



3 3009 00551 4247

# Public Hearing

before

## SENATE JUDICIARY COMMITTEE

"Proposed Native American operated  
casino in Wildwood"

LOCATION: Room 320  
Convention Hall  
Atlantic City, New Jersey

DATE: September 6, 1995  
10:00 a.m.

### MEMBERS OF COMMITTEE PRESENT:

Senator William L. Gormley, Chairman  
Senator James S. Cafiero, Vice-Chairman  
Senator Louis F. Kosco  
Senator John J. Matheussen



### ALSO PRESENT:

Senator Robert W. Singer  
District 30

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

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





WILLIAM L. GORMLEY  
Chairman

JAMES S. CAFIERO  
Vice-Chairman

JOHN O. BENNETT  
LOUIS F. KOSCO  
ROBERT J. MARTIN  
JOHN J. MATHEUSSEN  
JOHN A. GIRGENTI  
EDWARD T. O'CONNOR, JR.  
RAYMOND J. ZANE

## New Jersey State Legislature

SENATE JUDICIARY COMMITTEE  
LEGISLATIVE OFFICE BUILDING, CN-068  
TRENTON, NJ 08625-0068  
(609) 292-5526

# REVISED PUBLIC HEARING NOTICE

TO: MEMBERS OF THE SENATE JUDICIARY COMMITTEE  
FROM: SENATOR WILLIAM L. GORMLEY, CHAIRMAN  
SUBJECT: **REVISED AGENDA**  
**PUBLIC HEARING – September 6, 1995**

*The public may address comments and questions to John J. Tumulty, Committee Aide, or make scheduling inquiries to Karen M. DeMarco, secretary, at (609) 292-5526.*

---

The Senate Judiciary Committee will hold a public hearing on **Wednesday, September 6, 1995 at 10:00 AM in Room 320, Atlantic City Convention Hall, 2314 Pacific Avenue, Atlantic City, New Jersey.**

The Senate Judiciary Committee will hold a hearing on the proposed Native American operated casino in Wildwood. Testimony on the parole issue has been postponed to a later date.

Issued 8/21/95  
Revised 9/5/95

Assistive listening devices available upon 24 hours prior notice  
to the committee aide(s) listed above



## TABLE OF CONTENTS

	<u>Page</u>
Congressman Robert G. Torricelli Congressional District 9	1
Bradford S. Smith Chairman State of New Jersey Casino Control Commission	10
John R. Zimmerman, Esq. General Counsel State of New Jersey Casino Control Commission	15
Frank Catania Director Division of Gaming Enforcement New Jersey Department of Law and Public Safety	16
Assemblyman Tom Foley Legislative District 2	28
Assemblyman Melvin Cottrell Legislative District 30	28
Councilwoman Barbara Hudgins Atlantic City, New Jersey	34
Debra P. DiLorenzo President Chamber of Commerce of Southern New Jersey	37
John F. Dever Families for The Wildwoods	39
Susan Millard Families for The Wildwoods	45
Martin Blumberg Chairman of the Board Greater Atlantic City Chamber of Commerce	49



## TABLE OF CONTENTS (continued)

	<u>Page</u>
Michael J. DeRogatis President Greater Atlantic City Chamber of Commerce	50
James A. Sinclair First Vice President New Jersey Business and Industry Association	50
Pinky Kravits Talk Show Host Atlantic City, New Jersey	51
Richard P. Baehrle President Greater Mainland Chamber of Commerce	54

## APPENDIX:

Letter of August 30, 1995 addressed to Mr. John F. Dever from Christine Todd Whitman Governor	1x
Miscellaneous letters from Cape May County residents submitted by Susan Millard	2x

mjz: 1-55

\* \* \* \* \*





**SENATOR WILLIAM L. GORMLEY (Chairman):** I want to thank everyone for attending. The original notices that went out for this hearing indicated that we were also going to review a matter related to a parole, the Collins case. However, because of, quite frankly, the interest in the one topic, we will just be focusing on that today.

I would like to thank the members of the Committee who are present. First, the Vice-Chair on the Committee, Senator Cafiero. I would like to thank Senator Kosco for making the trek from Bergen County. Thank you very much. And we have with the Committee today a person who has been a real friend to Atlantic City, from Ocean County, Senator Singer, who will be sponsoring the resolution with me. That is one of the things that I intend to take up after the hearing, calling on the Governor not to, quite frankly, support this purported site. .

What I would like to do now is ask the members of the Committee if they have anything they would like to say before we start with the witnesses

**SENATOR CAFIERO:** That's it, my friend.

**SENATOR GORMLEY:** Oh, I can't wait, my friend. Okay.  
Congressman Torricelli.

**C O N G R E S S M A N R O B E R T G. T O R R I C E L L I:**  
Thank you. Senator Gormley, Senator Singer, Senator Cafiero, and my friend, Senator Kosco, from my own home county, thank you very much for this opportunity today to be together. It is a pleasure to be with so many distinguished members of the Legislature, particularly members of the Senate. I only hope the title is catching. (laughter)

Eighteen years ago, as a young law student, I stood not far from this place as an aide to Governor Brendan Byrne when he declared that casino gaming was going to work for all the people of the State of New Jersey. It would be honest, it would be regulated, and those who would undermine it, keep your hands off of it.

