

PUBLIC HEARING

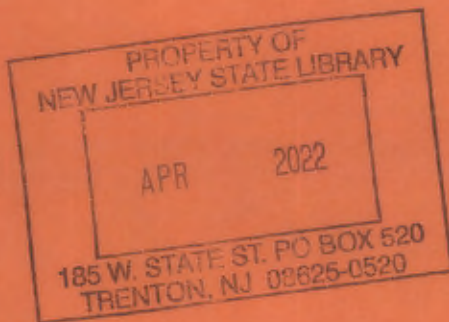
before

SUB-COMMITTEE OF ASSEMBLY STATE GOVERNMENT COMMITTEE

on

THE IMPACT OF CASINO GAMING

G191  
1979  
VI



Held:

July 26, 1979

Commission Chambers

Atlantic City Hall

Atlantic City, New Jersey

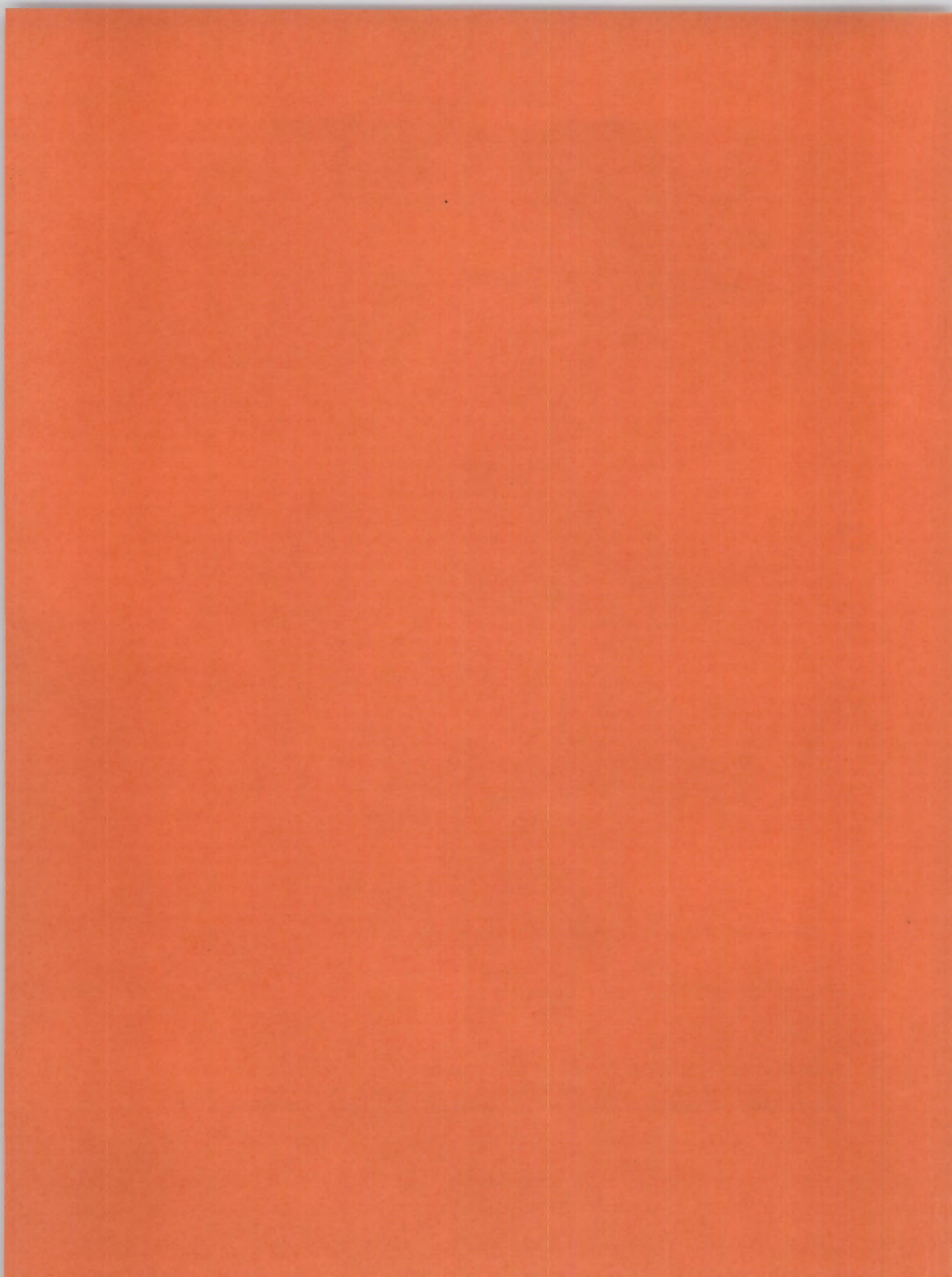
MEMBERS OF THE SUB-COMMITTEE PRESENT:

Assemblyman Michael J. Matthews (Chairman)  
Assemblyman William L. Gormley

ALSO:

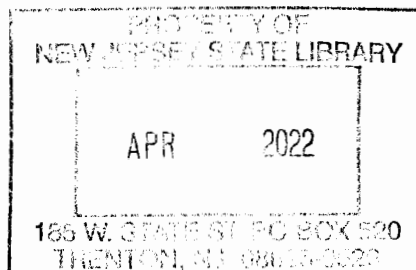
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Aide, Sub-committee of Assembly State Government Committee

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ASSEMBLYMAN MICHAEL J. MATTHEWS (Chairman): Ladies and Gentlemen, may I have your attention? Prior to starting: Last year we had a public hearing and we have passed legislation in the Assembly that is scheduled soon for a vote in the Senate. I would like to highlight some of the changes that were based on last year's public hearing. It may answer some of the questions that people may have.

A casino employee license cannot be denied for the conviction of crimes listed as disqualification criteria if the individual has affirmatively demonstrated his rehabilitation. The chairman of the Casino Control Commission rather than the Commission is given the authority, in normal circumstances, to issue casino employee licenses. The chairman is given the authority to issue temporary licensing to non-gaming related casino employees, casino hotel employees, and gaming school instructors for a period of six months with one six-month renewal. The chairman is also authorized to grant a temporary casino key employee license to a casino employee who has been promoted but the investigation of whom has not been completed. The term of licenses is extended from one year to three years for casino hotel employees, non-gaming related casino employees, and casino service industries and two years for gaming related casino employees and gaming school instructors. Casino service industries may be authorized by the Commission on a transaction-by-transaction basis to conduct business with casino licenses prior to the licensure of the casino service industry. Exemptions from the requirement for a casino service industry license may be made if the amount of business involved is insubstantial. The period of a temporary casino permit is extended from six months to nine months with a three-month extension and the Commission is given seventy rather than forty-two days to decide on the temporary permit.

There have been other things but these are highlights of things of interest.

We do have a list of people who have asked to testify. If anyone else wants to testify, come up and give your name to Jim and we will put you on the list. The way we are going to conduct this hearing is: We don't want cross talk and questions directly from the audience. If anyone wants to testify or ask questions, they can come up and sit down in the chair and we will take them on a one-by-one basis. The first two people that will be testifying today are Mr. Bob Martinez from the Attorney General's Office and Commissioner Lordi. Then after they have finished their respective testimonies, they will be coming up here and joining us. If there are any questions that they can shed some light on, they will be glad to answer these questions. So with that, I'd like to call on Mr. Robert Martinez.

R O B E R T P. M A R T I N E Z: Mr. Chairman, Mr. Gormley, one of the more frustrating and difficult tasks besetting the development of the casino industry in Atlantic City is the creation of a workforce of significant proportions virtually over night, in a manner which is fair to all the parties involved, and which yet maintains the standards of integrity and quality promised by the Casino Control Act. This task involves us all--the Casino Control Commission, the Division of Gaming Enforcement, the managers of the industry, the applicants, and the Legislature. I believe the inquiry which this Commission has initiated will be advanced if we take a little bit of time today to talk about the components of this task in some detail and take a little time to suggest what each of us can do to solve the problems which we can identify at this point.

First, I want to examine the development of the workforce to date. As of yesterday, July 25, 1979, the Division of Gaming Enforcement had received eighteen thousand, six hundred and sixty six individual applications for employee licensure.



These applications may be further described as follows: 479 applications for casino key employee licenses, 10,500 applications for casino employee licenses, and 7,687 applications for hotel employee licenses. As of the middle of this month, the combined payrolls of Resorts International and Boardwalk Regency in Atlantic City was 8,597. There are at present, therefore, over 10,000 applications for licenses for which there currently are no jobs. The staff of the Division of Gaming Enforcement has prepared the chart, which I am calling Exhibit 1 which in graphic form further displays the situation and based on a number of different methods of statistical projection, demonstrates rather convincingly that the gap between the number of applicants and the number of jobs yawns larger every day and will not be closed in the foreseeable future. If these projections are accurate, by June of 1980 there may be 23,212 more applicants than there are jobs then in the industry.

There are three separate tracks here represented on the chart. This chart covers both hotel personnel as well as casino personnel. (Demonstrating) The red line at the top indicates the number of applications received. The purple line represents the number of jobs which are present in the industry. You can see it pick up after Resorts opened. We have made some entries by way of future openings projected by the Casino Control Commission staff. By June of 1980, we are talking about Bally opening. The green line represents the number of licenses issued by the Commission. As you can see, up to this point the number of licenses has climbed above the number of jobs available. And then earlier this year, the number of applications climbed above the number of licenses issued. Recognizing that this chart is a combination of both the casino and the hotel employees, that constant crossing which you see is projected to continue between the number of jobs and the number of licenses issued. It is an acceptable problem because we have a situation where many of the people represented on the purple line are hotel employees and are permitted to work without having been counted in the green line, that is without having had a license issued. The orange line here represents a projection based upon our current rate of filings, in other words, it is simply an extension of an average rate taken over a period of time and projected into the future. The yellow line that runs kind of in between the two is a projection that is based upon a ratio of applications to jobs, so that this line here parallels this one here. It is simply a numerical ratio. All three are valid projections so that what we are saying is somewhere in this fan shape configuration here is probably where the actual number of applicants will come to pass when we go into the future. This only carries the projection through June of 1980. You can see the direction that each of these lines have taken however. This is what I am talking about when I say the gap between applicants and jobs is one that is going to continue to extend.

The situation I have just described indicates that there is more than sufficient competition for available jobs. It is also a situation which I believe is in excess of anyone's expectations, and certainly can, and in some instances perhaps already has, led to bad practices normally associated with a high demand for entry into any trade or profession. I'm referring here to the "Gold Rush" syndrome which blinds otherwise levelheaded people to the risks inherent in any highly competitive endeavor when the potential rewards loom so large. There is little doubt in my mind that these circumstances can, and maybe already have, encouraged misleading inducements by school operators or others who would encourage entry into the competition for their own financial gain without appropriate cautionary information regarding the dangers. Such dangers would be the rapid loss of skills after formal training



has been completed; another danger would be the temptation to lower the quality control in judging entrance to training programs and not giving those people who may really be unemployable any warning whatsoever or counseling regarding that applicant's employment potential. These are all very real dangers, but not unmanageable ones. I will address my suggestions in this respect in a moment.

In the face of these circumstances, I want to spend a moment examining our track record to date in a little bit more detail. The exhibit that I just referred to was, of course, a composite of all categories of casino applications. The next two that we will see will break down casino employees separately from hotel employees. (Referring to charts) The one you have up on the table right now indicates the hotel employee market only. Once again, we have attempted in the same manner that we did on the first chart, to indicate jobs available--that's the purple line that starts at the bottom and creeps up into a dotted line on the right. The number of permanent hotel employee licenses issued is shown as the green line. And then the red line above it is the number of applicants. The red line solid indicates where we are right now and then it is projected according to the same three methods of projection that I described earlier, as to where those applications will go. As I pointed out before, the fact that the number of jobs--the purple line--stays above the number of permanent licenses issued--which is the green line--is an acceptable problem because we are dealing with people here who are working under temporary permits.

The next chart portrays a situation involving casino key and casino employee applications and licenses. Our records show that 3,959 licenses in these categories have been granted to date by the Commission. Building in an allowance of approximately 300 for persons holding two licenses and working gaming schools, and subtracting from that number the number of casino keys and casino employees actually employed by Resorts and Boardwalk Regency, I must note that at present--which is at the end of the green line and the purple solid line--I want to note that right now, at present, there is an excess of 700 employees in this category who have been licensed but for one reason or another have not been working at either casino. Boardwalk Regency currently has positions for approximately 700 persons who could be usefully employed in those categories if licensed. Now it is unfortunate that those people who are licensed are not matched with the available positions. But it is quite clear--I'll get back to that issue in a moment--it is quite clear from the statistical performance that we have managed to keep up with the industry's growing needs within acceptable statistical tolerances. In other words, that green line consistently has been above the purple line meaning that our output has been above the actual existing jobs and is projected to be such based upon what we can reasonably foresee over the next year. In effect, we have done what we set out to do--bring the State agencies to a level of productivity in their opening years which was sufficient to open completed casino facilities according to law. I must note, however, that we have not been able to do so with the precision or the timing that my agency--and certainly I believe the Commission--as well as the industry must ultimately achieve.

To elaborate a little bit further on this point, I must really go in a bit to the process and the burdens with which the State agencies and the industry must suffer. With respect to the industry and putting it quite simply, starting up a casino hotel with payrolls in excess of 4,000 people while simultaneously working on the construction of a facility, the corporate application, and the normal business transactions associated with the startup process is an extraordinarily difficult task. I can think of few comparable situations in which the talent and endurance of private

sector executives are so severely tried.

To focus on the area of casino and key employees specifically one must note that these casino managers first have to design their casino satisfying all of the logistical and physical requirements of law and then identify and refine numerically at least two separate staffing patterns for their casino including the minimum numbers needed to staff according to Commission regulations and the optimum number of staff according to the casino's best insight of what is an appropriate service level. All of this has to be done in about fifty five different job categories. Now having reached an understanding at this planning stage on these matters with the State, casino management must then recruit, train, process applications for, and perhaps most significantly of all, attempt to maintain a stable employment pool of substantial dimensions.

Now on our end: When an individual application is received from the Commission it is docketed and requests for agency information are immediately sent out, including credit bureau checks, F.B.I. checks, inquiries to the State Bureau of Identification, and other State and local criminal justice agencies. When those checks return and the information is compiled, a review of individual applicant files is then made by a senior investigator for determining whether or not further investigation is necessary. If so, that investigation is done as soon as scheduling can be efficiently arranged. Results are reviewed by an assigned attorney to determine compliance with the law and the appropriate final disposition with the results forwarded to the Commission and the applicant. This is probably a skimpy description of the process, but, in the interest of time I will focus solely on the problems.

The first major problem in this process is one of precision--as I mentioned before. It is clear that the successful opening of a new casino and the orderly servicing of existing casinos in terms of their staff needs is totally dependent on thousands of little judgments made by the industry's personnel managers and by us. And perhaps most importantly, those judgments themselves are controlled by circumstances neither of us can manipulate. While our ability to fulfill the demands of growth is constantly improving, we can't underestimate the vagaries of those outside circumstances and cannot make too precise judgments along the way. For example, when each job commitment is made by a prospective casino employer, a major question is whether the employee will keep up his end of the deal. Will he be around when the time comes? The mobility of this group of people is tremendous and consequently the employment pool itself is extremely unstable. Every time a casino's priorities change in terms of processing applicants, the ripple effects are felt throughout the licensing system. Moreover, once a casino indicates its priorities for an opening program, for example, and the State commits itself to those priorities in processing staff applications, we are all subject to the vagaries of the investigative process in terms of the results achieved. It is simply a fact of life that with all the information at my disposal, I cannot sit here and predict who will be done in two weeks.

The second major problem besetting both the industry and the State agencies is one of timing. In terms of casino management's involvement in the process, there is no doubt in my mind that a longer lead time generates more success at the point of opening. In the case of the two casinos which opened, management effectively initiated their licensing systems no longer than six months prior to their proposed opening date and definitively identified their priority staff choices to us no earlier than four months prior to their proposed opening date. It is obvious that this lead time is insufficient. As I noted above, there are over seven hundred individuals licensed in casino job categories who are not employed in a casino either by choice or because

they are unemployable while there are another seven hundred unlicensed people on Caesors' payroll waiting for the licenses at Stockton. More lead time, along with more precision would obviously alleviate this kind of problem.

