the people in the casino -- each casino, per se -- that work in the marketing department.

First, realize where we are located? We are at the hub of the highest population of the United States. If you really want to take a look, take a look down at Caesars. They are still doing good, depending on the economy, or what have you. They are getting good people in, the high action play, good crowds. Harrah's is doing very well. They are also doing very good.

So, it's going to depend on the marketing, too. If you get someone-- "Oh, my God. Things are slow. We're not going to-- We're going to cut down this. We're going to cut down that." Right now you have a lot of patronage jobs being put out of the casinos, just like you have in politics. "Things get tight, we don't need you anymore," and you see a lot of middle management being let go.

They are trying to cut expenses down. They are cutting the smaller people out. They are getting all part-time dealers and so forth. But, there is a market there.

You've got people who could fill Atlantic City without the income coming in, with the proper marketing.

ASSEMBLYMAN MECCA: Okay.

Stephen, would you be able to stay for his statement, and then we'll let you go home?

MR. RICHER: I'd be glad to, at your request.

ASSEMBLYMAN MECCA: Okay. Thanks. Will you give him a mike, please?

MR. SLUSHER: Steve Richer is my ride, so--

ASSEMBLYMAN MECCA: I think we have about seven minutes left, and we all go home.

MR. RICHER: We're a joint package tonight.

ASSEMBLYMAN IMPREVEDUTO: Well, Joe told us that our passport runs out at 10:30 to come into Totowa, so--

ASSEMBLYMAN MECCA: That's right. We only allow certain types.

V I C T O R K. R A B B A T: Thank you, Mr. Chairman, and members of the Committee.

Mr. Chairman, with your permission I would like to read into the record some of the comments from Louis C. Ripa, a professional engineer from the consulting firm of Blauvelt Consultants, with executive offices at 115 Evergreen Place, in East Orange, New Jersey. These consulting engineers also have offices in Virginia, Connecticut, New York, and Pennsylvania.

ASSEMBLYMAN MECCA: Okay.

MR. RABBAT: And after I read this--

ASSEMBLYMAN MECCA: Go ahead.

MR. RABBAT: --if I am able, I will respond to any questions.

"Recently the Port Authority of New York and New Jersey announced an on-airport monorail loop line, to connect the Newark International Airport's three main terminals and its two remote ground level parking lots. This two-mile on-airport line will cost the Port Authority of New York and New Jersey approximately \$380 million, and is expected to be completed by 1994."

ASSEMBLYMAN MECCA: Mr. Rabbat?

MR. RABBAT: Yes?

ASSEMBLYMAN MECCA: Can I take a look at this statement? Do you have it, or do I have it?

MR. RABBAT: Yes. I have it. Do you need a copy? I have an extra.

ASSEMBLYMAN MECCA: Let me just take a look, okay?

MR. RABBAT: Sure. (complies) I actually have two.

ASSEMBLYMAN MECCA: Okay, thank you.

MR. RABBAT: Again, Mr. Chairman, this is a different comment by Mr. Ripa, a different date.

"A speaker at a recent gathering of the Greater Atlantic City Hotel/Motel Association, at Bally's Grand Hotel Casino, questioned the need for expansion of the Atlantic City International Airport, and doubted that any improvements would turn the airport into a tourist magnet.

"An aviation executive from the Port Authority of New York and New Jersey stated that current facilities were adequate for years ahead. As a transportation planner involved in highway, rail, and airport projects, I am shocked at their lack of vision and foresight, and I am appalled at the attitude of our public officials and the casino industry toward enticing tourism to Atlantic City.

"One only has to look at Las Vegas, with its abundance of hotel rooms, its airports, and other amenities and the proposed Mag Lev -- magnetic levitation -- high-speed rail connection between Las Vegas and Los Angeles, to understand why tourism has grown in Nevada and failed to materialize in Atlantic City.

"To an outsider, it appears as though the industry is bent on destroying itself. Instead of attracting tourists from other states, the industry continues to barely survive on daily visitors from New York; Richmond, Virginia; Washington, D.C.; and Philadelphia, using casino buses and private automobiles as their method of transportation.