New Jersey won that fight. Atlantic City has the most regulated and the most honest casino gaming in the world. It has produced directly, or indirectly, 70,000 jobs and \$600 million taxed or reinvested funds for the people of the State of New Jersey. Indeed, it is fair to say that casino gaming in New Jersey is what oil has been for Texas and banks have been for New York. Even if you don't live in Atlantic County and you have never worked a day in a casino, if you live in the State of New Jersey, this industry has affected your life. If you are a senior citizen or a student, it has affected a program that is important to your future. If you simply pay taxes in this State, it helps to share the burden.

Now there is a new threat. New Jersey, having won the fight to establish a legitimate, honest, regulated, and profitable casino industry, New Jersey is being welcomed to a larger national problem. In 1986, the Congress of the United States passed the Indian Gaming Regulatory Act. It was a legitimate response to a legitimate problem. States were allowing Las Vegas nights in bingo halls within the confines of their borders. But on Indian reservations, Indians were not given the same opportunity. It was wrong, it was unfair, and the Congress acted to correct the problem.

Our intention was equity. If you can have a bingo hall in Tucson, you should have a bingo hall on a Navajo reservation. If you can have Las Vegas night for the Catholic Church in Connecticut, an Indian tribe should be able to have a nonprofit, one-night-only Las Vegas night as well.

Governed more by the law of unintended consequences than the Indian Gaming Act, the Federal courts radically changed the intention of the Congress and the application of the law. The result is largely unregulated, untaxed, and uncontrolled Indian gaming across America. There are now 300 Indian gaming establishments across the United States. By the end of the decade, that number could pass 1000. Small towns

and hamlets in 49 states across the country could find themselves hosting Indian gaming that is unregulated and for which they do not have the investigative or the police capabilities to control the industry and use it for their citizens.

At a time when taxes are rising and there is an enormous demand on services, they remain largely untaxed. To make it worse, Indian gaming is not only untaxed, but after the industry is established, there is a demand for infrastructure improvements that cost the taxpayers, often, millions of dollars.

In recent days, New Jersey has been introduced to this problem. Our citizens are learning that it isn't necessary that there is an Indian tribe in order for a tribe to seek a casino. It isn't necessary that there is any established tribal lands. It isn't even necessary that the tribe currently own any lands. Simply by seeking Federal recognition and then purchasing lands, they are able to move recognition and open a casino, even if their current location is thousands of miles away and there is no historic relationship with the lands in question. That is exactly what is happening in New Jersey.

The only thing between New Jersey and an untaxed, unregulated casino is the veto of the Governor of the State of New Jersey. In a note of caution, the Federal courts, where they believe that good faith is not being exercised, which they interpret extremely liberally, have also forced states to take action.

It is for these reasons that I have introduced, with Senator Reid of Nevada, the Indian Gaming Act of 1995. It is not because we fear competition for New Jersey or Nevada, though, indeed, at a time when our State is so dependent on employment and revenues from casino gaming I make no apologies for the fact that we are concerned about unfair competition. It is really more than that. I bring this particularly to the

attention of this Committee, because the integrity of this industry is in your hands.

A principal fear of the casino industry is that if you establish Indian casinos around America with no background checks, no provisions against money laundering, no regulations to ensure the integrity of the games, it is an accident waiting to happen. Indian casinos are an accident waiting to happen. On the morning that the people of this country arise and find that either unsavory elements are financing these casinos or citizens who honestly walk to the gaming tables or slot machines find that they are defrauded because there are no regulators and no inspectors, those citizens will never distinguish between the honest games that are regulated and those that are not. It will destroy the reputation of the industry.

The problem, I think, is easily described in the numbers. There are now 300 Indian casinos across America with 28 inspectors and a \$3 million budget. The average Indian casino isn't visited by a Federal inspector each year, compared with the 985 inspectors -- and the multimillion dollar budget -- that visit these casinos constantly, around the clock, on a vigilant professional basis.

Members of the Committee, if the Governor's pledge holds, we can prevent unregulated casinos in New Jersey. If it does not, then New Jersey must join in a larger national effort to establish a Federal regulatory scheme to preserve the options of every state in this nation to have casino gaming only if the citizens of those states affirmatively decide that they want casino gaming. This is not an attempt to discriminate against any citizen of the United States. Gaming should be available for everyone on an equal basis, but by the same rules of taxation and regulation.

My bill will give each State that power, and then require that Federal banking laws to deal with money



laundering, FBI checks for background, all the provisions that we have in Atlantic City and Las Vegas apply to all these gaming bodies.

I hope and I trust that we approach this issue on a strong bipartisan basis. Governor Whitman has said that there will be an Indian casino over her dead body. I will only amend that to say, "It will be over all of our dead bodies." This cannot be allowed to happen. I hope as we stand with her shoulder to shoulder to ensure New Jersey's decision to confine gaming only to Atlantic City, only on a regulated basis, we will also invite the same bipartisan cooperation to ensure that the Indian Gaming Act of 1995 is also passed so we solve this problem not only for Atlantic City and for our State, but, indeed, for the entire country.