On our end of the process, timing is also a difficult circumstance. One of the biggest timing problems we face is in getting basic information assembled which will determine whether or not further investigative steps are necessary. F.B.I. record checks, for example, take at least eight weeks to be returned to us. In all fairness to that agency, we have to know that their first priority has to be for record checks for criminal investigative purposes. And they have over 200,000 civil applicant inquiries currently pending as a backlog while they suffer from a ten percent staff shortage. These and other agency delays are beyond my control. On the other hand as I have originally anticipated, we have saved tremendous amounts of investigative time by utilizing those infamous Form 1's and Form 2's because they, in effect, are really a substitute for an initial interview. Perhaps the worst timing problem occurs when a field investigation of one degree or another is required. It is literally impossible to predict what course any investigation may take. At any time during a field investigation as the investigator proceeds from step to step, his work may uncover new lead information which must be investigated further. Without a crystal ball, the division cannot prophesy when this type of situation will occur or when it does occur, how much time will be consumed in pursuing the information. A simple investigative procedure even in a normal matter may take a length of time longer than any average. For example, a person who must be interviewed may have moved without a forwarding address or may be on vacation or be on a business trip to Europe. A cooperating law enforcement agency may have misplaced a file. Travel or correspondence outside of the State of New Jersey may be necessary to verify a particular fact. Any or all of these circumstances, which again are beyond the control of either the applicant or the division, may influence the length of time an investigation takes. Again, without the gift of prophesy, these situations are impossible to predict. Now, compounding this problem of timing in the minds of the applicants is the fact that investigative confidentiality may be necessary from a law enforcement perspective to protect the integrity of the investigation. For example, revealing the necessity of a pending investigative step to an applicant may jeopardize the identity of a person who has furnished information to the division only with a commitment that he remain anonymous as is frequently the case. Revealing the status or future course of an investigation may warn prospective witnesses who might be attempting to avoid subjecting themselves to an interview that the division is attempting to locate them. For these reasons, it is most often neither practical nor desirable to tell an applicant the status of his background investigation or to predict the length of time that will be required for its completion. To do so would at best raise false hopes and at worst jeopardize the security of investigative matters. The frustration which results from these circumstances both on our part and on the applicant's part when it is seen in this context is quite understandable. As a rule of thumb at present, the fastest a Form 1 or Form 2--i.e. casino key or casino employee--will go through this entire process is twelve to fourteen weeks. If not completed in that time frame, in all probability some problem, however minor, may exist which has demanded further work. Also as a general matter, any applicant pending longer than eight months has got a serious investigative problem or ultimate disposition problem associated with it. I am not happy with the backlog we are currently experiencing or the one that will obviously increase in the sense of numerically increasing if you look at that chart. However, I must reiterate that we have accomplished our initial goal of filling the

needs of a growing industry within the confines of law and have, indeed, created a substantial deterrent effect--I believe and I think the statistics will bear me out on this--by the vigor with which this work is pursued. Nevada typically runs at least five percentage points above us--higher than us--in their rate of rejections. I think that the reason for that is we have simply--because of the nature of the work that we do and every applicant knows we do--scared away the kind of people that Nevada spends a lot of time fooling around with screening out of the system.

The third problem we must all face in this process is the issue of prioritization. As you know, some months ago I went before the Casino Control Commission to announce publicly my determination to prioritize those individual license applicants with regard to whom we had received certification from a casino or a casino applicant that a job commitment had been extended. As a practical matter, prioritization means that our staff is instructed at each step of the process to work first on those applications identified to us on a list supplied by a casino applicant or licensed casino. No prioritization of this sort can completely eliminate the random results which I described earlier. In fact, recent statistics seem to suggest that for every three applications processed out of the division, only two were on a priorities list. This policy judgment met with some understandable consternation among applicants, but someone had to make it if this industry is to develop in an orderly fashion. It is my firm view that competition for jobs must be resolved by the party best able to do it, namely, the prospective employer. Many people seem to have the misimpression that employee licenses are meal tickets. It was never intended that way at law and we should never permit it to become such if we are to maintain a service level which will enhance the character and reputation of the casino hotel business in Atlantic City. There is a healthy dose of natural selection in a highly competitive field which assures that only the best survive. No casino manager in his right mind, particularly in a tourist oriented environment will employ staff in public contact positions unless that staff meets certain minimum standards normally associated with service positions. If the licensing process were to proceed on a "first in, first out" basis--even assuming that it could--casino managers would have no choice about who they hired if they wanted to open since the State agencies would, de facto, be making the judgments about who is available and who is not available to work. Ultimately the industry would suffer the hard economic losses consequent on a waste of State resources devoted to licensing unemployables, and the less than first rate reputation--which I believe would follow--among gamblers and tourists because of those diminished service levels. In the short run, while State taxpayers are loaning us all the monies that support the licensing process, it is difficult for me to justify a demand for an extraordinary amount of more resources to license everybody who applies regardless of whether they are employable, especially when that ratio--the top ratio of applicants to jobs--is so high.

Finally, the most severe problem we face is the sheer volume of people applying to this industry. From the licensing perspective our statistics show that we are on top of the problem but just barely. It is also clear that the projected growth in this industry will demand a greater output than this division is currently staffed to produce. This, of course, can be dealt with in some measure. But I view with great alarm the social trend which is exhibited in these charts as a very dangerous one exacerbating the problems of social dislocation which are consequent upon Atlantic City's opening up and the consequent vulnerability of all these individuals to corrupting forces in that type of environment. Every sector, the Legislature, the Casino Control Commission, the Division of Gaming Enforcement,

industry managers, and the people themselves, must recognize these dangers and take them into account in their respective decision making. We cannot afford to point fingers at one another as some have recently done and say, "It's them, not us." This problem belongs to all of us and evidently will be with us for some time to come. In face of these circumstances and anticipated difficulties, we must then ask what each of us can do. To applicants and prospective applicants, I offer the following advice: Recognize the difficulties associated with the heavy competition in this industry as you make your decision to attempt to enter it. Understand that your meal ticket is a job commitment not a license from the Commission. If you get that commitment then file your application completely and honestly. A great deal of time can be saved and confusion and red tape alleviated by such simple precautions as giving an accurate date of birth, an accurate residency, and a proper notarization of your oath. Then you have to be patient knowing that we in the Division of Gaming Enforcement share your frustrations and that there are over 300 dedicated people there doing their level best to complete the job at hand. The Legislature, and particularly this Committee, has already begun to do its part by making certain adjustments in the Casino Control Act, broadening the discretion it has given to the Commission, and expanding the time and scope of temporary licensure with regard to less sensitive employee categories, which will alleviate some but not all of the problems I have described. Industry managers must more than ever recognize their real burden in lengthening the time frame for all licensure action regardless of whether it is for a new casino about to open or for the continuous servicing of one that is already operating. Those industry managers must plan for the longest possible lead time with the most conservative statistical projections so that the development of the industry will be orderly and ultimately more economically rewarding. And specifically, those casino applicants in startup positions must use their ingenuity to implement programs to stabilize the employment pool just as Caesars has wisely invested in the personnel on its payroll at Stockton.

For my part, I have or will take the following steps: First, I intend to ask the Casino Control Commission to enact regulations putting an affirmative burden on each new casino applicant which will institutionalize the system of prioritization I have described. Under the regulations I have in mind each casino applicant, twelve months in advance of opening and as a condition of opening must have in place the management personnel and systems adequate to handle individual employee license processing, including an electronic data processing capability according to a standardized format which will maximize the flow of information to casino management and the State and improve both the precision and the timing of our respective judgments. In addition, I will ask for strict time frames regarding the identification of staffing patterns so that each casino applicant, nine months in advance of opening and as a condition thereof, will submit the bulk of its casino key employee applications and at least half of its casino employee applications. The regulations should also insist that the balance of needed personnel be identified no later than six months prior to a projected opening. To avoid the abuses associated with overestimation, those regulations should not permit more people to appear on a priority list than the number actually needed for operation plus an appropriate factor for normal attrition and rejections. This approach, in my judgment, is the key to alleviating the frustrations and the uncertainties which currently beset the licensing process.

Secondly, I will ask the Casino Control Commission to expand its existing regulations contained in N.J.A.C. 19:44-16 in a manner which will more fully mandate that gaming schools inform applicants for admission of the difficulties that they may

face in this highly competitive industry.

Third, we will vigorously prosecute any violations of the existing Commission regulations, which are very good, dealing with misleading advertising on the part of casino gaming schools. Particularly, schools and their executives must be careful not to tread on that Commission regulation which prohibits them from representing that the school will arrange employments of its students in the gaming industry unless that school has a formal agreement with a casino whereby that casino has, indeed, agreed to employ students from that school.

Fourth, I will ask the Casino Control Commission to consider the statistics displayed here today in connection with its regulation in 19:44-3, which deals with applications for gaming schools, to the extent that these statistics are relevant to the part of that regulation which requires a reasonable expectation of adequate employment demand by the gaming industry for graduates of any new casino gaming school. Moreover, I will ask the Commission to consider an existing school's success in placing its graduates in casino jobs as a measure of the success and efficiency of the school required by the Commission's regulations. And I would ask that the Commission do that deliberation during the course of any school license renewal. Thus, a school's performance as judged by the industry itself will become a measure of its continued viability and the State which otherwise may have difficulty injecting itself into the process of judging the quality of training can fulfill its responsibilities in this regard.

Fifth, I have directed our staff to initiate discussions with those outside agencies upon whom we must rely for information during the licensing process, with a view toward reducing the time it takes to receive this information if that is at all possible.

Sixth, we will take, and continue to take the necessary steps to insure that adequate staff and logistical resources--such as a much needed electronic data processing capability--are available to the division to handle the increased workload those projections indicate. However, I must caution that the Attorney General's commitment in this respect is to deal with the needs of the industry as it grows, not to license every applicant who applies. If the Legislature finds, after all is said and done, that there is some social value in completely eliminating this backlog and dealing with the licensure on a timely basis of everybody who applies, then it is up to the Legislature to find the resources to do so.

Finally, we will attempt to improve our communications with applicants as to the status of those in process with more written notices at appropriate intervals in the procedure. Ultimately the cost of doing this will have to be weighed against the benefits which accrue, but we promise to examine these suggestions thoroughly.

Mr. Chairman, Mr. Gormley, that concludes the presentation I have prepared for you today. I am prepared to answer your questions.

ASSEMBLYMAN MATTHEWS: All right. Assemblyman Gormley first.

ASSEMBLYMAN GORMLEY: When you initially took the position and you were with the Gaming Act when the Division of Gaming Enforcement was conceived, did you perceive the magnitude of administrative matters that would be thrown upon the head of the Division of Gaming Enforcement? I'll give you a question too, so I jackpotted you. Do you think that the role of the Division of Gaming Enforcement should be bifurcated to a degree that there should be a head legal counsel and an administrator, not a lawyer, because of the magnitude of what is taking place? In other words, you would be in charge of the investigation of particular legal matters as they come up and someone solely as an administrator would handle the administrative part.

MR. MARTINEZ: O.K. That's two separate questions. You are asking first at the time of the conception of the Act when this system or these legal requirements were put in place whether we anticipated the volume. I don't think anyone anticipated the volume that you see reflected on these charts. The projections which the Governor's staff policy group made to the Legislature in terms of the volume of casino applications and the consequent staff levels were higher than both the industry and Atlantic City itself made. We were higher than anybody else and we were short of what is turning out to be the reality of the thing. I'm not sure that anyone can anticipate this kind of phenomenon and I'm not sure that it is the best of conditions that are encouraging it.

To answer your second question with respect to the division: I'm not sure I understand precisely what you mean but I don't see any benefit from an administrative or managerial point of view in bifurcating any of the functions currently assigned to it.

ASSEMBLYMAN GORMLEY: Marty, my point was there would still be the division in effect, but as to how the work would be done under the--- There seems to be a wad of obviously much more administrative, shall we say, problems or growing pains as a result of this large volume. It is getting information out, getting things processed-- that type of thing. I don't think that was perceived when the division was initially created. It was an investigative one but never thought to have the administrative burden that it now has cast upon it. That's the perception that I figure.

MR. MARTINEZ: I think that's a fair statement.

ASSEMBLYMAN GORMLEY: O.K. So consequently, my point is: should there be a division of roles? In other words, you would be in charge of investigations as counsel or whatever. There would be a person, not necessarily a lawyer, just an administrator overseeing because it has grown into a bureaucracy out of necessity but a bureaucracy that was not conceived at the time this all started.

MR. MARTINEZ: Well let me suggest some perspectives on that. I don't take offense at the word "bureaucracy" but, unfortunately, we're not a bureaucracy yet. I wish we were because we'd be able to react to these things a lot better. There are administrative people who are not investigators and not lawyers who handle a lot of the problems that I have described in terms of the process itself. They are excellent people and as I have indicated to you, I think they are keeping up with the flow in terms of what we set out to do. Now that may not be complete enough in terms of what your constituents respectively may decide is what ought to be done, but we never made a promise to license everybody who applied. We made a promise to produce enough licensees to staff casinos as they open.

ASSEMBLYMAN GORMLEY: But as you have indicated, we never assumed that there would be so many applying. I don't think it was ever thought that there would have to be a cutoff point by saying that those who have applied, those who are going to open, those are the ones who are going to be licensed. We never assumed--I think this is another fair statement--we never assumed that there would ever be a situation where we would say there would be a cutoff. We just assumed that everybody would go through the licensing process.

MR. MARTINEZ: I would say this: that we were not unaware that this possibility would exist. The staff policy group considered and rejected the implementation of the system they have in place in Nevada which is that you must have a job commitment before you can apply for a work card. We decided to take the risk of encouraging the competition. And as I say, I don't think it is necessarily an unhealthy state of affairs.



ASSEMBLYMAN GORMLEY: That's the whole point. If we have taken the initial stature that we are encouraging the competition, then what you are saying now goes against what that initial stature was. What you are doing is going right into the Nevada system without writing it into law.

MR. MARTINEZ: I don't think that what I am proposing is the Nevada system, because in the Nevada system you couldn't even get as far as to get on that charter if you didn't have a job commitment. That's not what my suggestions are. I think I should be more specific about what I said. What I said was: anybody off the street can apply to the Casino Control Commission for a license. All I said was: that I need the cooperation of the industry in making sure the system of prioritization, not absolute exclusion, works. One in three of the people turned out at the other end of that system are not on a priorities list. So those people who walk in off the street are still being serviced.

ASSEMBLYMAN GORMLEY: But the point is: once you implement a prioritization system, you have, in effect, created the system of Nevada.

MR. MARTINEZ: No, you haven't.

ASSEMBLYMAN GORMLEY: If I'm an applicant and I know there is a prioritization system and I know that I have not yet been hired, I am going to be discouraged from paying \$125 if I know that prioritization is in effect and I won't get in that open competition pool.

MR. MARTINEZ: That's fair to say except that you won't be prohibited from doing so as you are in Nevada. You may be discouraged but you are not prohibited.

ASSEMBLYMAN GORMLEY: I wouldn't want to pay the \$125 if it is a prioritization system.

MR. MARTINEZ: Sure. Another guy might take his chances. The point is: Nevada wouldn't even permit you to have the option. In the system I am proposing here, you would have the option. It is factually different from Nevada.

ASSEMBLYMAN GORMLEY: I don't disagree. I'm not saying that it is not factually at Trenton--- I'm saying that de facto you get the same results.

MR. MARTINEZ: I would question that, because this system has been in effect for over three months now on an informal basis. You see the result. In the first sixteen days of the month of July, we received over 2,000 applications and they weren't associated with any casino. They just came in. Now that is with the prioritization system in effect but without any burden on the part of the casino managers to help make it work.

ASSEMBLYMAN GORMLEY: You mentioned your 12-month proposal by the casinos to have an advance notice before people are hired. Could you expand on that 12-month notice provision?

MR. MARTINEZ: Sure. As I described what a casino has to do: they have to get their casino, in terms of its layout, approved. Once you have the layout approved that tells you how many people in fifty-five different job categories you need. Now that process occurs in discussions between the casino applicant, principally the Commission staff, and some of our staff. Once that is done--and I'm saying that should be done 12 months in advance--there is no reason it can't be done; it's all paper matter---

ASSEMBLYMAN GORMLEY: I would assume they have that even in the financing. It would be done by projection.

MR. MARTINEZ: But you would be surprised how things tend to--- Yes, you will see a casino proposal but then they will tinker with it for up 'til the last minute. And we are saying: "Move the last minute a little bit earlier in time.

Instead of six months before, make it twelve months before.

ASSEMBLYMAN GORMLEY: You related the massive nature of what it takes to open a casino. It seems to me that even though there be something submitted twelve months in advance, there would have to be some latitude to---

MR. MARTINEZ: ---for adjustments? Oh sure.

ASSEMBLYMAN GORMLEY: What I don't want to see is--- I'll get right to the root of this. The word "investigation" has become to some people to be a copout. They assume--and maybe unfairly to your division--that that is a copout for not being organized. O.K.? I don't want to see a 12-month provision say, "Well you weren't submitted under the 12-month plan." That would take the place of the word "investigation." I don't want to see that happen. I can see that happening down the route.

(Fifteen minutes of the hearing was not recorded)

ASSEMBLYMAN MATTHEWS: We are going to ask questions of Mr. Lordi.

ASSEMBLYMAN GORMLEY: One word I'd like to go over briefly is the word "residency". I know it is one of the great things of the Legislature: we give you a residency requirement and don't define residency and then we come back and say, "Oh that's not the way we intended it." What criteria do you look for in the course of the residency requirement?