"When AIA Airlines was flying into Atlantic City International Airport, the industry was attracting tourists who would be planning a stay of several days in the City. This was stopped completely, and yet we know that air travel can bring a whole new perspective to Atlantic City with Atlanta, Houston, Pittsburgh, Detroit, Chicago, St. Louis, Portland, Miami, and Boston becoming distant points on the spokes of the wheel with Atlantic City as the hub.

"A commuter system between Philadelphia and Atlantic City does little to entice the Philadelphia area casino goers

to use the rail line. We need high-speed Mag Lev trains directly connecting Philadelphia and New York with Atlantic City.

"Mag Lev trains are high speed. They reduce pollution, reduce energy requirements, and provide clean, quiet, energy efficient, and environmentally sound transportation. The Mag Lev system can utilize the existing highway, expressway, and railroad rights-of-way.

"If Florida can consider a 13.5-mile Mag Lev line between Orlando Airport and various tourist spots, certainly Atlantic City can do the same between the airport and the City, to shuttle tourists.

"It goes without saying that in addition to a proper terminal and parking facility at the airport, and high-speed rail links, the City must improve its image. Roadways should be improved along with improved signalization.

"The City must clean up its act. The industry and the City officials must have an overall plan, and all improvements must be dovetailed together. Since the casino's initial development, there has been no progress in expanding the tourist industry. Everyone concerned must now realize that the time for reports and studies has long passed, and that maintaining the status quo will only put us further behind.

"In 1928, Supreme Court Justice Benjamin Cardozo recognized early air transportation's vital role in the economy of the nation when he wrote, 'The city that is without foresight to build the ports for the new traffic, may soon be left behind in the race for competition.'

"Chalcedon was called the City of the Blind because its founders rejected that nobler site of Byzantium lying at their feet. The need for vision of the future in the government of cities has not lessened with the years. The dweller within the gates, even more than the stranger from afar, will pay the price of blindness."

ASSEMBLYMAN MECCA: Thank you.

MR. RABBAT: Thank you, Mr. Chairman. I would invite comments from my associates here to my right, if they choose. If I am able to answer any questions, I will be more than happy.

ASSEMBLYMAN MECCA: What do you think about Mag Lev for A.C.?

MR. RICHER: Maybe down the road, literally. I think we've got to get the product, and the marketing of what we have now. I think you hit it correctly, Assemblyman, when you said that we haven't been proud of what we have.

Let me tell you one very quick anecdote: We have coming, in 1993, the National Tour Association. It's an organization of 500 tour operators. They move people, not on line run buses, like we have to Atlantic City now, but the kind of trips around the West, and around Europe, and so on. You go for seven days and you stop in different places.

We were successful at getting that a few years ago. However, a year-and-a-half ago, they were reconsidering coming to Atlantic City because the members of the Board of Directors -- who had not been there -- felt, and I quote, "That it was a disreputable place run by even more disreputable people."

They sent their highest ranking officer, a fellow named Jim Host, who also runs all the broadcasts for all the NCAA tournaments, to come out and evaluate Atlantic City. When he got finished talking to the people licensed by the State -- different senior executives -- inspecting the hotels, and seeing what we have, his response was, "Not only will we not cancel the meeting, but I'm going back to make the report to the Board that these are people with whom I would personally choose to associate," -- and this is a guy who does things for the NCAA -- and, "The caliber of the hotels of Atlantic City will provide the single most consistent, excellent accommodations that our convention has ever enjoyed."

That's a national tour association that picked us as the finest hotels to go, in anyplace in North America; that's their opinion of Atlantic City. That ought to be our opinion of Atlantic City, and we've got to start acting that way. That will turn around the problems that we are experiencing on the bottom line, on the Pharmaceutical Assistance Fund, on the revenues, on the jobs, and the whole South Jersey economy, as well as supporting the air service that we want to get into that airport, John Jacoby's comments notwithstanding.

ASSEMBLYMAN MECCA: Thank you for your comments.

MR. SLUSHER: He does have a valid point though, about the development of all the different infrastructure, concurrently, instead of just piecemeal. The City, the airport, and the convention center; I don't believe any one of them could stand by themselves.

The City itself needs to be attractive and not repulsive to the people who come to visit that City, especially viewing that the largest market that they are going to be drawing from is the baby boomers, who are now becoming families, having children. That, combined with a convention center, so we can start attracting the largest 50% of the conventions that are held in the United States, combined with an airport that can bring people in from international locales, done together, would probably provide the long-term impetus that we need to keep the market growing, probably well into the year 2000.