Mr. Chairman and members of the Committee, I thank you for your time and for the opportunity.

SENATOR GORMLEY: We certainly appreciate your coming. We know you want to rush back and continue to get that Contract With America through. (laughter)

CONGRESSMAN TORRICELLI: You have no idea of my enthusiasm, I can tell you.

SENATOR GORMLEY: I understand that.

How many of these applications are now cropping up around the country? There are about 700 more of these applications?

CONGRESSMAN TORRICELLI: If you look at the Federal law, as it is now being interpreted by the courts, which literally is, if you are allowing bingos and charity nights, the Federal courts are requiring you to allow casino gaming, 49 of the 50 states are now eligible. We believe that in addition to the current 300 casinos, there will be another 700 in the next six years.

SENATOR GORMLEY: The original intent of the law was to help -- as I understand it -- with economic development, or

economic opportunity for those people who had been deprived on reservations, who had lived on those reservations. That is what everybody thought they were voting for.

CONGRESSMAN TORRICELLI: The intention was, in the early 1980s-- In the early Reagan administration, there were severe cuts made in the budget of the Bureau of Indian Affairs for health care and education. The concept was to help compensate for that loss by allowing the reservations to run charity games. Largely, the concept was bingos, which had flourished in small towns throughout the West and the Mountain States.

SENATOR GORMLEY: Florida, also, sir.

CONGRESSMAN TORRICELLI: Florida, and in upstate New York. That was the intention.

Interestingly, in the debate on the floor of the House and the Senate on the Indian Gaming Act of 1986, the words "casino gaming" never entered the debate. The concept was charity games.

SENATOR GORMLEY: Obviously, you have a circumstance with a group of people who I think-- Across the board, everyone has a high degree of compassion for the plight of what the Indians have suffered over the years. Obviously, when municipalities -- you know, Wildwood is obviously an example -- are seeking an economic revitalization, there is what I consider to be a degree of legitimate vulnerability to suggestions of this nature.

How do the two parties come together? I mean, how does someone from a tribe from some state that is thousands of miles away-- Is this a growth industry? Do we have matchmakers around?

CONGRESSMAN TORRICELLI: That is a very good--

SENATOR GORMLEY: Because I am wondering--

CONGRESSMAN TORRICELLI: --issue here.

SENATOR GORMLEY: This is unbelievable. All of a sudden, they are together, two people with good causes and good intents, one who wanted to see a town redeveloped and others who say there should be-- All of a sudden, they come together 1500 miles apart. It is just absolutely unbelievable.

CONGRESSMAN TORRICELLI: Miraculous.

SENATOR GORMLEY: Miraculous.

CONGRESSMAN TORRICELLI: The first thing to understand about Indian gaming is that the first victims are Indians themselves. A study by the Interior Department Inspector General revealed massive frauds. You have lawyers who have created a cottage industry in Washington going out across the country, finding Indian tribes, convincing them of a history they never had, rights they never wanted to exercise, to go into a business in which they have no interest.

They are matched with investors and management contracts. The Inspector General's report found that one Indian tribe alone had been defrauded out of \$21 million. They sign a contract, and they never hear from the managers again. The tribe's affairs are taken over by people they have never met. Indians are the first victims.

Specifically, in answer to your question, there are a few law firms that have made this a cottage industry. They seek out Indian tribes, and then they look for towns that are in some financial distress and seeking an opportunity. What is being done with Wildwood could be done with any town in this State.

SENATOR GORMLEY: Asbury Park?

CONGRESSMAN TORRICELLI: It can go anywhere. It was tried with the Ramapos, with Mahwah, New Jersey, adjacent to my own district. We defeated that effort last year, as we will defeat this effort. But this is the message to every town in New Jersey: It is common in Washington to say that Bob Torricelli has become the advocate of the gaming industry

because it is a parochial concern. You can't get further in this State from Atlantic City than my congressional district. I do not represent any casino workers.

But I discovered what I think we all have to discover: We have common cause in the State of New Jersey with Atlantic City. This is an asset of the State of New Jersey. It is paying for the senior citizen and the student programs of my constituency. It is offsetting taxes that my constituency, Lou Kosco's constituency, would otherwise have to pay. When we undermine Atlantic City, we undermine all of our constituencies. We cannot get in a bidding war to slowly disassemble the casino industry in Atlantic City.

SENATOR GORMLEY: Would it be fair to say, without getting into particulars, that you find in certain circumstances there is shopping going on as to, "If not this town, we'll try the next town"?

CONGRESSMAN TORRICELLI: I'll get into particulars. We are going to get into a bidding war.

SENATOR GORMLEY: You have always been subtle. Go ahead.

CONGRESSMAN TORRICELLI: We are going to get into a bidding war where each community is going to promise less regulation, less control, less tax advantages for citizens until we bid this down to nothing. It is not hard to undermine Atlantic City. All you have to do is promise an Indian tribe, "We won't look into the background of who is doing your financing. We don't look at your management contract. We won't ensure the integrity of your games. And we won't deliver any advantages for the citizens of the State of New Jersey."