COMMISSIONER LORDI: First of all remember that we don't, as a Commission, raise the question of residency. The Division of Gaming Enforcement conducts the investigation. As part of their investigation, they look into residency of the applicant for an employment license. If some questions are raised therein, they might object because of a lack of residency. They might just raise the question of residency and ask the Commission to make its own determination. You ask what criteria we use. Basically, we want to make sure: (1) That they meet the three month period or the six month period, depending upon the particular license that they are seeking and, (2) we want to make sure that they are physically present in the State with the intention to remain here permanently. That's a legal terminology and it's been used for its domicile as distinguished from residency. What I'm getting at is that basically, if we are satisfied that they were here for that three month or six month period--there physical presence is here--and that they intend to remain here permanently--of course, one can change his mind a year from now but the intention as of that moment is to remain here permanently--we're pretty well satisfied. This is basically a factual determination where the issue is raised based on each particular case. We want to make sure it's not just a transitory type of residency. We're not here saying that we want you to meet the strict criteria of domicile as distinguished from residency. You can have a residence in Pennsylvania, you can have a home in New Jersey and if he meets those criteria that I have established, we would be satisfied. We are not that strict so long as we know he is not someone who has been in and out of the State for the last six months without establishing any permanency whatsoever here. We have had situations, for example, where an individual may have a home in let's say Pennsylvania and he may have had a summer home here and only live here during the summer and come here as a vacationer. Well we raise some serious question about that. We have had instances where they have a home in some other state, have bank accounts in some other state, all of the necessities are identified with another state, but all of a sudden we find that they have been living with some friend or some member of the family. This issue is then raised and we look at it factually to ascertain whether or not it meets the criteria I just indicated to you. By and large, we have not seen this problem. There has been an isolated case. When the issue is raised, the division will then raise it in its report and we then evaluate it. When we are satisfied that he has been here for that three or six month period, we are satisfied that his physical presence has been here, we are satisfied that he intends to remain here permanently, and all the facts lead that way, we no longer object.

ASSEMBLYMAN GORMLEY: One other question unrelated to the topic we have been on but it does relate to the casino licensing: it relates to I guess you could call it your applied role as a planner to a great degree in a round about way with regards to not just Atlantic City in your role on the Governor's Task Force but what I consider to be a very important function and that would be your effect upon regional planning. We have a situation where the Holiday Inn was just approved in the marina area yesterday and we have numerous other casinos that are going to be seeking licenses, quite obviously, in that area. I am particularly concerned about the

town of Brigantine which has--as you know--only a two lane access to and from that town. What I would like to see--and I know the Commission has already looked into it and is concerned about it--is that there be a regional transportation plan for that area so that there be access to the town of Brigantine before we have numerous people under misconception that they can--- It is more than just licensing in this case. You have a town that is directly affected even though they don't have a part in the master planning function of what takes place within the marina area. That is the province of Atlantic City. But the Commission can look to that. It can look to: Will there be a bypass and will there be the safeguards necessary to provide that this island community will not be cut off, or transportation will not be so impaired because of the number of casinos? They will be protected. Would there be a possibility of such a commitment or such a policy so that no one would be under a misconception if they went out there? What it is going to have to take is a pool of efforts from, I imagine, the four or five developers to build an alternative access route to Brigantine.

COMMISSIONER LORDI: I think steps have already been taken in that direction not necessarily by the Casino Control Commission--although I myself personally have met with the corporate representatives that you just mentioned--but I do know that the Department of Environmental Protection CAFRA has been in this area and has been discussing with them adequate transportation for the whole area--the entire marina area which I assume would encompass Brigantine.

ASSEMBLYMAN GORMLEY: Well, you could have good access to the marina area and still have a problem getting to Brigantine. The point is, no matter what the Army Corps of Engineers, DEP, or what anybody might say, the bottom line is a casino license because that is what's the most important planning element to anybody as far as making that investment out there. I'd like to know that the Commission will make a commitment not as it relates to just the marina area but as to access to this particular town with regards to the granting of licenses, to let them know that this is the transportation plan for this area. We would like to see the casino developers work together on this particular plan; we'd like to see it develop this way. And this is what we want to see before we are going to give licenses in this area because we want to see this particular town not cut off from the rest of the county. If you build a lot of casinos out there, you are not going to be able to get over the bridge; it is going to be so crowded. Now I'm not saying that a simple plan couldn't be devised but I want to know that there is a plan that sets down that the Commission wants to see--and this is one of the elements because we know with the broad nature of the powers of the Commission you can look to this impact, this social impact, and there is a grave social impact, a potential impact, and maybe this can be resolved--but I want to see that plan down and you to know how many casinos that the town of Brigantine could bear from a transportation point of view in that area. In other words, I know your quasi role with the Commission and with the impact on Atlantic City casino gambling but I think your role has to be expanded to a regional nature. I think one of the first major impacts is what will happen to this town of Brigantine as a result of it.

COMMISSIONER LORDI: First of all, I have no doubt that the Casino Control Act gives to the Commission the power not only to review and consider the impact on Atlantic City but the impact on the State of New Jersey. I think the language is very broad. I can only reiterate and attempt to reassure you that:(1) I do know that the Department of Environmental Protection is involved in this area, (2) that we have had meetings with several of the potential applicants for the marina area in an effort to

coordinate their activities and their planned construction so that they each compliment the other which takes into consideration the whole aspect of transportation and access building in that whole area. I dare say that included in that would be access roads to Brigantine. Now the extent of it I can't say at this time because it is only in the preliminary stages.

ASSEMBLYMAN GORMLEY: I understand. You couldn't be committed to the extent because you don't know the number, but before people go ahead and start constructing, I don't want to see the problem and then the solution. I'd like to see the solution--the road or whatever--to be simultaneous with the construction. So coinciding with what would have been a problem there would be a solution instead of waiting two or three years to get something done to remedy that. What I want to see is the commitment from the casinos or the State, whoever it might be from, that that transportation problem will be not only looked at but be solved--looked at and construction taken place--before you have all these openings or simultaneous with these openings. I think that is an important extension, shall we say, of the social arm of the broad planning aspect of the Commission to make sure that nothing is done until you are satisfied that something is being done to safeguard Brigantine.

COMMISSIONER LORDI: Well you have my assurance as Chairman of the Commission. I will not only pursue it with the potential applicants for licensure in that area but with those parts of government that are interested and of course local governments as well. Yes, we will pursue it.

ASSEMBLYMAN MATTHEWS: Chairman, since you have had one year experience with the opening of a casino, what do you project as the problems that we are going to have in the future overall? Bill brought up something with access to Brigantine, but I mean such things as housing or transportation.

COMMISSIONER LORDI: First of all, as far as the casino hotels themselves are concerned, I think we are going to have a problem in the future with the number of casino licenses that eventually will be granted by the Casino Control Commission. There has to be a point of saturation. Where it is; I don't know. We just can't have casino hotels all over the city. There is a limited area. True, there are certain areas in the master plan that have been identified as resorts-commercial--the boardwalk area, the marina area, we are going to have to address that question of when have we reached a sufficient number of casino hotels on the boardwalk area to the point where it doesn't impact adversely on the city of Atlantic City and for that matter in the marina area as well. Secondly, these problems have already surfaced whether you are talking in terms of housing, whether you are talking in terms of parking, whether you are talking in terms of traffic flow within the city itself or some of the social services that are necessary to insure that the quality of life in Atlantic City is an acceptable one. These are the problems. Housing I see as the most critical problem in Atlantic City that we have today. I just don't think that Atlantic City can address it on its own. I think it has become not only a city problem; it has become a regional problem and as a regional problem, a State problem. We have been endeavoring as best we can to encourage the construction of additional housing whether it be for low and moderate income or middle income and higher luxury housing. We are constantly meeting with not only local governments, but the Cabinet Committee meets as a unit at times in an effort to coordinate and help in the development of housing within this area. I'm disappointed in the successes we have had so far. It is not because I am not concerned; it is because it is such a serious and difficult problem to resolve. I would hope that in the very near future, that short

of regionalization perhaps the mayors of the Atlantic County surrounding areas can get together and see whether or not they can deal with that problem. Because as Assemblyman Gormley pointed out, just the construction of a certain number of casino hotels in the marina area may very well impact adversely on Brigantine. But it is obvious that as these new employees come into place--as I outlined them to you previously--many of them are going to be seeking homes not only in the city of Atlantic City but in the surrounding areas. If the housing is not there, it is going to affect not only Atlantic City but the other areas and the development of Atlantic County as a whole. I think we have to look beyond the city if we are going to solve the housing problem. As far as parking is concerned, that is indeed a problem. Here again, the Department of Environmental Protection has played a major role as has local government and certainly it is one of the considerations that we on the Casino Control Commission look at to insure that we can deal with the problem. As you know there is a program now to establish a testing period for the intercept concept which, if extended, and accepted by the tourists and conventioners and others who come to Atlantic City, it might be at least a temporary solution to the problem. But until such time as we are able to locate more intercept parking lots or establish some visible tangible system of mass transportation, whether it be a light rail service, whether it be the expansion of the Pomona Airport, whether it be a system of busing to utilize in a manner so as to not make the automobile absolutely essential to a visit to Atlantic City, we are going to have problems here. Here again, these are long range and we need immediate solutions to the problem. An immediate solution is perhaps a type of intercept parking we spoke about. The long range plans would be a kind of a light rail service that is presently being considered by the city of Atlantic City and is the subject of review by some State departments of government. This city back a few years ago had a number of problems but I don't think one of the problems it had was parking and for that matter the flow of traffic since it was a dying city. Now the city is on the road to recovery but that road to recovery brings problems that they haven't had in the last ten years or so. The question is: Should we stop the development of casino gambling until such time as we resolve all those problems and find the adequate housing first? I don't think that is the answer. I think we have to approach the two at the same time. I hope we can find an acceptable solution.

ASSEMBLYMAN MATTHEWS: Going back to housing briefly: In your discussions with DEP has the subject of the Pinelands Moratorium, which adversely affects about 80% of Atlantic County, been discussed as to how that could hurt the housing market in general for new construction?

COMMISSIONER LORDI: I have not addressed that subject with the Department of Environmental Protection nor have I discussed that subject with any State department of government. I would assume that we, as a Commission, function within the framework of the law. If the housing can't be built in the Pinelands then we will have to look elsewhere. But I have not had any discussions with any departments concerning the moratorium.

ASSEMBLYMAN MATTHEWS: We are going start with other witnesses now. I thought we would go straight through to about 2 o'clock and then break for lunch. I have asked Director Martinez and Chairman Lordi if they can stay for awhile so if there are any questions that people do bring up, they can be answered by the gentlemen. So with that, the first witness will be Gilbert L. Smith.

ASSEMBLYMAN GORMLEY: Excuse me, Mr. Smith, before you start to testify: I'm not going to speak very long. I just wanted to give the regrets of somebody who wanted to be here today but who is in court--Senator Perskie. I'd also like to

take this opportunity as a member of a party that is the opposite party of Senator Perskie to say that every once in awhile we ought to think back to 1976 and remember that that's one person who had more to do than, I think, anybody else that we are even able to have hearings today. I think we often forget what this is all about. He is involved in litigation today, unable to be here. I know he has had his legislative aide here and he asked that we express his regrets that he couldn't be here.

ASSEMBLYMAN MATTHEWS: Mr. Smith.

G I L B E R T L. S M I T H: My name is Gilbert, 2020 Venice Avenue, Atlantic City, New Jersey. Assemblyman, I was denied my casino license because I owed bills after I went to school at Atlantic City Community College and graduated. When I owed these bills, I was sick and unable to work and my wife was too. I had seven kids. Two years ago, I lost my wife. I decided to go to school to try to get my license and I got denied. They gave me a hotel license but they denied my casino license. I called up Trenton quite a few times and I couldn't get any cooperation. They just told me I was denied. Then I sold my home to pay these bills and tried to get a better job to support my family.

ASSEMBLYMAN MATTHEWS: How long ago did they turn you down?

MR. SMITH: I applied for my license and went to school starting around February first. I applied for my license in December 1977.

ASSEMBLYMAN MATTHEWS: And when did you get turned down?

MR. SMITH: (Looking through papers)

ASSEMBLYMAN MATTHEWS: I can ask this question to Commissioner Lordi. Just briefly reading this letter, it was turned down because of judgments against owing money. Now with this new provision that we adopted in the Assembly and which should be passed in the Senate soon, would that alleviate a situation like this?

COMMISSIONER LORDI: Yes, there is no question. I don't know whether the proposed amendment addresses itself specifically to the problem that surfaced with this gentleman's application. It would seem to me that--and I would have to review the application in detail--if, indeed, it were denied because of his financial responsibility and the stability that might be reflected therein, there would be nothing to prevent him at a later date to come in and say, "Well look I have resolved my financial problems," or outline to us the facts as they exist as of the time of his renewal. He might be considered. As I said before, you have indicated to me that there were some judgments that were set forth there. It may go beyond the judgments themselves. I don't know. But I or a member or my staff is prepared to sit down with this gentleman to review his application and the reason for its denial and advise him accordingly. And if indeed he can reapply, we will so inform him.

ASSEMBLYMAN MATTHEWS: Thank you. Richard "Reds" Lavin, please.

R I C H A R D L A V I N: Good afternoon, my name is Reds Lavin. I represent the thirty five AFL unions in Atlantic and Cape May County. I promise to be brief. I'm on the timer; I'll be two minutes.

I think one of the greatest problems facing the workers that are going to deal in the casino area is the time that it takes to get their license. I'd like to commend Maryann Marsala of the Casino Control Commission for the work that she has done. However, she is very limited in the knowledge that she can get from the casino. They can't tell where exactly the license is and what the holdup is. I would like you gentlemen to consider some sort of casino advocate--like the Public Advocate's Office--to help the workers and the taxpayers of New Jersey find some way to process their license specifically when it is needed to get a job and that job might not be there after a period of time elapses. I am way below my two minutes but I will answer



any questions that you have.

ASSEMBLYMAN MATTHEWS: Is Bob Martinez still here? I think he could answer--because you missed it earlier--the status of the application. I think Bob could answer that and I don't know about the advocate's office.

MR. LAVIN: Well, I'd like to see somebody do something to help these people out who are waiting.

ASSEMBLYMAN MATTHEWS: I think Bob can answer you on that.

MR. MARTINEZ: Mr. Chairman, Mrs. Marsala works for the Division of Gaming Enforcement and as I explained at some length earlier, she is, by my policy, limited in what information she can divulge for the reasons that I articulated to you in terms of confidentiality and so forth. I don't know that an advocate is necessary or how it would possibly speed up the process that is involved which I described in some detail.

MR. LAVIN: Mr. Martinez, I apologize for missing the other part, but the applicant doesn't know. There are a lot of times when the hotel-restaurant employees are limited to consider that seniority is from time of employment. That is an important factor to people since it concerns days off, vacations, and stations which could be of financial interest to them and there is no way of doing it. All I'm interested in doing is helping put these people to work a lot faster. I realize that you are doing the best job that you can. I wish there was something more that could be done about it.

MR. MARTINEZ: In the case of the hotel employees, of course, the license isn't the impediment and you have expanded, by your bill, the area of temporary licensure that can occur to include the cocktail waitresses in the casino, the bartender in the casino, and so forth. So I think that should alleviate some of the seniority problems that you correctly articulated.

ASSEMBLYMAN MATTHEWS: Thank you Reds. Anthony Vecchioli.

ANTHONY VECCHIOLI: I am Anthony Vecchioli representing a group of property owners in Atlantic City. First of all I'd like to thank Commissioner Lordi for making an effort in trying to get the surrounding communities to build housing in Atlantic City. I would also like to thank Cagin and Croce for making an effort in Pleasantville to build low-moderate income housing there that may solve a portion of the problem in reference to the displacement of people in Atlantic City. We all know there is a problem in Atlantic City and, of course, that problem is housing and displacement of people.

Our main concern is the Perskie bill. Legitimate property owners who have buildings that are unfit for human habitation--some of them are converted horse stables incidentally, the walls are caving in, the floors are caving in, the plumbing is antiquated--they have worked out a solution or an agreement that goes along with the Perskie bill. In other words, they are given five months redress or the equivalent in cash. It so happens that some of these tenants have been in these dilapidated buildings for over a year. They refuse to budge. However, they have accumulated maybe \$1,800 or \$2,000 in relocation funds and they are still sitting in these buildings. They could help themselves and search for housing, but they refuse to. The property owner has no other recourse, no other alternative. So what does he do? He takes the individual to court because of non-payment of rent. This is the only way he can try to get him out. When we go to court, the justices in the court, the court system, sort of tends to favor the tenant. Of course, that is because of the critical housing shortage. But there are many instances where property owners have

spent as much as \$15,000 between attorney fees, taxes, oil bills, and what have you. Now these building are unfit for human habitation so I don't see any reason why the property owner isn't allowed to close this building. I can't see why the courts are forcing the property owners to keep these tenants in these buildings. Now I'm talking about the legitimate property owners with a legitimate gripe who want to take their buildings out of the rental market because of numerous violations. I can't see why the courts are forcing the property owners to keep these tenants. I'd like to have some answers on that.

ASSEMBLYMAN GORMLEY: I have some questions. Have these homes been condemned by the city Board of Health?