I don't think one by itself would provide the type of development that's required in this case.

ASSEMBLYMAN MECCA: Thank you, Max. And thank you all for coming here tonight. I would like to thank our Chairman, Jim Zangari, who is away right now but asked us to hold the hearing tonight. Thanks to the Mayor, and Councilman Vickerilla, for hosting us tonight, and allowing us to use the

facilities here. I don't remember when there was a Committee hearing last, but it was the first place I asked for to be a hearing, and I got a very warm reception. I thank you for having us.

Gentlemen, thank you. Come back for our next hearings, okay?

(HEARING CONCLUDED)

APPENDIX

TESTIMONY BEFORE
THE ASSEMBLY INDEPENDENT AUTHORITIES COMMITTEE
ON A-4481
FEBRUARY 20, 1991

Good Evening. It's a pleasure to be here tonight before your committee to discuss the casino industry and this critical piece of casino legislation. For those of you who do not know me, my name is William C. Murtha. I am Vice President and General Counsel for the Casino Association of New Jersey, a trade organization which consists of ten of the twelve Atlantic City casino-hotels. I have worked as a lawyer exclusively in the casino industry since I moved to Atlantic City in 1986. I have attached to my formal testimony two statistical documents which outline the economic impact the casino industry has had since 1978 on the entire state of New Jersey. The first document, entitled New Jersey Casino Industry Economic Impact Data December 1990, is produced by my office and updated on a quarterly basis. It contains yearly and aggregate information dating back to 1978 on every aspect of the casino industry, including gross-revenue data, employment statistics, capital investment, and taxes paid by the casino industry.

The second document is a recent report produced by the Atlantic County Division of Economic Development, which assesses the casino industry's impact upon Atlantic County and the entire South Jersey region over the course of the last thirteen years. I hope that you will have an

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opportunity to review this information. I will attempt to highlight for you tonight what I believe to be the most critical statistics as I attempt to draw for you the picture of where the casino industry has been, where it is currently, and where it may be headed in the future.

It's fitting that the first hearing on this casino reform legislation takes place in Passaic County. It indicates to me that this committee understands and recognizes that the casino industry is not only something that is of concern to the South Jersey economy, but is something that has an impact on the entire state of New Jersey. I grew up not too far north of here in Oakland, Bergen County. During those years, Atlantic City for me was a place which my grandparents visited for a week-long summer vacation once a year, and which I visited once or twice. I suspect that the picture of Atlantic City hasn't changed greatly for most North Jersey residents. Everyone knows there are casinos in Atlantic City; several times a year one might think of visiting those casinos; and once or twice a year, one might actually get in the car or on a bus to visit Atlantic City. Beyond that, for most residents in the northern part of the state, Atlantic City really isn't something they think about.

This committee, I am sure, has a deeper understanding of how critically important the casino industry is to the entire state of New Jersey. Two funds in particular are based upon and are entirely replenished by the taxes casinos

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pay on their gross casino revenues. The Casino Revenue Fund, which is created by an 8% tax on those gross revenues, pays for critical state-senior-citizen programs such as pharmaceutical assistance to the aged and lifeline utility programs. This fund benefits every senior citizen in the state and is expended for the most part by the northern New Jersey counties which have most of the state's senior citizens. As indicated in the Governor's recent budget documents, this fund is in serious jeopardy, primarily because of increased expenses in the programs sponsored by it, and flat revenue projections. If we do not do something to either decrease those expenses or increase the revenues, the fund may very well be depleted within the next two years.

The second fund sponsored by casino reinvestment dollars is managed by the Casino Reinvestment Development Authority. In the early years, this money under current law was invested primarily in Atlantic City. Presently and increasingly in the future, however, these funds are scheduled to be invested in other parts of the state, including North Jersey--so that the northern part of the state will see tangible evidence of the economic impact of the casino industry through the construction of commercial and residential development utilizing casino funds.