Promise any community with any Indian tribe that advantage, and you can undermine Atlantic City, but also the integrity of the games, what we have fought for 20 years to do in the State of New Jersey, to give the highest quality, highest integrity casino gaming anywhere in the world.



SENATOR GORMLEY: Questions from members of the Committee? Senator Kosco?

SENATOR KOSCO: It is my understanding that the Seminole tribe case was where the court found that jurisdiction could be given to the states by Congress to do the controls that you said are not presently in place. Is that correct?

CONGRESSMAN TORRICELLI: But they are not being done.

SENATOR KOSCO: They are not being done. So, why hasn't Congress taken a broad brush and said, "All the states have the right to do the controls--"

CONGRESSMAN TORRICELLI: In essence, that is my bill. My bill basically says the states would have the full right to decide whether or not they want casino gaming, and then to have regulation. But because the background checks and the banking laws are difficult and complex, we have given that responsibility to Federal law enforcement.

SENATOR KOSCO: Okay. Now, let's assume that this bill you are putting in now is in effect, and let's assume that the states -- each state has its own authority to control this particular industry under Indian control. Would that eliminate your problem?

CONGRESSMAN TORRICELLI: Under my bill, the--

SENATOR KOSCO: When you were talking, your main problem was that there are no controls and that they would not have to play on the same playing field as Atlantic City is playing on.

CONGRESSMAN TORRICELLI: No controls, and that the states are not-- The sovereignty of the states is not respected.

SENATOR KOSCO: Okay. So now, if this bill takes effect, would you then still be opposed to Indian gambling in Wildwood, or whatever?

CONGRESSMAN TORRICELLI: Well, I would for my own reasons, because I think, going back to that early debate in

the 1970s -- if we all recall that -- the judgment of the people of the State of New Jersey is that we could best control this industry against infiltration by organized crime and ensure its integrity if we had it geographically contained. So, for those policy reasons, I would continue to believe that only Atlantic City should have gaming, though the State of New Jersey would be free, under my bill, to make that judgment for itself.

Incredibly, a lot of people in New Jersey think this isn't a New Jersey problem, because our State Constitution limits gaming to Atlantic City. The Constitution of the State of New Jersey will not take precedence over the Federal court decisions.

SENATOR KOSCO: Unless Congress acts.

CONGRESSMAN TORRICELLI: Unless Congress acts.

SENATOR KOSCO: Okay. But even if Congress did act, and even if your bill did pass, you would still be opposed to the Indian reservation casinos?

CONGRESSMAN TORRICELLI: I would personally, yes.

SENATOR KOSCO: Okay. Thank you.

SENATOR GORMLEY: Questions from other members of the Committee? (no response)

We certainly appreciate your taking the time to testify today, and thank you for your work on this issue.

CONGRESSMAN TORRICELLI: Thank you, Senator and members of the Committee. Thank you for having me, and good luck with your work on this question.

SENATOR GORMLEY: Thank you very much. I appreciate it.

The next two witnesses will be the respected heads of the Casino Control Commission and the Division of Gaming Enforcement, Brad Smith and Frank Catania.

**B R A D F O R D   S .   S M I T H:** Good morning.

SENATOR GORMLEY: Good morning.

One of the things I am going to ask Brad to go over -- and I talked to him earlier about this, and I know he has staff persons who have looked at this -- to outline, if he would, what we think is the relationship here that serves as the basis for the application in Wildwood, in terms of the relationship of the tribe in Oklahoma to Wildwood. Quite frankly, and I am not trying to be mean spirited about this, we were trying to figure it out, as to what the particular link is. I think one of the things to address is: "What was the original intent of the Federal law, and how far this goes?"

If you could just relate, as best you can, what you think it is-- I mean, believe me, this is not an attempt-- I know he has had his staff look at this. I know he has had his staff talk to the Department of the Interior. I would appreciate hearing the comments that were made back, not even expressing opinions on them.

MR. SMITH: Well, the relationship is fuzzy, at best. Apparently, the Native Americans who are seeking entry into New Jersey are primarily located in the State of Oklahoma, associated with the Delaware Indian tribe, which I am led to believe at one time occupied areas of the State of New Jersey, maybe a couple hundred years ago. Today, they are located, as I say, primarily in Oklahoma, and are associated there with the Cherokee Indians at a Cherokee reservation.

Other than that rather fuzzy connection to New Jersey, I know of no other real connection.

SENATOR GORMLEY: They do have a bingo operation in Oklahoma.

MR. SMITH: I am told they do, yes, and that they number somewhere about 150.

SENATOR GORMLEY: Okay. Thank you.  
Now I would appreciate your comments.

MR. SMITH: Fine, okay, thank you.

Let me say this: It is a real honor and a pleasure for me to be here today in front of my former colleagues on the Judiciary Committee. If we have time later today, if you have time after the hearing, I think it would be very important for you to take the time to come to a casino to actually see the inner workings of the casino operations and what we do as regulators of the casino industry. That knowledge will help you to understand some of the problems that various states in this nation are facing in trying to regulate Indian gaming.

I was very pleased to hear the comments of Congressman Torricelli in regard to integrity and regulation, because we really share very much the same concerns, as will be evident from my formal statement.