MR. VECCHIOLI: No, the State has instructed the city not to condemn these homes because of the critical housing shortage.

ASSEMBLYMAN GORMLEY: Excuse me. Who is the State? Who gave that order?

MR. VECCHIOLI: We are referring to Community Affairs.

ASSEMBLYMAN GORMLEY: Community Affairs has said don't condemn any buildings?

MR. VECCHIOLI: Well, because of the critical housing shortage, yes. Last year there was a ruling---

ASSEMBLYMAN GORMLEY: You are saying there is an order from the Department of Community Affairs to the city of Atlantic City not to close any housing as a result of---

MR. VECCHIOLI: Right, right, right, because of the critical housing shortage, an order was sent down last year to the city to keep the tenants in Atlantic City because of the housing situation.

ASSEMBLYMAN GORMLEY: I'm just a little curious about the parameters of this order. You are saying that an order came down; it came from the Department of Community Affairs; the order said there is a housing shortage--O.K. that's not a secret. What specifically did it prohibit the city from doing? Have you ever seen this order?

MR. VECCHIOLI: No. Actually it isn't a law. It is actually a ruling that they have agreed upon. I don't believe it is a law. It was just a memo sort of issued to the city and it was made public through the press: not to condemn any buildings because of the critical housing shortage. The buildings are getting worse and worse. We are not blaming Community Affairs; we're not blaming the State. But when we take these individuals to court, I don't see any reason why after we abide by the Perskie bill, we are forced to keep these people.

ASSEMBLYMAN GORMLEY: How are you forced by the court to keep them?

MR. VECCHIOLI: Well, it's very simple. The Legal Aid system which works for the tenants rights tries to or makes an attempt with the property owner to rehabilitate his building. Now we have buildings where last year pipes underneath the floor burst and there is no heating system. The building next door had been vandalized. The above apartment has been completely stripped. Yet, the Legal Aid system through the court is forcing the property owner to either repair the building or put it under receivership. I can't see how something like this can be permitted to exist. I don't understand.

ASSEMBLYMAN GORMLEY: Isn't the more important question: How could you rent it in the first place?

MR. VECCHIOLI: At that time when the apartment was in good condition it was O.K. When vandals came in and started stripping the plumbing---

ASSEMBLYMAN GORMLEY: Excuse me. How long ago did these rentals start?

MR. VECCHIOLI: We're referring to--- Well, if a building was in tip top

shape and vandals came in, drug addicts, or what have you and started pulling out this and pulling out that and created a problem, then of course in winter weather the pipes burst under the floor, you---

ASSEMBLYMAN GORMLEY: But what I'm saying is that this doesn't sound like an overnight process to me. It sounds to me--and I haven't looked at any of these particular apartments--but it sounds to me that possibly they could have been rented in fairly dilapidated condition when this all got started. Don't you think that to a degree they might have been run down?

MR. VECCHIOLI: In some instances they have but we're referring to buildings where pipes burst, vacant apartments above the first apartment have been vandalized and the plumbing has been stripped out and the electrical wiring has been stripped out. We're referring to instances like this that have been occurring lately. We have quite a number of drug addicts in particular in the south and north inlet. Their only means of income besides burglary is ripping off a property owner--getting into the heater room and ripping out parts connected with the heating system.

ASSEMBLYMAN GORMLEY: O.K. thank you.

ASSEMBLYMAN MATTHEWS: I'd be interested in seeing that memorandum from Community Affairs. Secondly, I'd like to see some of these addresses which have applied for being condemned and were turned down because of this memo.

MR. VECCHIOLI: I would like to take you on a personal tour.

ASSEMBLYMAN MATTHEWS: And people have been turned down by the city to condemn these?

MR. VECCHIOLI: We have been monitoring information for the past year as far as property owners having a hard time through the court system. We have looked at some of these apartments and they have legitimate excuses such as: in the winter the oil company didn't deliver the oil in time and as a result of that the heating system went kaput and the pipes burst in the building. And instead of condemning the building and taking these people out and relocating them, the Legal Aid system has attempted to force the property owner to completely rehabilitate the building. If he did, of course, it would run in the vicinity of ten or fifteen thousand dollars. Where is he going to get this money if the bank designates that area as a red line district?

ASSEMBLYMAN MATTHEWS: What we are going to do is to get your name, address, and phone number. We are going to get in touch with LeFante and we will bring people down from the State. Then we will get officials from the city and we will make a tour of these conditions to see what the situation is.

MR. VECCHIOLI: Right. I would like to personally take you on a tour and I would like to get you the information as far as the Legal Aid system is concerned where they have been forcing the property owners---

ASSEMBLYMAN MATTHEWS: Well, I think that if we bring down the proper people then we can discuss it all in one day. You give me your information now and we'll find out when is a good day for the Commissioner to come down.

ASSEMBLYMAN GORMLEY: Could I ask a couple more questions? Is this property rezoned casino?

MR. VECCHIOLI: Some of it is and some of it isn't. This is a problem that has been happening I would say within the last two years. The pressure has been building up.

ASSEMBLYMAN MATTHEWS: You understand under the Landlord Tenant Act that you have a situation where if it is found by the court that the particular individual

who is the owner of the building is allowing the condition of the building to deteriorate to such a degree that he is trying to get somebody out who has lease hold or a lease right, that the court then takes action to make sure that they don't do a round-about eviction. You understand that is why the court is doing it.

MR. VECCHIOLI: There are cases like that, yes.

ASSEMBLYMAN GORMLEY: So you can understand why the court would exercise that prerogative.

MR. VECCHIOLI: There are cases like that but I am referring to legitimate people. I'm not blaming the Community Affairs; don't misunderstand me. Because of the critical housing shortage that we have been having in the last year or so, to protect the tenants rights, they have made an attempt to keep them in there a little longer.

ASSEMBLYMAN MATTHEWS: John Kondratow, Taxpayers' Union.

J O H N K O N D R A T O W: My name is John Kondratow. I'm President of the Taxpayers' Union of Atlantic City. I reside at 301 North Raleigh Avenue in Atlantic City. Much is being said and done for various special interest groups in our city. One group that seems to be constantly overlooked is the taxpaying residents of Atlantic City. We taxpaying residents who have suffered through unreasonably high property taxes throughout the past years and have not abandoned Atlantic City, but supported our city through high taxes in the lean years should be the ones who should receive any initial benefits that would be derived from casino gambling. Instead, we are constantly being ignored. Although our tax rate has supposedly dropped in half--using my own residence as an example--my property taxes this year will be about the same as last year due to a reassessment of my property.

In a news article of July 22, 1979, Senators J. Merlino and Steven Perskie have introduced a bill supposedly designed to protect Atlantic City taxpayers from increased residential real estate taxes. It seems to me that this bill is a little late unless it is the intent of the senators to protect only the taxpayers who have not already had their properties reassessed. If this is their intent, then the taxpayers who have had their properties reassessed for this year's taxes are being discriminated against and this bill should be rejected by both legislative bodies.

Another classic example of the taxpayers of Atlantic City being ignored is the passage of City Ordinance #8 that exchanged 2.3 acres of casino-zoned city-owned land for an unwanted recreation center. Although you may believe this would be a municipal problem that should have been rectified by city officials, the exchange of city-owned land is governed by State statutes which specify that the exchange of land should be at least of equal value and a benefit to the residents. It is my contention that this land exchange did not meet either of these requirements and should have been stopped at its inception. Immediately after the passage of this ordinance, I contacted the Public Advocate's Office in an attempt to stop this unfair exchange of land. After several months of conversations with the Public Advocate's Office, I was informed that they would not take any action. When I asked of any other State agency that I could appeal to, I was told that the Public Advocate's Office did not know of any. It seems ironic that we taxpayers who pay for the operation of our State agencies do not have one agency that we could appeal to that would be in sympathy with the taxpayers.

I do not think it is right. I think something should have been done a long time ago. I do not understand why nobody has looked into it or why they would not think there was anything viable in it. Because I have spoken to several people out of the county--I'm not at liberty to divulge their names at present--and within two or

three minutes after speaking to one who is a commercial land appraiser and showing him the maps, he said that there is no question that the city did not receive equal value. I even went to the extent of retaining an attorney. I paid a \$500 retainer fee with the idea that it would cost me \$1,500 to take this case before the courts. Four days later this attorney called me up, wanted to talk to me, and told me that I had to hire a Certified Commercial Land Appraiser at a cost of at least \$1,500, plus he implied that I would not be able to finance taking this issue to court on my own. I tried through the Public Advocate's Office. They couldn't do anything there. They are understaffed and too busy with what they have to do. I thought I would try the Casino Control Commission; I received no response whatsoever. That's why I'm here and I'm giving it to you. I'm putting it in your lap. I have the package here; you are welcome to it. I will give you my statement. The only thing that is missing out of this is the Ordinance itself number 8 which can be obtained from the City Clerk. I gave them all out; I don't have any more. I didn't have an opportunity to get any more.

ASSEMBLYMAN MATTHEWS: O.K. What we will do is: I will take all the information and you will get answers to all your questions. I'm not saying that you are going to necessarily agree with the answers but I will make sure that everything is answered in detail as to what the law states and the legalities of it. The Casino Control Commission will certainly reply to your statement of April. There will be no problem on that but we will get an answer to you within a reasonable frame of time-- a week to two weeks. We guarantee we will do that and you will get an answer.

Frank Gerace, President of Local 54.

F R A N K G E R A C E: Mr. Chairman, Assemblyman, my name is Frank Gerace. I am the President of Local 54 of the Hotel-Restaurant Workers, 200 North Texas Avenue, here in Atlantic City. I have a few questions that I would like to ask: (1) Regarding the temporary licenses that are now going to be granted to non-gaming related employees, is that going to be a blanket, temporary, license for the workers?

ASSEMBLYMAN MATTHEWS: The minute they file it is granted. They would have to say, "I want a temporary."

MR. GERACE: How about the people who are now working at Resorts and waiting for licenses, working at Caesars and waiting for licenses to go on to the casino floor? Do they have to reapply in order for them to get a temporary license?

ASSEMBLYMAN GORMLEY: I would imagine they would. We're not talking about a sophisticated application or anything. In some simple form, not a reapplication, all that you have to say is that you want a temporary license. Has a form been devised for a temporary license procedure?

COMMISSIONER LORDI: Actually the application made by the employer, in this case the licensee, together with the applicant would request a temporary license issue. Under the statute the only temporary licenses we have been issuing are the casino hotel employee---

ASSEMBLYMAN GORMLEY: We're talking "amended".

COMMISSIONER LORDI: I know we are. Presently the procedure is for the applicant to apply under the statute for a temporary hotel employee license. So we would follow the same procedure if the amendment carries both houses and is signed by the Governor. So you would find that the employer--the licensee--would apply to us for a temporary license on behalf of John Jones doing the work in the casino rather than an unrelated position. It would be almost an administrative procedural requirement which would address itself (1) to the fact that you have filed an application for

a permanent license and (2) have the requisite background to hold that job whatever it may be. There will not be a blanket temporary license. Each individual would be granted a temporary license on his own application as filed by the employer.

MR. GERACE: That doesn't resolve our problem.

ASSEMBLYMAN MATTHEWS: O.K. to answer one of your questions: They are issued by the chairman, not a blanket necessarily, but they are issued by the chairman on an individual basis.

MR. GERACE: Our main concern and our problem is: The Supreme Court of the United States upheld seniority rights. The Commission is now denying seniority rights through its licensing and through its application. The best jobs--in non-gaming jobs--are on the casino floor, as far as the workers are concerned and that is the cocktail waitresses, the service bartenders, the bar boys, even the casino cleaners. They are the best jobs in the hotel. And by collective bargaining agreement, they are to be assigned to the most senior people. That is not happening. This is what we want to make sure happens with the temporary licenses: that the people who are in the hotel who have the seniority but have not been given a license because the Commission hasn't seen fit to give them one--a permanent license--that they are able to go down and work on the floor on a temporary license.

ASSEMBLYMAN GORMLEY: Isn't that more between you and the particular casino?

MR. GERACE: No, it's between us and the Commission. That's the problem.

ASSEMBLYMAN GORMLEY: I assume this is going to be signed as temporary licensing procedure and if all those people who would like temporary licenses submitted simultaneously to the Commission--maybe that is the word "simultaneous" instead of blanket--once all these are submitted, that is the same effect that you are talking about. Maybe Mr. Chairman you could address yourself to that. If the bill is passed and the list is submitted by a casino for simultaneous licensing which would then pull you right into your collective bargaining agreement and protect you, would that suffice?

MR. GERACE: As long as they are all granted at the same time, yes, it would.

COMMISSIONER LORDI: Oh yes, because you are absolutely right. That is exactly what is happening now with respect to casino hotel employee temporary licenses. The employer submits the names of various persons who are employed by him for whom he requests temporary licenses.

ASSEMBLYMAN GORMLEY: And if they didn't put a name on, they would be in violation of your collective bargaining---

MR. GERACE: That's the liability of the employer.

ASSEMBLYMAN GORMLEY: Yes, then they are in violation of the collective bargaining rules.

MR. GERACE: Next question. The Casino Commission now has the power that when a hotel is doing renovations--non-casino renovations, opening up public rooms--the Casino Commission has to okay this. Right now at Resorts, we have three rooms waiting for licenses. We have the Cafe Casino which is the coffee shop which is going to employ 183 people; we have the Casino Royale which is a cocktail lounge which is going to employ 109 people and we have a beverage license for the bridge which will employ approximately 50 people on the banquet staff. The total is 341 people or \$54,832 a week salary plus tips. Does the Commission really have to license or say "yes" once a hotel is opened, once it has been licensed and it is non-gaming related or if you want to build a banquet room or open up twenty more restaurants? Why is the Commission

involved in it? Why does a hotel have to wait for the Commission to say--- You have many instances of where the Commission wouldn't let somebody open because they didn't like the rug. Over at Caesars they made them change the color. Why should the Commission have this right to say that? Once the hotel has conformed with the law, the Commission has given it a license, if they want to expand, why do they have to go back to the Commission to say, "I want to open up a coffee shop; I want to open up another lounge."

ASSEMBLYMAN GORMLEY: I think the obvious answer is--and I'm not trying to be mean to Resorts--they are fairly concerned with the 340 employees but not as much as they are concerned with getting more open space to get more ground in the casino. And that is why they want that Commission approval because, let's face it, that's the basis of everything and they want more public space so they can get more casino space. That's why they want the Commission approval for that; that's the nuts and bolts of it. The Casino Control Act is specifically tied--I can't give you the requirements off the top of my head--to the specific space requirements needed as they relate to specific space requirements for a casino's public space. Let's face it, the casino space is what generates the majority of the money and it is specifically tied to the public space, which is a good part of the Act. You might not be getting those 340 jobs unless you had it tied to a public space requirement.

MR. GERACE: Why couldn't I have the 340 jobs for the people and then if the Commission wants to deny them the opening of more space because they don't feel that was adequate, at least the hotel could open up these additional rooms. We are going to have the same problems with every renovated hotel that comes along where the workers are in, the workers are ready to go to work--I'm not talking about gaming workers; I'm just talking about regular hotel workers--and they have to wait for the Commission to have it come up on its docket before it will give them permission to open up that room. We are going to have the same problem; it is going to be magnified a lot more times.

ASSEMBLYMAN GORMLEY: Excuse me. I'm not sure about this; maybe Mr. Fusco or Chairman Lordi can answer this: With that application, often the space that is non-casino related, is that also tied to one application in which casino space is tied to it? I am just wondering if the applicant is given a package deal.

COMMISSIONER LORDI: Generally speaking that's what you have. Beyond the fact that they plan to open or have facilities in place for another lounge or coffee shop, there are two main points they are asking relief for: one is an alcoholic beverage license before they can dispense alcoholic beverages in an additional lounge that had not been considered at a prior hearing. They have to apply to the Casino Control Commission so we have to determine whether or not a license should be issued whether it be for the new lounge, the bridge, or the coffee shop. Two, the space is tied into additional casino space and obviously, under the statute, we have to ascertain whether or not the additional space that they are talking about--- This may not, as I said before, go through the merits of this particular case. But, generally speaking, based on what I heard just now, the applicant in this particular case is asking for an additional 5,000 plus square foot of casino space. It must, of necessity, be considered by the Casino Control Commission for two areas: (1) additional casino space and (2) an alcoholic beverage license. The third point is this: there are other aspects to this application which ties in not only with the casino hotel but would attempt to tie in with existing facilities outside the casino hotel itself, which, of necessity, requires consideration by the Casino Control Commission. Our job is to see to it that this is a superior, first-class hotel in every respect. We address ourselves to it and as



far as this particular application is concerned, it is on the agenda for our meeting next Wednesday. At that time we will consider the additional casino space and the additional alcoholic beverage license . At that time we will also consider whether or not they can have access to an existing motel to the rear of Resorts.