I am here tonight to tell you that the casino industry is in very serious trouble. We are not just in short-term trouble because of the war or the recession. I am talking

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about long-term trouble which began long before the war and the recession, and has resulted from factors which have nothing to do with the war and recession, and will continue to exist after the war is over and the economy begins an upswing. Those factors are as follows:

1. During 1990, our market growth was relatively flat, in the area of 5%. At the same time, the Taj Mahal Casino Hotel, which is really the equivalent of two casinos, came on line and took a huge slice out of the existing revenue pie with devastating bottom-line impacts for the rest of the casino industry.
2. The casino industry is by and large struggling under massive debt as a result of the financing to construct the \$5 billion in capital improvements invested in Atlantic City by the casino industry during the 1980s, and corporate takeovers which impacted on the casino industry like they did most other industries in the United States during the 1980s.
3. Our survival as an industry here in New Jersey is threatened by a radical proliferation of gaming throughout the United States. We are no longer in a situation where America can choose one of two places to gamble, either Atlantic City or Las Vegas. Most states now have state lotteries. Casino gambling is now

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spreading up and down the Mississippi River in states such as Iowa, Illinois, Louisiana, and will probably go up the Ohio River in the not too distant future. Gary, Indiana, just south of Chicago, will probably approve casino-gaming this year. Gambling exists on over 100 Indian reservations; and under recent federal law establishing an Indian Gaming Commission, Indian gaming both on and off Indian reservations will be the major story of the 1990s. Just last year, Indians in Connecticut won a federal-court lawsuit enabling them to open casinos near Mystic Seaport. This has prompted the Connecticut State Legislature to consider gambling on a state-wide basis. There are several bills pending currently in the Connecticut legislature. This is a major direct threat to Atlantic City.

In the short term these factors have led to a complete halt of construction in Atlantic City, bringing about massive unemployment in the construction workforce in the South Jersey region, a reduction in employment in the casino industry alone of over 5000 people in the last ten months and the total number of people employed by the industry down to under 43,000, a reduction in the amount of goods and services purchased by casinos from supporting service industries throughout the state, adversely impacting on those businesses and creating additional layoffs, a leveling-off of taxes paid into the funds I just spoke

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about, as well as sales and luxury taxes and corporate income taxes, and a plunge in the value of casino stock across the board. Several properties have been forced into bankruptcy, one has closed, and several others are attempting to restructure their debts outside of bankruptcy court. Every property in Atlantic City is severely impacted by one or more of each of these factors and is currently struggling.

In the long term, each of these companies, most of which are public corporations, if they survive, will be making critical decisions whether to invest and reinvest money in Atlantic City or some other jurisdiction which may offer a better rate of return. We live under the myth that these casino-hotels are here to stay and that others will come in the future. That is not necessarily true. If other jurisdictions such as Gary, Indiana offer more profitable ventures, future investments will be made in those jurisdictions, and some of these companies may leave Atlantic City. Other gaming and hotel companies which could be interested in Atlantic City will be making similar decisions whether to invest here or elsewhere. In order to attract those investments here, we must put into place now the building blocks which will insure Atlantic City's future growth.

The first step in that process is to create a regulatory process which permits flexibility, operating efficiency, and business initiative. This bill is a good

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first-step in that process. It provides a number of technical changes which will enable the industry to implement business decisions in a more timely fashion. I have provided to the committee a list of comments and language changes we would seek to incorporate into the legislation. In the revenue-generating areas, however, the legislation does not go far enough. I have attached to this testimony, a financial summary which highlights revenues that we could produce, and corresponding casino-revenue-fund tax and CRDA reinvestment funds with respect to three of the revenue-generating issues contained in the legislation. I would like to concentrate tonight on two areas in particular. The first concerns the number of authorized games. Under the current statute, the legislature has specified the exact games which can be offered at all Atlantic City casinos. The proposed legislation would add two additional games to that mix, Pai Gow and Red Dog. We strongly believe and have recommended to the bill's sponsors that additional games be included such as Keno, Poker, Pai Gow Poker, and Sic Bo. More importantly, the legislature should delegate to the Casino Control Commission authority to allow additional games based upon suitable regulations and appropriate test periods. Right now in Atlantic City, all casinos offer the same games. There is no diversity as to what games are offered or how they are played. As a result, after thirteen years of the same games played the same way, there is a certain sense of stagnation. The

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casinos need new games to create diversity and new excitement which, in the long run, will hopefully expand our market. The figures on this financial summary are the figures which were produced state-wide in Nevada for these games in 1990. We believe that we could produce similar numbers here in New Jersey given the opportunity to offer these games. We would hope that the offering of new games expands the market rather than takes away from the gross revenues produced on existing games. It's a question of economics for the casinos and the Casino Revenue Fund. Given only two new games, we will produce significantly less revenue and tax dollars; given the opportunity to offer many new games, we believe we can produce significantly more revenues and tax dollars.