In 1976, when New Jersey voters approved gaming in Atlantic City, lawmakers promised the people of this State that we would maintain an unblinking focus on ensuring the integrity of casino gaming, and we would oversee the State revenues from the industry that are used solely for the purpose of providing health and transportation services, and the reduction of property taxes, rental fees, and utility costs for eligible senior citizens and disabled residents of this State.

Many scoffed that it couldn't be done, but the Casino Control Commission and the Division of Gaming Enforcement have done it. Regulators in this State have had, for the past 18 years, a track record that we can be justifiably proud of. That track record and our ability to keep these promises are success stories that everyone in this State should take pride in.

The cornerstone of our ability to maintain integrity is the State's policy that no one has an automatic right to work in the gaming industry or to sell goods or services to it. Those are privileges that we grant to individuals and companies that demonstrate their good character, honesty, and integrity. It is no coincidence that other states that have



rushed to legalize casino gaming in recent years have adopted similar policies. It is no coincidence that their statutes include language similar to ours. It is also no coincidence that a license issued by New Jersey's Casino Control Commission is recognized around the world as a badge of honor. Many jurisdictions issue licenses based on an applicant's having passed our strict standards. It is these high standards that make the difference, our never-ending, unyielding focus on integrity

Seventeen years of maintaining integrity has helped to build and maintain confidence in the gaming industry, but I caution the Legislature that what we have built up can be torn down. A failure to properly ensure integrity raises the prospect of scandal which would tarnish New Jersey's sterling reputation. So any consideration of regulating gaming within the State of New Jersey, including Native American gaming, must begin with the issue of integrity. No issue is more important.

Integrity begins with the companies that operate casinos and their gaming-related employees, but it does not end there. New Jersey lawmakers correctly noted in 1977 that any infiltration by any individual or groups of individuals of questionable character would be more likely to come through ancillary means. That is why New Jersey licenses service industries. We urge the Legislature to bear that in mind if considering any further expansion of gaming in this State, and particularly Native American gaming.

After integrity, our most important function is ensuring the proper accounting of gaming revenues. We maintain, through our Inspection Unit, a 24-hour presence in all casinos. We maintain keys that are needed to open drop boxes in slot machines where gross revenues are kept. We maintain strict procedures regarding the counting and transportation of gross revenues, and we are present during the counting of most funds.

We also develop regulations with respect to how the games are to be played, to be sure that the rules of the game are fair and that the games are administered fairly; that there is no cheating at the tables by either customers or by employees of the casinos. We are there to be sure that the people of this State who go to the casinos get a fair shake when they go to play the games in the casinos.

As I mentioned earlier, I would like very much to invite each of you to take the time to come to tour the back of the house, so that you can see firsthand the importance of how we regulate the industry.

This Committee should also note that Native American gaming is, for all intents and purposes, not taxed. That puts non-Indian casinos at a severe competitive disadvantage. Our licensees in Atlantic City pay a tax of 8 percent of gross revenues for the privilege of operating the casinos. These are the funds that fuel our seniors' and disabled persons' programs. Any money diverted away from our Atlantic City casinos will put, for example, the PAAD program, the Lifeline program, and other vital service programs at risk. Since 1978, the State has collected over \$2.7 billion in order to fund these programs which service hundreds of thousands of our citizens. Indian gaming in New Jersey will have a negative impact on this funding.

Our years of experience and our good staff have given the Casino Control Commission a reputation as the finest gaming regulatory agency in the world. We do not take that reputation lightly. We constantly strive to do better, and we constantly focus on what we do best -- maintain integrity and ensure proper accounting of all revenues.

One thing I would like to point out is that our system here, where we have a structure designated by statute and fleshed out by regulation, is a dynamic system of regulation. We can adjust the statute through amendments. We can adjust

the regulations through changes to the regulations as the needs of the industry change. When you are talking about Indian gaming, at best you are talking about a compact that includes a form of regulation -- a compact that has to be negotiated. If you need, at a later time, because of problems that you didn't realize at the beginning, or because of changing times-- If you need to change that compact, it has to be negotiated. You have to try to reach an agreement. No agreement, no change. That type of regulation is not a flexible system. It is not a dynamic system, and it can cause problems, I think, later on.

Yes, if there is a compact, you do the best you can at the beginning, but it is in no way comparable to the kind of system of regulation that we are able to have here in this State with respect to the Atlantic City casinos.

On behalf of the Commission and our staff, I want to tell you that we are at your service. We are ready to answer questions. We are ready to do research. We are ready to provide you with the information you need in considering this very important issue.

I would be very happy to try to answer any questions you may have at this time.

SENATOR GORMLEY: Senator?

SENATOR CAFIERO: Brad, how long has the casino operation taken place in Connecticut? How long has that been in business?

MR. SMITH: How long? I think it was about '93. Let me ask John Zimmerman. Do you know how long that has been-- You're talking about Foxwoods?

SENATOR CAFIERO: Yes.

J O H N R. Z I M M E R M A N, E S Q.: About three years.

SENATOR CAFIERO: Three years?

MR. SMITH: I think about three, yes.