ASSEMBLYMAN GORMLEY: I think Mr. Gerace has an excellent point. Assume it wasn't an alcoholic beverage license and it wasn't tied to a casino license and they just wanted to put space on to employ people, assume that is all they wanted to do--we are assuming there isn't an alcoholic beverage license and we're assuming it's not tied to casino space--I think businesswise, they are always going to tie it to the casino space so they can say, "Oh there are another 340 jobs, the minute you approve this additional 5,000 square feet of casino space." Do they have to have an approval for every addition that is put on to the hotel even though they don't tie it to casino space?

COMMISSIONER LORDI: It may very well be that they do not put--- Where it relates either directly or indirectly to the casino itself, many times the new construction or addition they contemplate affects the casino, the domination of the casino. For example, a hotel could very well violate the spirit and intent of the statute. There is nothing, for example, to prevent them from going in and making some improvements on their own. It would seem to me that where it substantially affects that hotel, they would have to request our approval. But generally speaking, there is nothing to prevent them from moving forward and making some improvements or changes as they see fit only as it relates, as I say, to those areas where they have to get relief from us. Now where do they get relief from us? If they are talking in terms of a casino, it is difficult to articulate because I would have to know a specific set of facts. If they went ahead, for example, and built a bridge--O.K. fine--now they are seeking an alcoholic beverage license. They have to come to us. They built the bridge but they are now asking us if they can serve alcoholic beverages. This is all on the record so I'm not prejudging or anything. They bought the Ramada Inn, I think, motel, the rear of it. Now they want access into the casino hotel. This raises legal questions. It has to be resolved by us. There is nothing to prevent them from buying the motel. They can go ahead and do it. The point I'm making is: as it relates to the facilities themselves, in particular alcoholic beverages licenses or the casino, I think we take--we must of necessity--exercise jurisdiction.

Secondly, we certainly wouldn't want them to add something to that hotel which in any way would detract from what we deem to be a mandate of the Legislature to insure that that is a quality first-class hotel. These are the factors to be considered.

MR. GERACE: My question is: Why couldn't the facilities--lounges, the new dining room--why couldn't they be considered first to be opened rather than tie it together? Now if Resorts wants to go ahead and take a chance that by doing this, the Commission is going to grant them 5,000 more square feet of space, why couldn't it be that they are acted on first? Why tie it together?

ASSEMBLYMAN GORMLEY: That's not the Commission; that's Resorts. Resorts could have put an application in for the bridge four months ago for an ABC license. Just coincidentally, it falls on or about the time that 5,000 square feet of casino space is opened. And then they can say to you, "Look, here are 341 jobs in addition if we can get this 5,000 square feet." This is the way it is coming down. They could have gone on that bridge--- That bridge was done months ago. They could have come for a liquor license months ago. I think that the Commission on that point is not tying it in. Resorts is tying it in together.

MR. GERACE: Well then maybe the Commission should untie it for us by saying they are not going to tie the two together until after it has approved one facility.

ASSEMBLYMAN GORMLEY: The problem is: if they don't put it in front of them, how are they going to know what they are going to do?

MR. GERACE: If the people are able to go to work--- I'm concerned with the jobs, the people who were hired and are now waiting to go to work. If the Commission itself is saying to Resorts or any other property, "O.K., you have X amount of square feet that you want to open; we're going to let you open up that. But that is not going to be tied in to our decision. By saying 'yes' to let you open up a restaurant doesn't mean that we are going to say 'yes' that you are going to open up more square footage as far as the casino is concerned." That will alleviate our problem---

ASSEMBLYMAN GORMLEY: They can say that. Assume Resorts puts the application all together and the Commission goes, "This is an excellent idea that we have a license on the bridge." They can do that. Now Resorts is the one that is going to say, "Oh no, unless we have it all, forget about the 341 jobs." I don't think the Commission would have a problem with that in the world. They would say, "Great open space, we agree with that, but we don't like the casino. But we will let you have the 341 jobs." I think, the Commission, if that were the case, would be more than happy to do that. If they bifurcate it or divide it out, it is Resorts that you are going to deal with. They are tying it together.

MR. GERACE: Well at least we know that when these people are hired, and in the manner of which the casino itself makes its application, the application should be made in a separate manner.

ASSEMBLYMAN GORMLEY: It is their prerogative to do it.

MR. GERACE: Right now, they are paying these people at the minimum rate saying that it is the Commission's fault. We can't get it over. We have to wait for the Commission. Well all these people are waiting to go to work.

ASSEMBLYMAN GORMLEY: Excuse me for answering the questions for you but that's obvious. They could have made that application four months ago for that bridge--the day it was completed. They could have said, "We want a liquor license out there." Why couldn't they? Because the casino space wasn't ready to be opened.

MR. GERACE: Thank you.

ASSEMBLYMAN GORMLEY: You're welcome.

ASSEMBLYMAN MATTHEWS: John O'Neil. Lillian Waters. Lucy Watts.

L I L L I A N    W A T E R S: My name is Lillian Waters. I'm a Committeewoman from the Second District, Second Ward of that District, and here in reference to transportation on South Carolina, today. We are concerned with the heavy traffic--the outpour of people coming from the resort; I assume this is it--and the heavy buses which are shaking our windows and foundations from the rafters. We are also concerned in our particular area that there are a lot of senior citizens, there are young children, and there are no signs stating "Slow." It appears that the red lights are out of order. Some people seem to think that South Carolina is a speedway. I have lived on South Carolina now approximately twenty eight years and I have never seen the traffic flow out as rapidly as it is doing right now. That is brief and to the point.

We are in an area now that proposes a senior citizens' complex on Mediterranean Avenue. We will have older people going to and from that area and we wouldn't want anyone to run over them. We have young children. I have stood out some afternoons on my porch and the outpour of traffic that goes our way is like a speedway. In

reference to Commissioner Lordi's comment about the Brigantine arteries, South Carolina is the direct artery going into Brigantine. So it would appear too that someone should come by that way and see what effect it will have on our property to put a casino out in that area. Miss Watts was unable to be here but on behalf of the residents of South Carolina I wanted to present our problems at this hearing.

ASSEMBLYMAN GORMLEY: Would you like to see the buses that come into town spread the wealth around a bit? That is, there would be alternate bus routes or routes in which it would be divided among different streets instead of all going---

MS. WATERS: It appears to be a problem throughout the city. I took a survey of people on other streets. There is a need for signs stating--- If you are going fifty miles an hour on South Carolina and it is supposed to be, I guess, a twenty five or thirty mile an hour zone, we have no signs. You can go on that street and there are no signs. There are no "slow" signs. The lights need to be studied by someone. That's what I'm here for.

ASSEMBLYMAN GORMLEY: I believe they make studies like that for a city.

MS. WATERS: We would appreciate it. Thank you.

ASSEMBLYMAN MATTHEWS: Allan Cade, Boardwalk Regency.

A L L A N C A D E: Thank you Mr. Chairman, Assemblyman, I am reminded in listening to these proceedings of a remark made by Mr. Thurgood Marshall in 1954 before the Supreme Court of the United States when he asked the question: "Of all the different kinds of people in this country, why do black people have to be singled out for such special treatment?" I would paraphrase that by asking myself the question: Of all the different kinds of industry in these United States why is this one singled out for such special treatment? I can answer my own question, sir: it is a very special industry with a history which requires some special treatment. We recognize that. And I believe the company I represent is establishing itself as one which is conscious of our responsibilities to the community, to the industry, to the citizens of New Jersey who have entrusted you with the responsibility of regulating us. I think, to get very quickly to the bottom line of this discussion, we feel we are expected to provide the public a well-run organization of business to satisfy the requirements of the legislation that legalized this kind of an operation. It is very difficult for us to do that under the circumstances that have been described here today. I think that at the very bottom, the licensing process is a very long one. We have seen statistics to verify that. It is a very complex one. We have heard the experts verify that. And it currently requires a great deal of advance planning, coordination between the applicant and the staff, and firm commitments well in advance of what would be expected of a normal business starting up. Some of the things that have been recommended or suggested by the director, we have been there. We have been doing some of those very things. I can confirm for you personally that our organizations have been working diligently with the staff and they have been working diligently with us to try to solve some of these problems. The company that I represent long ago recognized the difficulty of the application itself and how formidable that application itself really is to the applicant and devised a system of upfront quality control to preclude having the applications returned because of some of the things the director talked about--wrong dates or not properly filled out. The thing that bothers me most, I guess, is that I'm concerned that we will accept the fact that the process is long and arduous, and cumbersome, and in some instances tricky, and that we would not take the position that that is unacceptable. I would hope that your Subcommittee, sir, would take the position that that process--that arduous

system--is not acceptable and do whatever it is that is within your power to assist the director to provide him with those resources which he has requested to shorten that process, to make it less formidable, to make it less arduous. I don't believe that is the way it really ought to be. I have to kind of say to you that there must be a better way to provide the job opportunities for the 700 people that we have on our payroll now who are awaiting licenses. The question which keeps coming up in reference to discrimination as it pertains to the licensing process is one that I have given a lot of thought to because I have been living with this process now since I arrived in Atlantic City in January. I do not believe that there is personal discrimination or individual discrimination with reference to the licensing process but I believe we find something called "institutional" discrimination here. I think the system itself is so arduous and so cumbersome and so formidable, and in some instances so expensive, that by its very nature it discriminates against the poor, the minority, the uneducated. There are some instances in which you must either be a lawyer or be able to afford proper counsel to understand some of those questions, particularly if you are going for some of those good jobs. I would appeal to you to provide whatever assistance you can to the agencies that are entrusted with the responsibility for pulling this off--I'm talking about the Commission and the Division--to assist them in their staffing, in their data systems, and whatever it is they need because I do not believe that you want to accept the fact that it is going to take nine months to a year to license an individual applicant to work in this industry. Thank you very much.

ASSEMBLYMAN GORMLEY: One point: I don't think you would have a problem with this Subcommittee because of the nature in which the Casino Act is drafted. The increase of staff, or whatever they might call for--- As you know, it is one of the easier pieces of legislation for us to do what is needed because we pass the cost along to you--the casino industry. So I can say without a doubt that you will have the full support of the Legislature on whatever the Division or the Commission might want with regards to additional staffing if it be a reasonable request simply because you don't thrust the burden on the taxpayers. And I think it is commendable that the industry, or at least a representative of one of the members of the industry, comes in and acknowledges the fact that they need additional help. You obviously realize there would be an additional burden--a consequence to what you are saying. I think it is good that you acknowledged that and at least show you are putting the hand out to do something. I think you have a very good point. I think the staying power of individuals is one that is tested in this procedure. I think all too often--this is a fault of my occupation--we sit down and write the perfect system or devise the perfect system to screen it out. And it probably is a good system. But all too often the man on the street or the person who doesn't have legal counsel cannot understand why the necessity for such a complex system. And it is discouraging especially when one has to work in the interim or when one has to keep his gambling skills up following completion of a gambling course. So I would agree with the staying power. I would appreciate the support that your company would offer in this effort.

MR. CADE: If I might make one final comment: To suggest a job commitment six months to nine months to a year in advance, to suggest the staffing around an accepted long and arduous individual licensing process, causes some very, very serious practical problems on the individual applicant's case. I'm thinking of severing job relationships while all this is going on. We have been there. It is very, very difficult to tell an applicant "A year from now we will put you on the

payroll. We want you to fill out and go through the process." I'm appealing, I guess, to you to assist the agencies because they are the ones that are going to have to do the work and I'm sure that you recognize that this process is just as frustrating to them who are out there in the field--the investigators, etc.--as it is to the applicant sitting back waiting wondering whether or not (1) is he really going to get that job he has been promised and when and (2) after he gets it, how long is he going to be able to have it before the company, for economic reasons, will have to terminate?

ASSEMBLYMAN MATTHEWS: I agree with you one thousand percent. The people are not working; they go on unemployment or some other kind of program and rather than money coming into the State coffers, it is going out of the State coffers. I know that the hearings we had last year were productive. I am hoping that the series of hearings we are having now--- That is why I have asked Commissioner Lordi and Director Martinez to stay to hear some of the problems. They know that when they come up with recommendations, in the most cases, we accept them. And sometimes, if there is a conflict between the legislative body and maybe the Division or maybe the Commission, we will do everything legislatively that we can to expedite the process. But, at the same time, what the Division's concern is and what the Commission's concern is that we don't go into it too quick and make it sloppy and encourage those things we are trying to discourage. But with a year's experience now and with the processes getting better, hopefully we can get some computer support. If we can help them put more pressure on someone to get more computerization to speed up some of the clerical work which I'm sure has to be an administrative bear, we will do everything in our power. I think we should have some proposed legislation or ideas anyhow to encourage this. We have been working together. We went through a series of hearings in the spring in which we met a half a dozen times to sit down and come up with legislation that is presently before the Senate. It's new; you're a pioneer. We are going to have a few pioneers and there are going to be a lot of problems and a lot of heartaches and a lot of grief. It is a bureaucratic process. We have the Legislature on one hand and we have two Houses and the Governor to go through and that's when we are getting to the final stages. It has taken us a year to get as far as we are with the new things because there are other things in government that people are interested in also. We are parochial down here because of our district and casino gaming is one of our big things. But I know on our State Government Committee which this is a function of, we have spent a great deal of time on Civil Service reform, Horseracing is another problem before our Committee, jai alai, initiative referendum, These are all problems before our Committee and they call for public hearings and things like this. So it is just getting everyone to sit down and come up with a proposal. But those are our problems and we appreciate your comments very much, General, and we will do our best to expedite. I'm sure that this year will be better than last year and it will continue getting better.

Mr. Jordan.

B I L L J O R D A N: My name is Bill Jordan and I'm Casino Manager with Bally's Park Place here in Atlantic City. I reside at 101 Raleigh Avenue. I only have a brief comment to make in particular in respect to what Director Martinez has brought up as far as lead time in the casinos and the staffing of the entire projects are concerned. I'd like to point out that the problem with attrition, in particular, in bringing people from Nevada and other areas of the West is a serious one. As time goes by, every month leads to more. That therefore puts us in a position, for example,

wherein 97% of our disclosure forms have been submitted more than three months ago. As every week goes by, we make every attempt to keep in touch with our proposed employee staff. In doing that, we find out that we are experiencing a considerable amount of attrition. This isn't to say that we are not aware that the lead time is necessary. I am just pointing out that it is a continuing problem. Therefore, even as much as two months or three months before we are looking for an opening, we will continue to be submitting disclosure forms that hopefully will be acted upon.

I have one suggestion with a brief explanation. In Nevada, as I'm sure anyone associated with the Department of Gaming Enforcement here as far as investigation is concerned knows, the only casino employees that are licensed by the state are those at the level of chip manager. Others are simply licensed by the local law enforcement agency and that is called the "sheriff's card." The only requirement basically in obtaining a sheriff's card for employment is that you have a clean criminal record and that you are sponsored, so to speak, by an employer--that you have a letter of intent to be employed. I would suggest, therefore, as a means for removing some of the burden that appears on that graph--the vast number of more people who are applying for licenses than are actually going to gain employment--a simple and effective solution to that in the future at least would be to require that the first page of a disclosure form to be a letter of intent to hire from a qualified employer. That is all I have to offer at this time.

ASSEMBLYMAN GORMLEY: When are you opening? What do you project?

MR. JORDAN: We are looking for fall, hopefully in November.

ASSEMBLYMAN MATTHEWS: I was there this morning and it looks very good.

MR. JORDAN: My personal disclosure form, for example, has been submitted four months ago tomorrow. I received my first interview two weeks ago.

ASSEMBLYMAN MATTHEWS: Barbara Calabrese.