The same thing holds true for 24-hour gaming. We have conservatively estimated that we can produce as an industry \$132 million in additional gross revenue, with a corresponding \$10.5 million in gross-revenue tax and \$1.6 million in CRDA reinvestment obligations. Currently, casinos are open approximately 6,800 hours during the year. Twenty-four gaming would increase the number of hours each casino is open by 1,960 hours. Under the current proposed formula in this bill, the number of hours of operation over the present number would be in the area of only 250 hours. That is only 12.7% of the 1,960 hours, and would produce only \$16,764,000 in gross revenue and \$1.6 million in tax to the Casino Revenue Fund, as opposed to \$132 million total or

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\$10.5 million to the Casino Revenue Fund. Again, it's really a question of economics. Given the opportunity to do so, we can produce money to help stabilize our industry, create more investment dollars for Atlantic City in the future, and at the same time contribute significant amounts of tax dollars to these two funds. Twenty-four hour gaming would also of course achieve the important public policies of creating employment, not only directly in our industry, but also in service industries which would provide us with goods and services for those additional hours of operation.

Both of these issues, new games and 24-hours are really business decisions. We feel very strongly that these types of business decisions should be made by the casino management teams who operate these casinos rather than by the state legislature.

In summary, this legislation is important to the casino industry in terms of what it contains as well as what it does not contain. We urge the committee to adopt the amendments which I have discussed here tonight and which we have previously submitted to the committee, and to move this legislation quickly as it will be in its amended form a very critical piece of legislation which will begin to move the industry and Atlantic City forward in the right direction. Thank you for your time; I will be happy to answer any questions you may have.

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Statement of Stephen B. Richer, President
Greater Atlantic City Convention & Visitors Bureau
Assembly Bill A-4481

Good evening, Mr. Chairman, and members of the Assembly Independent Agencies Committee.

My name is Stephen Richer and I am the President of the Greater Atlantic City Convention and Visitors Bureau, the non-profit association charged with marketing the Atlantic City area to conventions, trade shows, and the general public.

By way of additional background, I served as the first Director of New Jersey Division of Travel and Tourism for three years and more recently, as the Cabinet officer in charge of tourism in Nevada for six years under Governors Richard Bryan and Bob Miller.

It is my pleasure to share with you tonight my concerns about the gaming industry in Atlantic City, our ability to maintain its high degree of integrity, its ability to respond to customer demand, and, most important, the industry's potential ability to act as an even greater source of both employment and public revenue.

First of all, I want it on the record that, in my opinion, Atlantic City has been a relatively huge success despite its failure to do almost anything very well in the marketplace.

For example, we have an over \$5 billion new hotel inventory with less than 3% of our customers coming by air - compared to more than half in Las Vegas; not much more than 1% of our customer sales come through travel agents - compared to over 45% in Las Vegas; barely 3% of our visitors come for conventions, trade shows, and gate shows - compared to over 10% in Las Vegas; and our current destination advertising budget is barely \$250,000 compared to \$24 million in Las Vegas - almost 100 times more!

I see this as tremendous potential - not failure. We can improve the city through CRDA funds and state/city cooperation, we can expand the airport and air service, we can build a new convention center capable of handling national conventions and the emerging regional trade show market, we can dramatically increase our destination marketing budget and we can improve the support we get from

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both the travel and convention industries through aggressive marketing.

These efforts collectively by the way, should drive occupancy levels up, complimentary rooms down, and room rates up - the combination of which will increase both profitability and public revenue. These same steps are also the key to more investment and new rooms being built, as well.

Having drawn a quick broad picture of where we are, I would like to supplement it by supplying each of you with our "Greater Atlantic City Tourism Marketing and Master Plan," prepared by dozens of area organizations and over one hundred people. You will find a comprehensive list of goals for our area on pages 1-4. Secondly, I would like to address generally the bill before you today.