SENATOR CAFIERO: What has Connecticut's experience been with the problems you raise? Number one, what is their

participation? What do they receive from a finances standpoint from the operation?

MR. SMITH: They have negotiated a fee payment. One of the problems they are facing right now is the fact that because of the compact they have, they are finding it very difficult to introduce non-Indian gaming into that state, because the compact says that if their monopoly in slot machines, for example, or if their monopoly in gaming is done away with through the introduction of other gaming operations, then the payment to the state ceases. So they are facing, I think, something around \$160 million a year loss in revenue if they introduce non-Indian gaming. So that is an example of the kinds of problems that can result from these compacts, which are, you know, agreements binding on both parties, and very difficult to change.

SENATOR CAFIERO: That is a result, probably, of the negotiating on the part of the State of Connecticut, isn't it?

MR. SMITH: Well, I guess they thought it was good negotiating at the time but, as I say, times change and circumstances change. Things happen that you cannot anticipate when you are negotiating a compact. So I don't know that you can necessarily place fault on the state in its original negotiation. It probably was a good deal at that time, but now since circumstances have changed, it is not such a good deal.

SENATOR CAFIERO: What has Connecticut's experience been with law enforcement problems, the fraud, the mistreatment of the patrons, and things of that nature?

MR. SMITH: I really can't address that with any basis of substantial knowledge. We could get that kind of information for you. I don't know whether Director Catania would have any more information in that regard or not. But we can get that information.

**F R A N K C A T A N I A:** Basically, it is run very similar to what we have. In fact, the person in charge is Mickey



Brown, who had my job in New Jersey. He was Director of Gaming Enforcement. I believe in Connecticut, since it was not constitutionally illegal to have casino gaming, the Native Americans could have the casino, but they then wanted to have the slot machines, and that is when the agreement came up that they would pay to have the slot machines \$125 million to the state for that. They, I believe, were one of the parties themselves that made the proposal yesterday to Bridgeport, along with some other gaming companies, for the operation of gaming in Bridgeport also.

SENATOR CAFIERO: Has Connecticut put in place its own system of regulating and supervising the operation?

MR. CATANIA: The actual casino itself, the actual Foxwoods itself, has a commission, supposedly, right in themselves.

SENATOR CAFIERO: Established by themselves?

MR. CATANIA: Yes.

SENATOR CAFIERO: So there is no input from the State of Connecticut similar to what we have in New Jersey?

MR. CATANIA: No, it is completely different. The State of New Jersey has-- I might just add: The State of New Jersey probably has the best system in the world. I mean, we have checks and balances. We have the Commission on one side, and we have the Division of Gaming Enforcement on the other side. We are the investigatory portion and the prosecutorial portion of it, and the Commission is the quasi-judicial branch that actually hears the cases before it.

So it is known that New Jersey's statutes that were passed in 1977, 1976, are the best. I mean, Australia, New Zealand-- I am meeting people coming from Mexico today to look at what New Jersey has done.

SENATOR CAFIERO: As the Congressman indicated-- Is Connecticut as helpless in the enforcement of what takes place in Connecticut as he indicated?

MR. CATANIA: It would be my personal opinion that, yes, it would be.

SENATOR CAFIERO: It is?

MR. CATANIA: That would be my personal opinion, you know, that it would be.

MR. SMITH: Senator, I had the opportunity to review a report on New York's regulation of Indian gaming. They have established in their compact a system of regulation where they do have people in the casinos monitoring the casinos. But there is sort of a joint jurisdiction. The tribe has jurisdiction, as well as the state. My concern about the compact is that it is not as flexible a document, or as flexible a tool of controlling and regulating an ever-changing industry that I think you need to have, and that we do have in New Jersey, to have an effective system of regulation.

If you look at the slot machines, when slot machines were first introduced into this State, they were essentially mechanical operations. Then they became computerized operations with computer chips and E-proms that we checked to be sure they were paying off the proper amounts. Now we are talking about getting into things such as cashless slot machines, where you don't even use cash. You use a credit system of debits and credits. These are all advances in technology, but because of the kind of system we have here, we can address those changes and properly regulate those changes.

If you are dealing with a compact that was negotiated years ago and changes have to be negotiated, you do not have the time -- the flexibility to address the ever-changing problems that come up in regulating casinos.

SENATOR CAFIERO: Frank and Brad, both, could not the applying Indian tribe voluntarily submit themselves wholly and completely to the jurisdiction of the Casino Control Comission? Would that relieve a lot of your anxiety?

MR. SMITH: I don't know whether that-- It would have to be something-- At the very least, it would have to be something that the tribe would agree to. Okay? It would have to be negotiated into a compact. That kind of a provision, if it could be done, would be good. I don't know that it can be done, because I think you get into questions of sovereignty. We are dealing with essentially sovereign nations when you are talking about Indian gaming. So there is always going to be the issue of sovereignty involved. I do not think you can ever secede total control to the State.

SENATOR CAFIERO: But if the State has veto power as to whether or not there is going to be any operation commence at all, and that is going to be contingent upon their willingness to waive their sovereignty-- I mean, would that resolve it?

MR. SMITH: I don't know that we have the-- You know, that is part of what Congressman Torricelli's bill is about, to give the states the ability to do that. Right now, I don't think we have that ability.