B A R B A R A D' A S C E N Z O C A L A B R E S E: My name is Barbara Ann D'Ascenzo Calabrese, legally now Barbara D'Scenzo. I have lived at the Woodland Condominiums in Mays Landing for the last fourteen months. I applied for a license to work in the casino as a cocktail waitress last May. I was given the run around for fourteen months. I was also interviewed by four detectives. The first detective interviewed me because there were some outstanding bills on my house which I assured him would be paid off at the settlement of my home. I was in the process of selling it. I was then asked about my father who I had not lived with since I was three years old. He was serving a prison term of eighteen months in Clinton. A few months passed and I called the State barracks in Hammonton and they didn't know who the detective was. They wanted to know how I got his phone number. Then I called Trenton. I was given a detective Gallo. He told me that he had lost my file. He would try to locate it. He said to give him a few weeks and I did. When I called back he said that he had my file and he had to do some checkup work on it. I said, "O.K." He said, "Give me a few more weeks." I gave him a few more weeks. I called him back. He said there was nothing I could do. Then I later got hold of a detective Capoletti. He advised me that he needed more information. I then gave him the information he needed at an interview over at my aunt's house. I gave him proof that all the bills were paid. He then asked me questions of my association with a Robert Dougherty. In that he said, "Everything is all right now, your form should go right through." I waited a few more months. I got hold of detective Capoletti again. He said that it was no longer in his hands and that I would have to contact detective Hogan. I then proceeded to contact detective Hogan who told me that he would have to call me back. He did call me back and told me that a letter was on the way informing me of the

Commission's decision. I did not receive any letter from them. A few weeks later, I phoned him again. He said that the letter should be there and I should go up before the Commission on the next meeting date. I waited. The next meeting date passed and I didn't go up before the Commission. He told me that I would go up next time around. I waited and I did not go before the Commission then. The last time that I called him, he told me that the letter was on its way and for me not to even bother. Once I receive the letter, why don't I just drop it? I have a copy of the letter that they sent me. They denied me on the grounds of association. I did not have the right to even a hearing until I went to the Civil Liberties Union and they got hold of them. This is the letter they sent me: "Honorable Joseph P. Lordi, Chairman Casino Commission, Trenton, New Jersey." The facts in this letter--75% of them--are not true. As far as the house goes, at the time I saw detective Capoletti I gave him proof that the house and the liens were taken care of. In the letter it says that "the individual has applied to the Casino Control Commission for a license as a casino employee as a cocktail waitress... the Division of Gaming Enforcement conducted an investigation into her background..." They did not investigate my background; they investigated the people around me. "...verification was accomplished by a credit check, a record check, law enforcement agencies and some field investigation. The applicant is thirty two years old, a resident of New Jersey. The Division of Gaming Enforcement objects to Miss Calabrese's license as a casino employee on the grounds that she has direct contact ties to individuals which would make her license immutable to the policy of the Act of the casino operation, namely Robert Michael Dougherty. The applicant revealed in her personal history disclosure form that she had lived with Michael Robert Dougherty from January until April 1978." Which I did; I told the truth in my application form. "The New Jersey State Police Organization Crime Unit reported that Mr. Dougherty had a lengthy criminal record, was arrested a total of twenty times, and was last arrested on March 4, 1977 for drugs and counterfeiting charges. Mr. Dougherty was arrested three times while applicant was living with him." This is not true. "On January 23, 1976, Mr. Dougherty was arrested in Burlington County for possession of controlled dangerous substance. The case is still pending trial in Burlington County. On September 23, 1976, Mr. Dougherty was arrested for possession of burglary tools and failed to give a good account in Cherry Hill. Records of deposition for this offense are not available." This is not true; the records are available. It was discharged. He was at his friend's house. The judge said it was ridiculous. "Mr. Dougherty was arrested for conspiracy to break and enter, conspiracy to distribute dangerous narcotics, conspiracy for book-making and counterfeiting. Applicant pled guilty to lesser charge and received 364 days in Burlington County jail with three years probation." That's not true either. "In addition, Miss Calabrese revealed her father, Harry D'Ascenzo is presently serving three to five years' sentence in State prison for loansharking. Investigations by this Division showed that Mr. D'Ascenzo was arrested by the New Jersey State Police Organization Crime Unit on February 7, 1975 for various loansharking activities. The unit reported that he was well-known and closely associated with organized crime figures in Philadelphia. It also should be noted that the applicant has some serious credit problems. Most of her problems stem from her former marriage to Vincent Calabrese. Applicant is presently seeking a divorce from Mr. Calabrese. Mrs. Calabrese told investigators that she would use the proceeds from the sale of her residence with her former husband to pay off all debts." The house has been sold and closing date will take place shortly.

They fingerprinted me. They asked me for a note from the Winslow Township



Police Department. That is where I was living at the time. It stated that I have no record. I got the note from the Chief of Police that I had never been arrested, never been picked up, never even got a parking ticket--none. They do not deny me on my credibility; they deny me on someone else's.

ASSEMBLYMAN GORMLEY: I can appreciate what you are saying to the degree that any time one by association has these kinds of difficulties it is of great concern. We have given a broad grant of discretion to the Commission. Because of the gambling industry, it was necessary to do that. You are going to have a hearing on this, is that correct?

MS. D'ASCENZO CALABRESE: Well, I was not going to have a hearing on it. They told me not to have a hearing on it. The only reason I did get a hearing is because I took it to the Civil Liberties Union. That's the only way I have gotten hearings. They would not even give me a hearing on it. The only reason they did is because the Civil Liberties Union contacted them. And the charges that were made on Robert Dougherty were made before we were together.

ASSEMBLYMAN GORMLEY: I'm not saying that they did anything wrong or that you have said anything that is incorrect. The point is, we have a predicament in that for us to give you a conclusion about what you are saying is an impossibility. I don't want to mislead you because this is the thing that does take a full hearing and I agree with you on that point in order to air these issues out. I imagine they have something else that is in disagreement with what you are saying possibly, or they might not have sent the letter. I would assume that. But the point is, this is something we couldn't give a conclusion to. I agree with you that you should have had a full hearing. I'm glad you do have a full hearing and that everything can be reviewed thoroughly because I couldn't give a cursory conclusion.

MS. D'ASCENZO CALABRESE: But the point is, I was harassed for twelve months. I mean literally harassed. I was given phone numbers to call and no one knew where I got the phone numbers. No one knew how I got the phone numbers. No one knew why the investigator was investigating me and how he got my case. This is what I personally have been going through.

ASSEMBLYMAN GORMLEY: To be quite truthful with you, many of those questions I wouldn't answer myself. If someone was under investigation, I would be very closed lip myself. Maybe they did it in a manner that could have been more courteous.

MS. D'ASCENZO CALABRESE: They didn't have to because I answered all their questions truthfully. I did not have to write that I was living with Robert Dougherty on the application form because it did not ask that on the form. I filled it in myself. If I didn't want them to know--I'm not saying they wouldn't have found out--but I did not have to write it down. I did not have to write down about my father being in Clinton. I have not seen my father. I went to see him in jail a few times since I was three years old. The Commission has harassed me. They have told me not to pursue it any more. What gives them the right to tell me, as an individual, not to pursue it any more? "Wait for the letter to come to the house and when you read it you won't want to pursue it any more." The point is the whole attitude they took toward the investigation. They told me I was helpful. I told them that if they had any questions to come to me and I would be glad to answer them truthfully, which I did. They persisted in lying constantly over the telephone telling me they sent letters to old addresses when they had my new address and new telephone number because they called me there.

ASSEMBLYMAN MATTHEWS: When is your hearing scheduled for? Do you have a date yet?

MS. D'ASCENZO CALABRESE: Yes, I just got a date. It is August 8th.

ASSEMBLYMAN MATTHEWS: I think at this time because Commissioner Lordi and Director Martinez are in the audience listening that when you have your hearing on August 8th they will be asking some questions themselves of the people involved. Once again, I'm also glad you have your hearing. It is a shame it took so long. But I'm sure that on August 8th, Commissioner Lordi will be very fair.

COMMISSIONER LORDI: Mr. Matthews, may I point out that on an application for an employment license such as this, if a notice of intention goes out by the Casino Control Commission and a hearing is requested, the matter is then referred to the administrative law judges. They designate someone to sit as a hearing examiner and fix the date for the hearing. When they have held the hearing the administrative law judge prepares a report and recommendation and submits it to the Casino Control Commission. That's the procedure and I'm sure she will get a full hearing on all the facts.

MS. D'ASCENZO CALABRESE: But the point is the Commission did not want to give me a hearing.

COMMISSIONER LORDI: That is not so the---

MS. D'ASCENZO CALABRESE: That is so. That is so.

COMMISSIONER LORDI: Not to get into an argument but the fact remains as I outlined to you that as far as the Commission is concerned and if, indeed, they have some indication that they are going to deny the license and a notice is sent out to the applicant, they are advised that they can request a hearing within a certain period of time. We take no position with one person as opposed to another. If they request a hearing; a hearing is granted. There is no reason why we would not grant a hearing to anyone.

MS. D'ASCENZO CALABRESE: Why did it take the Civil Liberties Union to get me a hearing?

COMMISSIONER LORDI: I'd have to look into that. I don't know any reason.

MS. D'ASCENZO CALABRESE: Because that's exactly what it took--the Civil Liberties Union to get me a hearing. I can quote detective Hogan's words, "Once you receive the letter, you will not want to pursue it any longer."

COMMISSIONER LORDI: That's not what the Casino Control Commission is saying. You will have to speak to Director Martinez about that. As far as the Commission is concerned, once we have that rejection letter, once the Commission agrees, a letter of intention goes out and you will get a hearing. You are entitled to it; it's a matter of law.

MS. D'ASCENZO CALABRESE: That's what they told me. It just took the Civil Liberties Union to get it for me. I could not get it on my own. For people who don't know about the Civil Liberties Union or don't know what to do, they just back off. It's not fair because everybody is entitled to some kind of justice. They shouldn't all have to sit back because a detective says they can't do anything further in a way of a threat. I mean, it wasn't a threat but it was warning me not to pursue it any more. I think something should be done about that.

ASSEMBLYMAN MATTHEWS: Now after your testimony, I'm sure something will be. Leonard Aronowitz.

LEONARD ARONOWITZ: My name is Leonard Aronowitz and I reside at 1329 Pacific Avenue here in Atlantic City. I'd first like to thank you gentlemen for the time you are extending to me.

From 1972 until 1976 I was employed at the old Chalfont-Haddon Hall Hotel in the capacity of cashier at the old Peacock Inn. I remained there approximately

three years. (Broken tape small amount missing).

I consider myself a satisfactory employee. However, with this new maitre'd it seemed as though my problems became steadily worse. In July 1975 I was faced with a charge of dismissal from my position. At that time, the maitre'd through the intervention of the cocktail waitress, disclosed a personal family problem which resulted in serious letters of insubordination being drawn up against me and causing my nearly successful dismissal. Upon my presenting my case to the Legal Aid Society here in Atlantic City, it was resolved unofficially and I was permitted to stay on the job from July 1975 until February 1976 at which time I was again facing a charge of dismissal and I was ultimately dismissed, on the grounds that I was not conforming to the rules and regulations of the old Chalfont-Haddon Hall Hotel. I was content with this. However, approximately one year later, I received from a very prominent individual here in town a statement through the mails indicating that my dismissal was based on my having been a member of the Communist Party. At first I thought this was ludicrous. I might add that from the time of my dismissal in February 1976 to the present time I have been unemployed. This is one of the main reasons why I believe I cannot obtain employment in any of the hotels. Another reason why I believe I am not able to obtain employment is the fact that communication was held between Mr. Jack Ferenz of the ACLU and Mr. Anthony Ray of Resorts International. In this communication--it was verbal, and it was relayed to me by the ACLU--Mr. Anthony Ray indicated to Mr. Ferenz that I had a clear record of difficulties in getting along with my supervisor and with other employees. At first I thought I could solve this entire situation by confronting Mr. Ray and the Personnel Department. However, this right was denied me. It was not until approximately two months ago that Mr. Abe Meltzer, who is the supervisor of the Personnel Department agreed to see me. And at that time it was related to me and consequently through a letter sent to me by Mr. Meltzer as a result of a letter sent to him by Mr. Herbert Hinkle of the Office of Developmental Disabilities which indicated that I, indeed, was a satisfactory employee with the ratings of excellent and good and various categories relating to my period of employment at the old Chalfont-Haddon Hall Hotel. I am not satisfied with this present evaluation in that the evaluation procured by the Center for the Handicapped in Pleasantville is in contradiction with the evaluation produced by Mr. Ray and sent to the ACLU which is, in effect, that I was an unsatisfactory employee. I feel that since this initial correspondence between Mr. Ray and Mr. Ferenz of the ACLU was sent back in February of 1976, that this evaluation most possibly could have been sent on to various hotels in the area. I might say that I have Cerebral Palsy from birth. I have worked as a cashier in other hotels, principally in the old Shelbourne Hotel from 1968 to 1972--a period of four years. I remained on the job in Chalfont-Haddon Hall Hotel from 1972 until 1976. I cannot do any other type of work. I feel that since this type of reference, or I should say this--- Since all these references must be combined so as to produce a satisfactory one and although I have--as I said--received a letter from Mr. Meltzer stating ultimately as a matter of fact that I am a satisfactory employee, it still is no assurance to me that this evaluation sent by Mr. Ray back in 1976 was not at that time sent to the other hotels in the area. This is my problem. I must work. My mother is extremely ill and although I have pursued my matter through the State government and through the federal government, I have not met with any success. I come here to you as a last resort. Thank you. I would appreciate anything you could do.

ASSEMBLYMAN MATTHEWS: We are speaking strictly about casino legislation and this is out of the realm of it. But have you applied to other hotels?

MR. ARONOWITZ: I have tried to apply at Caesar's World, however, they wish me to sign a waiver form which indicates that I would not hold anyone responsible for any bad references that might be put out on me. Since Mr. Ray has put out an unfavorable evaluation on me back in 1976, I cannot say with any assurance that this would be taken into consideration and any other which came consequently afterwards would just be discarded or not. I don't know that.

ASSEMBLYMAN MATTHEWS: I can't speak for Mr. Ray or what he has put down on paper or what he hasn't but I still feel that you should apply to other hotels.

MR. ARONOWITZ: I have but unfortunately it seems as though either the jobs are filled or some other reason or they are not hiring or something like that. I don't know whether this is due to what at that time was related to them or whether, in fact, it is true there was no opening. Now I have no police record. I have Cerebral Palsy. I have tried very, very hard to obtain employment in the past three years. I remain unemployed. So I don't know what to do now. I have lived here in Atlantic City for thirty years.

ASSEMBLYMAN MATTHEWS: Why wouldn't you sign that waiver?

MR. ARONOWITZ: Because I'm afraid that Resorts International may have two sets of records--one good and one bad depending on who would ask for them.

ASSEMBLYMAN MATTHEWS: I don't think this would be the case. I don't think they would have two sets of records especially---

MR. ARONOWITZ: Well possibly you might agree to the fact that since I applied for a job as far back as 1976 and I was not given a chance to work at that time that it might possibly be true that they were looking at this earlier reference.

ASSEMBLYMAN MATTHEWS: What I would like to do is take your name and address so we can pursue this.

MR. ARONOWITZ: I'd appreciate anything you could do.

ASSEMBLYMAN MATTHEWS: O.K. fine, will you fill this out?

County Executive Charles Worthington, please.

CHARLES D. WORTHINGTON: Chairman Matthews, Assemblyman Gormley, it is a pleasure to have an opportunity to appear before the Casino Subcommittee of the Assembly State Government Committee. It gives me an opportunity to get back at Assemblyman Gormley once in awhile for all of the puns that he is wont to pull. I had an opportunity to note, and I certainly share in, many of the concerns that were voiced here earlier today made by others particularly concerning the long delays in licensing. I would hope that there will be a hard look taken at more manpower to help alleviate the tragic condition.

But today I would like to focus my comments on certain concerns that, I think, are overriding and have long range implications. They are the concerns of conflicting State policies and the way those conflicting State policies impact on Atlantic County. And the focus is Atlantic County. Take, for example, on the one hand the casino policy which is the State policy that had the support not only of the legislators but of the people on public referendum throughout this State. And the purpose of that policy was economic rejuvenation not only of Atlantic City but the employment and generating activities for the entire State, particularly South Jersey and most specifically here in Atlantic County. What that means is when the State determined to initiate that kind of a policy--although prior to that time Atlantic County had been listed as a minimal growth county or a no growth county--the initiation of that State policy changed dramatically the role that Atlantic County would play and the role that increased productivity and the ability to attract investment capital would have on Atlantic City and on the development of the county

as a whole. On the one hand the State, by initiating policy, said it was giving Atlantic County the green light and giving Atlantic City the green light to step up and quicken the pace toward economic recovery and certainly for expansion of facilities across the board in the county. Then on the other hand there are other kinds of State policies such as the Pinelands Protection Law which has been enacted. The thrust of that is to control development to insure protection of the Pinelands, not only the preservation area but the protection area which all of Atlantic County except a few square miles is included in. So on the one hand we have a green light and on the other hand conflicting State policy puts up a red light.

Another State policy has been articulated by the DEP. That has to do with the projection of population in Atlantic County in this particular area. It is that figure and that number which will be used to determine by Region Two and Region Three their sewage planning capabilities. In order to grow in a controlled manner sewage is extremely important especially if we want to minimize urban sprawl and have the kinds of density of development in certain areas of the county we feel is necessary to provide for the growth that on one hand State policy dictates is going to happen here. Most projections of population in Atlantic County by the year 2,000 indicate that the population will grow to about 400,000. Our Division of Planning has made a conservative estimate. For our planning figure we have indicated growth by the year 2,000 to reach approximately 388,000 persons. By contrast, the ERA projections were for growth of over a half a million in Atlantic County by the year 2,000. Yet the DEP has seen fit to saddle us with a figure of 311,000 population by the year of 2,000 which is significantly going to impact upon the kinds of federal money available to us for the construction of our Region Two and Region Three sewage program. The implementation of that has already been planned. So the implications of using this growth number of 311,000 rather than 388,000 is significant in what it is going to mean. It is going to restrict the county's ability to grow because we can't really grow in a planned development way unless we have central sewage systems available to us. Without that, we are going to have the impact of large-scale septic use, the kind of urban sprawl that is associated with low density septic usage. There is going to be tremendous impact with the proliferation of pollutants through septic systems on our water quality. Our housing costs are going to have to escalate because of the spread-out-pattern housing that is going to develop. It will be extremely difficult to come up with any sensible regional transportation facility because in order to utilize these you've got to have population density centers. So we are going to have to decrease the number of housing starts. We are not going to be able to accommodate the people who should be living here and who want to live here. We are going to have a degradation of our water quality, reduced capacity to provide for mass transit and I think these kinds of conflicting State policies of one that signals a red light and one that signals a green light are certainly something that the State should consider. I think it is very appropriate for this Committee, this Subcommittee, to bring that to the attention of the policy makers on the State level.