First and foremost, it is imperative that New Jersey maintains the record of integrity that has been established as an important benchmark for our state.

The integrity of New Jersey's gaming industry leaders has been a great strength for our state and I know it will continue to be so in an environment where more business decisions are deferred to their judgement.

These business decisions, some of which are well addressed in this bill and others of which are not so well addressed, are critical to Atlantic City's future success.

Let me pick up a few of the market driven decisions, which should be left to our individual businesses within the parameters you set without compromising the integrity of the industry:

1. Configuration of hotel physical plants. Right now, every Atlantic City casino is basically the same physical plant - just with different decorations, different locations, and different sizes. It basically forces each one to compete for the same markets. They all need bus customers for volume, they all need meetings for their meeting space, and they all need high rollers to pay the overhead - unless use of certain parts of the physical plant are virtually ignored. Several are already underutilizing aspects of their physical plant which they were required to build because they are related to customers less profitable than other market segments.

With more diversity allowed, some hotels will go after large meetings like the Hilton chain does, some will go after the family market like the Circus Circus properties do, some will invest heavily in golf courses, theme parks, and health clubs only like the MGM organization is now doing, and still

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others, like the Sahara group, will concentrate on entertainment, buffets, and high room volume for the lower end market. We might even attract organizations like the Boyd group, which has made themed shopping, restaurants, and entertainment into an art form! You probably have noticed that all these companies are not in Atlantic City now, and one other world famous for themed casino hotels - Golden Nugget - has temporarily left.

I do not mean to imply that our current outstanding operators will not take advantage of such a change. They will - but modifying our current "assembly line" formula to the industry will allow for product and market segment diversification, and while dramatically increasing room inventory.

2. Game diversification and market response. New Jersey's entrance into various casino games has been a slow progression. As it relates to the integrity of the industry and the state's ability to regulate the games, limited choices are understandable. But, if these two concerns are satisfied, I personally wonder why certain games are forbidden and even more importantly permitted games are restricted to the percentage of all activity per casino.

I'll take the second point first. If 80% of customers want to only play slots, why must the casino be limited to 30%, 40% or any percentage it can install? Should Johnson and Johnson be restricted to the percentage of its product line comprised by band-aids? Should produce at Wakefern be limited? Should Toys R Us control its percentage of Nintendo games? Of course not, customer demand should dictate these items. I hope you will allow Atlantic City to have the percentage of allowable games reflect customer demand since the high required room inventory will dictate a good market mix. By the way, operators should have more flexibility in approval times to make changes on the casino floor in both percentages and locations of individual games.

Secondly, I hope you will examine more carefully the issue of other games. I commend the addition of Pai Gow and Red Dog to the product line. Nevertheless, the introduction of activities such as keno, sports book, poker, and new games, might be best deferred to the Casino Control Commission for a decision. I also personally believe it is the proper place to decide the twenty four hour issue. These items are not integrity issues. At this point, they are not even morality issues. They are regulatory issues and, with your concurrence, should be allowed to be determined by the agencies required to regulate them.

3. Economic impact and public revenue enhancement. According to the recently completely "Slusher" report of the Atlantic County Department of Economic Development, the

gaming industry in Atlantic City is responsible for employment of over 70,000 people, pays \$600,000,000 annually in state and local taxes, and has created an annual economic impact of more than \$6 billion (1989 figures). These numbers are even more amazing when you consider that the industry may be operating at as little as one third efficiency! Just remember our low convention figures, low air figures, low destination travel agent figures, nonexistent marketing, very low market shares nationally and internationally, restrictions on physical plants and games, and bureaucratic delays and you'll understand the amazing additional potential.

Are you concerned about the New Jersey economy? The casino pharmaceutical assistance program? Increased air service to southern New Jersey? The success of Amtrak? The rebuilding of Atlantic City? Less unemployment, more new jobs and more purchases of goods and services in our state?

There is one simple answer for a significant part of the solution. Let one of New Jersey's potentially strongest industries function normally. Let it make good business decisions on marketing, investment, and development based on customer demand and expanding market segments.

I believe with your support the results in Atlantic City have only just begun to come in.

I'd be happy, Mr. Chairman, to respond to any questions.

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