SENATOR CAFIERO: So right now, he is saying, and you are sort of concurring, that we do not have the right to stop it?

MR. CATANIA: I think there is the mechanism, right now, and that basically the Governor has the veto over them -- over any Native American gaming coming to New Jersey.

SENATOR CAFIERO: So, if the Governor has a right to say "No," then the Governor would have the right to say, "You submit to the jurisdiction of the Casino Control Commission totally and without question."

MR. CATANIA: There is a question there about the law that would be involved. Would it be State law or Federal law? I think there are conflicting statutes and laws that would have to be worked out. It would have to be done by the Legislature here in New Jersey, and also by Congress.

MR. SMITH: Those issues concern the Governor's authority -- veto power, as was mentioned -- and are subjects of litigation today. The answers to those questions are not yet determined.

SENATOR CAFIERO: So it is not clear whether she has the right to say "No" as of the moment?

MR. CATANIA: No, it is clear. Right now, she has the right to say "No."

SENATOR CAFIERO: That ends it?

MR. SMITH: As I say, those issues are being contested in courts of law.

SENATOR GORMLEY: They are contesting the Federal--

SENATOR CAFIERO: They are questioning her right to say "No"?

MR. SMITH: Well, that is one of the questions, the absolute right to say "No."

MR. CATANIA: It is a different state--

SENATOR CAFIERO: So the jury is still out?

MR. SMITH: No.

MR. CATANIA: The law says the Governor has the ability to veto. However, there is a case out there right now that is on appeal. We are waiting for a decision to come back on that.

SENATOR GORMLEY: Senator Singer?

SENATOR SINGER: Thank you, and I appreciate your allowing me to be up here today, as Chairman of the Senior Committee for the Senate.

First of all, it is good to see both of you. I have had the pleasure of serving with both of these gentlemen.

I have some serious concerns, as you know, based on statements Commissioner Smith made, realizing that the PAAD program, which is about \$180 million today from the casino funds, which is pharmaceutical reimbursement which makes a difference between life and death for seniors and handicapped



people, would certainly be jeopardized and compromised by additional revenues being siphoned off, and Lifeline and other programs that come through-- The Casino Reinvestment Corp. which, for example, in my town, helped to build a new building for ARC and helped to build the first Hispanic day care center in our county-- Again, those funds would be jeopardized. I don't know that they would be there for that.

But, you know, there is another aspect also. I represent parts of Ocean County, which has more beaches than any county in the State. We have 22 miles of beach -- Seaside, Seaside Park, Point Pleasant, Long Beach Island. Are we saying to these people whose business is tourism, "You better get in the game" -- not to coin a word -- "or you are going to be out of business"? Do I say to Great Adventure, which is in my district, one of the largest tourist attractions in the State, "You better find an Indian tribe to open up a casino next to you, because you will not be a tourist attraction anymore"?

I appreciate greatly the need for cities to try to rebuild themselves. I come from an Urban Aid city. But the realization is, once we allow this to stretch to Wildwood, then we must open up all the Jersey Shore and all our tourist attractions saying, "Get in the business, or you are going to be out of business." That is really a key factor to that, that concerns me, and all over concerns where the revenues are going to come from.

You're right, we can regulate it. We saw it so well when Senator Gormley and I tried to bring in sports betting how the people said, "We want casino gambling in one place, Atlantic City, and no further. We do not want it spread out." We did it for a purpose. We sold it to the people that Atlantic City was a city in trouble that needed jobs, needed rebuilding, and the casino revenue moneys would do that. And we are accomplishing that now. I don't think the public wanted to see that broad-based throughout the State. That is really

the key issue. I mean, if they had wanted that, they would not have restricted it to Atlantic City. We are really going against, I think, the role of the people.

I have received numerous phone calls in my legislative office saying to me, "Please do not allow this to happen. We don't want to see gaming in Point Pleasant and Seaside. That is what is going to happen." So there is a fear factor there, as well as a revenue factor.

SENATOR GORMLEY: I would like to get back to the topic that your staff looked at. You brought up the Foxwoods. Now, based upon -- and this is not the area you regulate, obviously, but your staff has looked at it -- gaming in the Foxwoods, was that tribe located, to the best of our research, already in Connecticut, or were they in Oklahoma?

MR. SMITH: There was a reservation there. It is on the Indian reservation.

SENATOR GORMLEY: So that would seem to concur with what appeared to be the original intent of the gaming bill, to service and provide business opportunity to the people living right there where the application was being made?

MR. SMITH: I would say very much more so than traveling some 1500 miles to be close to a casino industry and drawing off that industry, as is being tried to be accomplished here.

SENATOR GORMLEY: Questions from other members of the Committee?

SENATOR KOSCO: May I?

SENATOR GORMLEY: Sure.

SENATOR KOSCO: Is it true that the State of Connecticut is having a problem collecting the money from the casinos that they were supposed to be paying -- the \$125 million a year, or something?

MR. SMITH: No, I don't think there is a problem in collecting it. The problem is, if they introduce non-Indian

gaming into the state, that, in essence, violates the compact that was reached, and the funds that are to be paid pursuant to that compact go away as a breach of compact.