Another impact of this lower development number in terms of State DEP is that commuters to the casinos--people who work there--will be forced to live in other counties and riding anywhere from twenty to fifty miles a day to Atlantic County to their casino jobs because they won't be able to live in the county that provides them with their jobs. You can see and you can hear on the radio ads--you can see the patterns already developing--a lot of people who are commuting from

Camden County, Gloucester County, Ocean County, Cape May County on a daily basis to their jobs in Atlantic County, this in light of the energy shortages and the resultant air pollution and our limited road structures that we have, present us with having to accept an alternative that certainly is not desirable.

I think that perhaps the casino industry will be forced to grow more slowly than the regular market demands will allow. In order for us to catch up and solve some of these problems, we are going to have to forcedly slow down growth. I would suggest that this not only reduces the number of jobs, but also potentially makes Atlantic City less competitive with other future gaming sites. Our future casino development would be restricted or perhaps even prohibited here until we have an opportunity to catch up with our housing needs and our infrastructure needs.

I want to be sure that everyone understands that I'm not arguing for uncontrolled development but for realistic development here in Atlantic County consistent with the intent of the casino legislation.

There is another piece of State policy that we should perhaps consider at this time and that's the State Land Use Law that requires by February of this year every municipality in the State of New Jersey to go through an intensive self analysis and study their land use and come up with a realistic master plan which had to be adopted by the governing body of that municipality. We thought through that too. Many of our municipalities have spent tremendous amounts of time, effort, resources, energy, citizen participation, to develop local master plans. We've got here in Atlantic County municipalities and towns that are developing sound plans. Now I suggest that the State should allow those municipalities to use those plans now. Again we have the conflict of State policy conflicting with other State policy. The State has said, "We want every municipality to upgrade their planning process, to take a look at their land use to make plans which are consistent with good development." So we have done that. On the other hand the States says, "Well, it's really no good because you are now living in Atlantic County and some other outside agency is now going to determine your ability to grow and we're not going to recognize the validity of any of the planning work that you have done." I'm really testifying before this Subcommittee because I feel there is a need to demand coordination of State agencies to make sure that policies, State policies, are complimentary and not conflicting. We have too many conflicting State policies and consequently the citizens of the State and certainly the elected officials who represent those citizens are in a quandry. I might say that we had an interesting meeting with Commissioner O'Hern. I think, in general, we got a good response from the Commissioner in terms of some of this conflict as it related to the DEP. Again, as soon as you make some inroads, you get a commissioner who leaves a job and goes somewhere else, then you have to start at the bottom again. In April in the State of the County Address, I proposed that there be a central coordinating committee made up of members of the Casino Control Commission, The Casino Association, the governing body of Atlantic City, Atlantic County, some State agencies like the DEP, the Mayors Association of Atlantic County. I proposed that this group meet regularly to review what is happening, what the impacts of casino gambling are countywide in terms of the impacts on every municipality--not just Atlantic City. I think that such a group is crucial precisely at this time because of the conflict of State policy which I described. If you gentlemen can do anything to bring about that kind of review by the State and participation and coordination, I would be eternally grateful to you. We have some serious problems here but I don't think that the problems are of such a nature that they

can't be resolved by the right people sitting down and having some input as to how some of these very, very serious problems should be resolved. Thank you today for coming and hearing of our concerns and bringing this Subcommittee hearing to Atlantic City.

ASSEMBLYMAN MATTHEWS: I want to apologize because our schedule went all awry. So bear with us. Freeholder Messick.

J O S E P H M E S S I C K: Assemblyman Matthews, Assemblyman Gormley, it is my pleasure to be here.

Casinos have impacted on our county. With only two casinos in operation we have seen only the beginning of change--a change which is excellent for some and for others a breaking down of the old way of life. Raw statistics of employment, visitors to our county, construction projects under way, point to a county on the move and a county imbued with a new spirit. Within a few years, the economic and social changes brought by the projected ten new casinos will be seen by all, one industry with over 40,000 jobs, related construction employment, related employment in the service industry. I'm sure that Atlantic City will grow faster than it ever has in its 150 year history. My question is: Will we be able to guide and mold this development so that it serves the interests of all Atlantic County as well as the interests of New Jersey and the casino industry?

One problem I will focus upon is the role of transportation. All of us recognize that casino interests must be served by some form of transportation. Studies by the Atlantic City Planning Department recognize that even as late as 1985 eighty percent of the people coming to Atlantic City will arrive by car. Thousands of cars per casino a day point to the severity of the problem that we will be faced with in the 1980's. Yet the impact on transportation is not limited to the city. Atlantic County, because of three basic roadways to the casinos, will be seriously affected by thousands of cars per day arriving in Atlantic City by travelling through the Absecon, Pleasantville areas by either the White Horse Pike, the Black Horse Pike, or the Expressway. Thus, the thought in my mind is that transportation problems must be solved on a regional basis with the county playing an active and vigorous role in the planning and development of such a system. However, the quest for solutions to transportation problems while well intentioned, have approached the problem like a blind man describing an elephant. Each segment has attempted to solve its concept of the transportation problem. The following are as I see it: (1) the casinos have differing views because Resorts International, for example, has over 5,000 parking spaces in their establishment, they are more interested in getting vehicles to their location; the Boardwalk Regency, which has less space than Resorts, relies upon the concept of limited parking at their site, more parking in the old Traymoor location, and intercepting parking lots especially for their employees, however, they will work with the State on the concept of a large intercepting parking lot, (2) the DEP rightfully and legally concerned with pollution is advocating the concept of large intercepting parking lots served by buses to the city, these lots are to be located in Atlantic County, the first proposed location at the intersection of the Parkway and the Expressway has absolutely no connection with any county transportation systems, in fact, it advocates a competing transportation system with the present county system into Atlantic City--something that we cannot continue, (3) the Atlantic City plan has two elements: parking and transportation, both of these elements have not had final decisions made on them, however, both the elements are being decided in a framework outside of the countywide regional transportation system. The element of a single purpose system flies in the face of a regional approach. Such an approach is an

accepted method--the regional approach--of operation by UMTA in Washington, D.C. Atlantic County, finally moving now with new people in transportation and a new Planning Director, is developing along a regional basis with Atlantic City being a part of this regional transportation system. We will receive a grant of \$125,000 from the federal government to build a blueprint of transportation for all of Atlantic County. In this study we shall evaluate the transportation potential of reusing our existing railroads' rights of way and combining this with the operation of the county located intercepting parking lot. Thus, the city and county working together will provide a single system for the transportation needs of our regional area. My goal, if proven feasible by our study, is to tie Atlantic City with Absecon, Hammonton, and even Lindenwold by the White Horse Pike and tie Atlantic City with Pleasantville, the race track, the community college, Mays Landing, by the Black Horse Pike, and finally tie it with Shore Road communities, Linwood, Somers Point, Northfield, along the railroad right of way that parallels Shore Road. Finally, we have the fifth approach to transportation which is the French, Burns proposal--the heavy rail connection to New York City and Philadelphia. As far as information is concerned, the county is void in information in this particular area but nevertheless it impacts on the total concept of what kind of transportation we are having here. What is occurring is that our transportation problem is being decided by groups that need more communication with each other. This Committee of the State Assembly can emphasize the regional approach to transportation and emphasize the county's leading role in transportation. If you do this, we will be on our way to solving these problems in a way that benefits all who are concerned. While we have emphasized the divisiveness of the transportation problem, I want all to know that the people and organizations involved are earnestly spending their time and effort to bring a transportation solution to our county. It is just at this time that we must have, right now, an emphasis upon the regional mass transportation with the county playing a leading role. Thank you very much.

ASSEMBLYMAN GORMLEY: I agree.

MR. MESSICK: But actually what is happening is that everybody is doing his own little thing. The intercepting parking, for example, should be tied in with our system so that the people using that would serve as a spare basis for our system going into Atlantic City and going into the county.

ASSEMBLYMAN GORMLEY: I think what you run into is the old perplexing situation of "You should plan" versus "immediacy." Hopefully that particular project that is proposed, if that comes to fruition, that can be tied in hopefully down the road with what we see as being a viable transportation system.

MR. MESSICK: It would be extremely difficult. And if it would, especially if we decide to use the rails again, it would be very, very expensive. But at the same time about a quarter of a mile away is another area which was the old sand watch at the other half of Bradley's that could be tied into the concept that they are talking about as well as a light rail system. In other words, what has to be developed is this regional approach and see how everybody's approach comes across.

ASSEMBLYMAN MATTHEWS: Thank you. Chief Conover.

REPRESENTATIVE FOR THE CHIEF: Chief Conover of the Atlantic City Fire Department and Chief Brenner are both in training and research. On behalf of our Chief, I was asked to attend this hearing and to call to your attention a couple areas in particular that we feel, through casino gambling, have had a direct bearing on the fire protection in this city. Number one is the fact that the amount of alarms answered by this



department is on an uptrend due, in part, to the answers to the casinos. As an example, in Resorts alone from the first half of this year--January to June--this department has responded over 70% of the time to Resorts in this fire zone 216.

ASSEMBLYMAN GORMLEY: If I may interject, false alarms or---

FIREMAN: This is everything. It is summarized there in my report. But what we are pointing out here is simply that an alarm that we receive, regardless of the status, means we have to respond. We are there as far as equipment is concerned, the men are on the street, there are more chances of an accident, more chances of being out of the station when another alarm comes in in another part of the city which is an actual fire. A delay in response could cause some serious problems. That problem should, of course, be addressed. With that again, from January to June from the total alarms this department has answered, Resorts totaled 6.7% of those alarms. What we are trying to illustrate here simply is this: that as additional casinos open and start to operate in the city, the trend is going to be the same. Already, since Caesars has opened, if we go back and check our calls, the response to Caesars has been considerably more.

ASSEMBLYMAN GORMLEY: I would be curious, without looking at it, are the greater number of these alarms false? I'm wondering if with the increased hotel traffic, if it is--shall we say--some happy conventioners. That is a serious problem. We are talking about prosecuting people to really let them know that this is a town where if you set a false alarm, you are going to get the hammer. That is the only subtle approach you can take to that.

FIREMAN: Unfortunately, in the city in the past, I don't believe there has really been enough of a deterrent for anybody for false alarms. It is just something that has been considered lightly.

As far as a breakdown, I said I wasn't going to get into it but it will only take a minute. Unnecessary alarms are up 40% at Resorts for this year.

ASSEMBLYMAN MATTHEWS: What is an unnecessary alarm? Is it a little waste-basket fire or something?

FIREMAN: Something mistakenly taken for a real fire. Someone thought that he was legitimately witnessing a fire and he called in a fire. In the air conditioning there the red light behind them gave the appearance of smoke with flame. We got a lot of calls on that. It is a legitimate alarm that turns out not to be necessary as opposed to malicious intent with a false alarm.

ASSEMBLYMAN GORMLEY: Do you have that broken down by malicious intent?

FIREMAN: Yes, as I said, unnecessary alarms are up 40%, false alarms are up 300%. This is figured on a basis that Resorts opened May of '78. In that same period of time, comparing that with the first half of this year, this is the increase you are seeing now. Actually, as I said, this was only taken at the end of June. In the last week or so every time you turn around there were false alarms coming in. We are talking about Resorts and the fire zone it is in; we are not talking about the city. Bomb scares are up. Actual fires are up 160%. Let's put it this way, there have not been any major fires per se and a good deal of that is because of the action taken by the Fire Prevention Bureau in cooperation with the casinos. Adopting the codes of BOCA and fire safety have minimized that. But the fact is they did have the fires even though they might have been extinguished with little or no damage. The fire incidence rate is up 160% regardless.

We took a survey that went further than that but I don't have it with me. Chalfont-Haddon Hall had, I believe, from 1949 to just prior to Resorts' opening when it became Resorts, the same number of fires in all that time that Resorts had

in their first six months of operation. We don't want what we are saying here to be misinterpreted. We are not finding fault; we are just trying to say that the trend is certainly up and we are on the street a lot more often than we were before. As you said, many of these calls are false and unnecessary. That poses a problem for another area of the city if they do have a fire. The men aren't there to respond. The response time is delayed. The first couple minutes are very crucial for us for taking action on a fire. That is a secondary thing we wanted to address at this time. All arrival time has increased again in just six months by a half a minute. That may not sound like a lot but let me say this: all arrival time right now to any part of the city is two minutes. It simply means from the time the alarm is sounded, the dispatcher gives it out, we receive it, and the first piece of apparatus is on the scene at that fire, a total of two minutes, on average, has expired. Now we are up 25% already. What we see, quite frankly with the congestion and traffic problems, that at times it is going to cause us not to be able to reach a particular alarm location. This is an area that has to be addressed not only by the Fire Department but by the Police Department and any other emergency vehicles. If you go down the south side or some of the intersections there and if they have a backup at one of the casinos or if they have an accident and it is tying up the intersection, everything will be at a standstill. The areas we'd like to call attention to, in other words quite frankly, are the high traffic areas as they will affect the performance of this department and other emergency vehicles operating within the city. Relocation or additional stations in the hub of these areas, fire emergency lanes, fire watches possibly, emergency traffic signals, and coordinated police traffic and communications departments should be examined closely in anticipation of this problem.

In conclusion, I would like to say that the Atlantic City Fire Department urges all concerned parties, especially city administrators and the private business sector as well as casino hotel complexes, to address this matter immediately and support with conviction a city fire protection and public safety master plan which will provide policy in advance of change permitting control rather than reaction to the fire environment that lies ahead. I'd like to add that with the additional workload put on this department we seem to be having a 5% increase in casualties. Prior to the advent of casino gambling the Atlantic City Fire Department had ten engine or hook companies and four ladder companies. We had a rescue company we put in for a six month period of time. However, due to budget concerns, we had to drop our rescue company, we had to drop one of our engine companies. We are faced with the possibility of again reducing our manpower. When the rest of the city and the county should be growing, we are facing possible reduction again due primarily to the budget concerns. Every time that I pick up a paper I read that the State is tired of Atlantic City looking for exceptions. Who gets the exceptions? The services are lacking or falling apart. The money is not there to provide it. Where is the money going? Atlantic City doesn't benefit from the twelve million dollars that the State got. The government wants 16% now instead of 8% but are they funneling that back to the city government to help provide some of the services that are required? I don't know as much about this as the commissioners' do but I can read what they are crying and I can see what is happening all over the city.

ASSEMBLYMAN GORMLEY: Let me respond to that and then Mike can respond to it. The cap on Atlantic City was not a 5% cap this year. It was a 10% cap with the exceptions. Any other city in the State--- I think you ought to have to sit and listen to what we listen to. Politically, there would be no exceptions for Atlantic City for caps. They just won't give a special exception. So let's look beyond that.

The first exception to the cap law (a) provides that any new assessments, the monies reaped from those new assessments once they are put on board, are exempt from the caps law. Let's look at, for example, a minor one, only a seventy or eighty million dollar one like Caesars, and it is exempt the first year. So when they talk about the 5% cap that new exception---

FIREMAN: None of these assessments are coming through to Atlantic City.

ASSEMBLYMAN GORMLEY: Well, it's in now. The point is it would be easy for us to put a bill in and say, "We're going to get you an exemption to the caps." It's not going to go anywhere. It will sound good; be great politics at least as far as city employees are concerned. It's going to go nowhere. You're not going to get a special exemption for a particular town on that. But I think you have to realize that in relation to everybody else, this is the one town that that new assessment--- Really Newark would cry to get one seventh of a Caesars'. So you know, and I know you are familiar with the cap, every city employee is familiar with the caps law, that at least you will have those assessments available next year. Admittedly it is the future, but let me tell you: it is a lot brighter future than any other---

FIREMAN: Oh yes, we realize that.

ASSEMBLYMAN GORMLEY: I can understand what you are going through. It is an artificial limit across the board. But when you have your house you have a--shall we say--artificial limit: I only make so much money and that's all I can spend. It is not a perfect system but it is a program that with the exception of people who work in government is probably the most popular thing that the Legislature has done. And this city is the only city that can make use of the new assessment and really be functional.

FIREMAN: Let me say this that we have certain constraints. We applied to Commissioner Lordi and they in turn put a little muscle on the casino people and we have a lot more going for us than the law provides, thanks to the Casino Control Commission. In that regard, the area we are primarily concerned with is the fire protection for the rest of the city. In our opinion, it has been very effective. To illustrate that again, in 1978 there was approximately three fourths of a billion dollars in actual market value on the tax assessor's books. The fire loss to Atlantic City was 1.06%. So it breaks down to for every \$1,000 of property market value there was a fire loss of maybe \$10.60. We want to maintain or improve that protection to the rest of the community. With the casinos going along with fire prevention, building complexes that are as fire safe as possible, that is great. If we are responding in that area and we are delayed three or four minutes, more than likely that fire suppression system is going to contain or maybe extinguish that fire for us. It may not be that much of a problem. On the other hand, you take a small businessman or a dwelling located in that same zone and because of the impact of traffic in that zone, we are unable to respond within that two minute period of time and maybe another apparatus has to cover which may be five or six minutes away, he has a serious problem. He doesn't have a sprinkler system in his home. He doesn't have a stand pipe in his rooming house. Consequently when we get there we have a full blaze going, a lot of damage, possible loss of life. These are the areas that we see increasing. We hope that this Committee can address that area. You hear a lot of people talk about traffic congestion and problems like that and they talk about shuttles out of town and a lot of other ideas, but keep in mind the fact that you have emergency vehicles that everybody is going to need either the Fire Department, the Police Department, or the ambulance and we've got to get to you. If you can be of any assistance in that area, it is important to us.

ASSEMBLYMAN MATTHEWS: Lillian Bryant.

L I L L I A N B R Y A N T: Assemblymen, it's a pleasure to come before you.

Specifically, with regards to some of the situations that were brought up earlier today by Mr. Martinez and some of the suggestions that he made--I haven't had a chance to digest all of them but--I am most concerned because I remember he testified before the State Government Committee before we had the first casino here. We were raising prospects as to what was necessary and as to what was needed. I'm very concerned because I know you as local legislators are contacted as often as I am contacted by applicants be it to a gaming school or a casino because of the lengthy delay that they have because of Gaming Enforcement. And I remember Mr. Martinez's testimony originally that if it mandated a 24-hour, around-the-clock servicing in order to get people licensed--- And I don't think that they were talking specifically about Resorts--the licensing for Resorts. I was somewhat amused when reference was made to Caesars when Caesars had to open with only 50% of their capability utilized because of the backlog facing Gaming Enforcement. I am concerned that after a year, or a year and a half of operation that it is not until a hue and cry has come up from general constituency and State legislators and county legislators, municipal legislators as to what is taking so long in the process. If there was a need for more staff, if there was a need for more budget allocations so that the different processes could be carried out then I feel that we should have been notified before. I have been contacted numerous times. I am contacting the Casino Control Commission on an average of three or four times a week for one or two persons at a time who have attempted to find out the status of their applications and have sometimes been discourteously informed not to call anymore. Then sometimes they feel if they call an elected official, they might receive some information. The length of time that it takes "an elected official" to find out about the status of applications is horrendous and I am not a person who has been waiting or a person who has given up a job in anticipation of going into the gaming industry. And then to find out that I have to wait six months and that no one within that agency has the courtesy--- I acknowledge Mr. Martinez's comments this morning that they will now provide periodic letters to let the people know the status of their applications and I think that is a very good innovative move. I think it is long overdue. I'm also concerned now that the Committee is considering some amendments-- I know you have solidified the package with regards to the investment portion of the bill--but I would add a couple of notes with regard to that. The gentleman from the Fire Department talked about the increased costs that are falling on the city as a whole. I'm concerned also with regards to the inability of the State, the municipality, the county, to address our housing needs and our employment needs. As one of the conveners of the Advisory Task Force on Affirmative Action to the Casino Control Commission, I am anything but happy with the speed-- deliberate or lack of deliberate-- with regards to holding the construction industry accountable, holding the casinos accountable. I find there is more astuteness within the casino developers, their staffs, and the general contractors and their staffs with regards to the affirmative action portions of the Casino Control Act. I think that if we have a forthright stand taken by the Casino Control Commission, by their employees, and by the industry in total to address the goals that have been established by the legislation and by rules and regulations within the State of New Jersey, I believe we would start to see a more productive and an equalizing across the board of the benefits that we are supposed to derive from casino gambling.

(END OF TAPE)

IMPACT OF CASINO GAMING

I WISH TO ADDRESS THIS COMMITTEE FIRST AS PRESIDENT OF THE EGG HARBOR TOWNSHIP BOARD OF TAX ASSESSORS. REAL ESTATE VALUES HAVE INCREASED IN LEAPS AND BOUNDS SINCE THE FIRST CASINO OPENED IN ATLANTIC CITY. ALL THE STATE STATUTES OF NEW JERSEY RELATING TO MAINTAINING TAX ASSESSMENTS ON AN ANNUAL BASIS GO OUT THE WINDOW WHEN TAX ASSESSORS AND THEIR MUNICIPALITIES ARE PENALIZED BY A DECLINING RATIO ESTABLISHED BY THE STATE OF NEW JERSEY WITH REFERENCE TO ASSESSED VALUES, MEASURED AGAINST SALES PRICES, KNOWN AS THE STATE DIRECTORS RATIO.

EGG HARBOR TOWNSHIP HAS EXPERIENCED A GOOD, WELL MAINTAINED RATIO SINCE OUR FIRST TOTAL RE-ASSESSMENT IN 1976. THE RATIOS HAVE BEEN AS FOLLOWS:- 1976-110.35%, THAT BEING THE YEAR OF THE RE-ASSESSMENT; 1977-103.59%, 1978-101.95%, 1979-100.51%.

WE HAVE CONTINUED TO INCREASE OUR ASSESSMENTS BASED ON MANY OVERALL ZONING AMENDMENTS. FOR 1979 EGG HARBOR TOWNSHIP HAS AGAIN BEEN TOTALLY RE-ASSESSED.

THIS BRINGS ME TO MY POINT. AS OF THE END OF MAY 1979 OUR OVERALL RATIO HAS FALLEN TO 77%.

YOU MIGHT QUESTION WHAT TAXATION PROBLEMS HAVE TO DO WITH THIS COMMITTEE, BUT I FEEL THIS FITS INTO THE HOUSING QUESTION AND WILL DRASTICALLY AFFECT ALL THE MUNICIPAL TAX RATES, AS TO EACH MUNICIPALITIES SHARE OF THE COUNTY TAX BURDEN, IN MY OPINION, AN ALTERNATE CREDIT SYSTEM SHOULD BE LEGISLATED.

NOW I WOULD LIKE TO SPEAK AS CHAIRMAN OF THE ATLANTIC COUNTY BOARD OF FREEHOLDERS AND CHAIRMAN OF ATLANTIC CITY URBAN AREA TRANSPORTATION STUDY (ACUATS) AS TO WHAT I SEE AS AN AREA WHERE THE STATE DEPARTMENT OF TRANSPORTATION HAS DISCUSSED A FEW TRAFFIC FLOW REMEDIES WHICH WILL NOT COST TOO MUCH AND TODAY, SIX (6) MONTHS LATER, THERE IS STILL NO ACTION.

EXAMPLES ARE HIGHWAY TRAFFIC SIGNS TO ASSIST THE MOTORIST IN GETTING IN THE PROPER LANES, THUS KEEPING THE TRAFFIC MOVING. ANOTHER EXAMPLE IS ON ROUTE 322 (BLACK HORSE PIKE) IN EGG HARBOR TOWNSHIP AND PLEASANTVILLE WHERE THE WIDE GREEN GRASS ISLANDS EXIST. IT IS MY UNDERSTANDING THAT THE D.O.T. HAS AGREED TO MAKE LEFT TURN LANES. THIS STEP WILL KEEP TRAFFIC FLOWING AND AVOID REAR-END COLLISIONS ESPECIALLY AT BLACK HORSE PIKE AT ROUTE 9 (NEW ROAD) AND DOUGHTY ROAD WHERE IT INTERSECTS WITH THE PIKE ON THE WEST BOUND LANE IN PLEASANTVILLE.

THESE ITEMS ARE PRIORITIES, IN MY OPINION, WHERE THE  
STATE DEPARTMENT OF TRANSPORTATION SHOULD GET ALL THE  
ASSISTANCE OR ADDITIONAL FUNDS WHERE NECESSARY TO GET THE  
JOBS DONE...NOW!

THE TIME BETWEEN RECOMMENDATION AND ACTUAL CONSTRUCTION  
IS ENTIRELY TOO LONG. TOO MANY UNNECESSARY TRAFFIC ACCIDENTS  
AND DELAYS ARE BEING EXPERIENCED.

## LEGEND OF EXHIBITS 1, 2, AND 3

### SOLID LINES

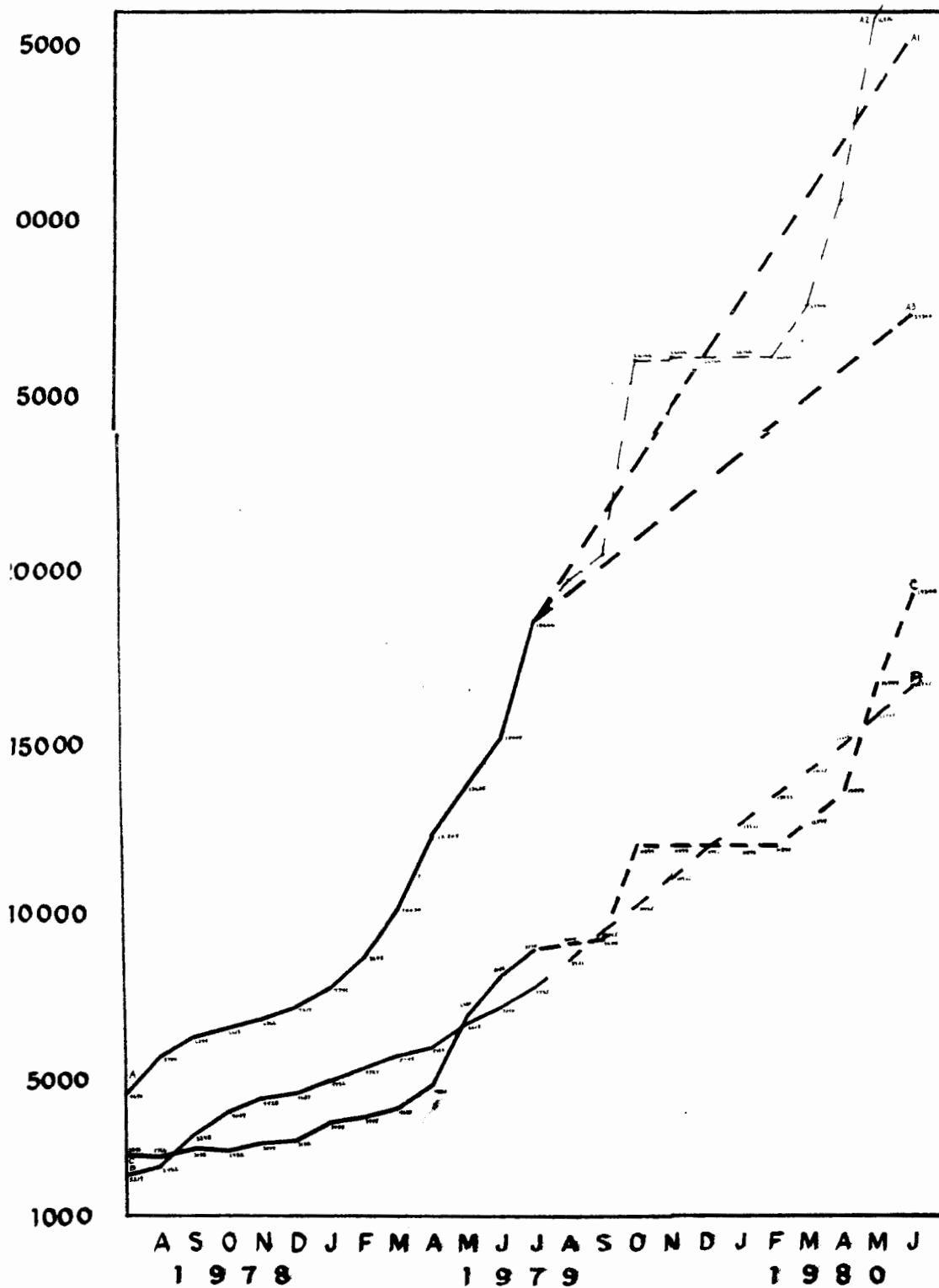
- A. APPLICATIONS RECEIVED
- B. LICENSES ISSUED
- C. NUMBER OF AVAILABLE JOBS

### BROKEN LINES

- A1. PROJECTED APPLICATIONS TO BE RECEIVED - AVERAGE  
NUMBER OF APPLICATIONS RECEIVED PER MONTH DURING  
PERIOD PROCEEDING A CASINO OPENING
- A2. PROJECTED APPLICATION TO BE RECEIVED - BASED UPON  
AVERAGE EXPERIENCE RELATING TO THE RATIO OF  
APPLICATIONS RECEIVED TO NUMBER OF EMPLOYEES
- A3. PROJECTED APPLICATIONS TO BE RECEIVED - BASED UPON THE  
CASINO CONTROL COMMISSION'S "REPORT ON PROJECTED  
ELECTRONIC DATA PROCESSING NEEDS"
- B. PROJECTED LICENSES TO BE ISSUED BASED UPON THE  
DIVISION'S AVERAGE MONTHLY PRODUCTIVITY
- C. PROJECTED NUMBER OF JOBS



# EXHIBIT 1



# STATUS OF CASINO EMPLOYMENT MARKET

HOTEL EMPLOYEES  
ONLY

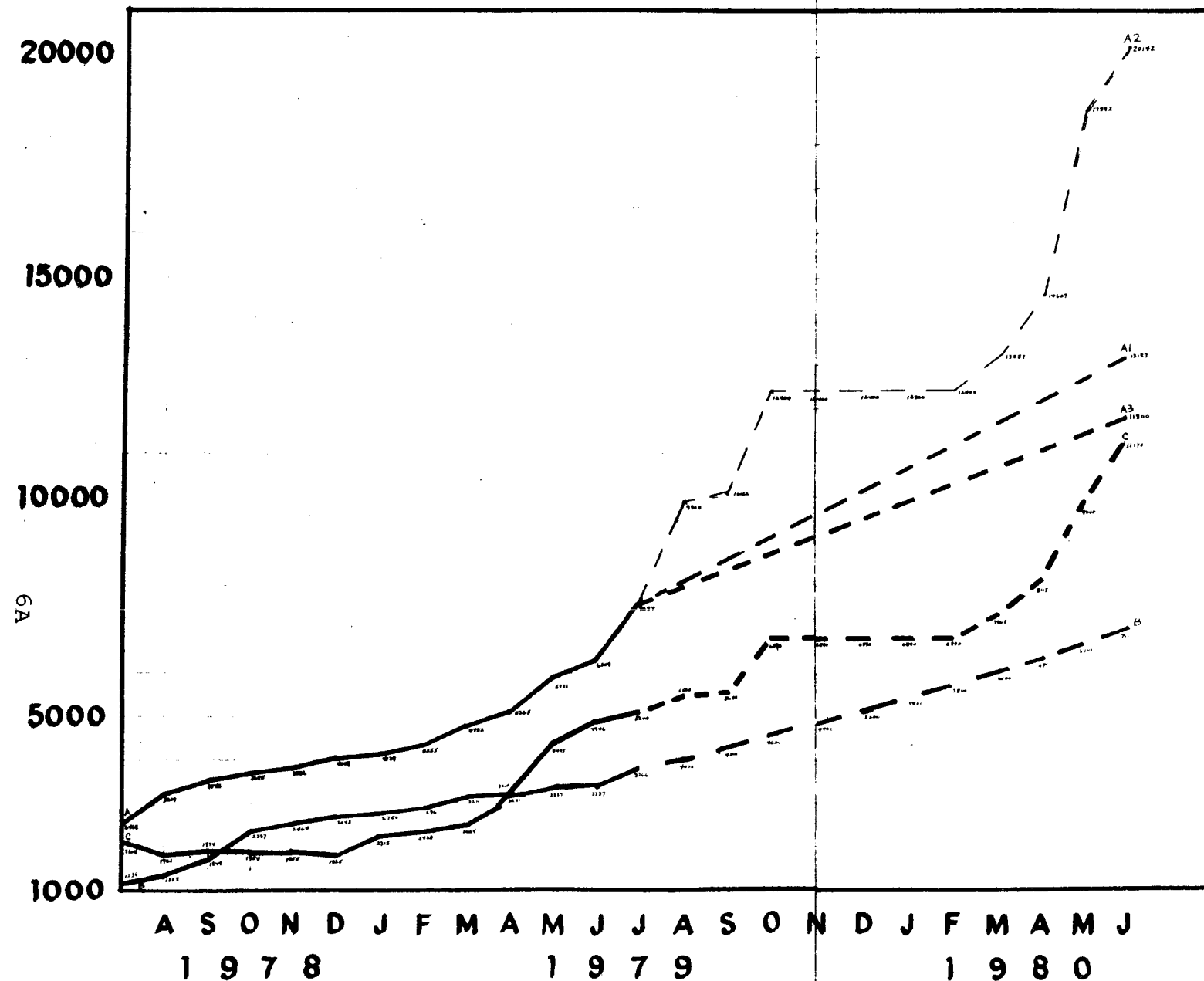


EXHIBIT 2

# STATUS OF CASINO EMPLOYMENT MARKET

## CASINO EMPLOYEES ONLY

EXHIBIT 3