SENATOR GORMLEY: Cease that day, as I understand it. If it is awarded to someone else, it just ceases.

MR. CATANIA: If I may, with regard to their request for proposals in Bridgeport, they had to have up-front money coming in by the developer who wanted to come in. I think it was approximately \$610 million. Whoever came in would have to put that forward, because that is the amount of money they would lose according to the contract they have with Foxwoods.

MR. SMITH: There are two, I think.

MR. CATANIA: So that is the amount that-- They would try not to lose it by getting it from someone who was going to develop in Bridgeport.

SENATOR KOSCO: Specifically, with each of your respective commissions-- How would Indian gaming affect your Commission, Brad, and what would you have to do as far as-- Would you have to have two sets of rules? Would you have to establish two criteria?

MR. SMITH: Unless there were some sort of key provision that would be negotiated into a compact that they were required to operate under the same rules that everyone else operates under, it would necessarily involve two different systems and different rules. And as I say, I don't know that that is the kind of thing that could be negotiated into a compact.

SENATOR KOSCO: That would depend on whether or not Congress passed legislation giving the State the right to control.

MR. SMITH: I don't think that necessarily depends on legislation. That depends on what can be negotiated.

SENATOR KOSCO: At the present time, we have no control over it?

MR. SMITH: No control over what?

SENATOR KOSCO: Over the Indian casinos.

MR. SMITH: The only way you gain control is through a negotiated compact.

SENATOR KOSCO: So if you had a negotiated compact, it would probably be different than the one we already have under our present situation?

MR. SMITH: It might be very similar at first, but as we change -- but with the changing industry and the changing times, the ability to change that compact would be limited, limited by the ability of the parties to agree to changes. We do not have that problem when we are talking about our Casino Control Act and our regulations.

SENATOR KOSCO: The same thing would be true for yours, too, right?

MR. CATANIA: We couldn't operate, because our operation is the State Police. The agents who are assigned to my Division can only work in the casinos in Atlantic City. You know, it is a completely different situation.

You know, something we are not looking at also, is that New Jersey, at the present time, has no federally acknowledged Indian tribes, none whatsoever. I can just tell you that the information we have put together with regard to the Delaware tribe of western Oklahoma, is that there were approximately 1000 members of that tribe. That originated in New Jersey, but they moved at approximately the time of the Civil War to where they are currently located, in the southwestern Oklahoma town of Anadarko. They have always been a federally recognized tribe.

There is no other process they need at this time. The only gaming they do is a 250-seat bingo hall located on a 10-acre plot of tribal land in that particular town. They have since entered into an agreement with the Wildwood Mayor Fred Wager. That agreement was executed to develop a freestanding



Indian casino in Wildwood. What they would have to do is deed that two-and-a-half-acre downtown parking lot, which has an approximate value of \$900,000, to the Department of the Interior to hold in trust.

So it is a long procedure, because these are noncontiguous lands -- tribal lands. It is a completely different procedure that they have to follow than if they had tribal lands or they had a reservation right here in New Jersey.

SENATOR KOSCO: Okay.

SENATOR GORMLEY: In other words, the Foxwoods, they were there. They were living on the site.

MR. CATANIA: They were there.

MR. SMITH: They were there on the site.

This is apparently a real stretch, you know, as far as what has occurred in the past with respect to taking lands into trust. Usually they are contiguous or very nearby the original tribal property.

SENATOR SINGER: Through the Chair, they have reached out to Asbury Park, from what I understand, to consider that as a possible area for another casino. Have you been alerted to that at all? Have you people been informed of that at all?

MR. SMITH: No, not at all.

MR. CATANIA: I might add that there is no application before the Casino Control Commission. There is nothing the Division has to investigate at this time with regard to any Native American gambling operations in New Jersey.

SENATOR GORMLEY: Senator Cafiero?

SENATOR CAFIERO: Where is the site of this battle that will take place? It is not clear in my mind whether we have rights or we don't have rights. Is there going to be a battle about this thing? Do we have the right to veto it? Do we have the right to negotiate? Do we have any say at all?

MR. SMITH: The Governor has the right to say.

SENATOR GORMLEY: The Governor does.

SENATOR CAFIERO: If she says "No," that's it?

MR. SMITH: The Governor has--

SENATOR GORMLEY: The Governor has the right to say "No." There is currently a legal challenge as to whether the Governor has the right to say "No." But even if that legal challenge were to be successful, the Department of the Interior could still say "No." Obviously, I think that even if the courts were to rule that the sovereignty of the tribes precludes a governor from saying "No," obviously the intent of the Governor, as the Chief Executive of the State, and others from the State, would be taken into consideration by the Department of the Interior.

SENATOR CAFIERO: So the Congressman's bill is going to address that phase of it, to beef up the procedure?

MR. CATANIA: Well, I think his bill, as you stated-- You know, there are other bills out there. We shouldn't say that there is only one bill. There is another bill out there, I believe, by Senator McBain -- I believe it is. So there are a couple of bills out there that we have been following.

SENATOR CAFIERO: All focused on Indian gaming regulations?

MR. CATANIA: All focused on Indian gaming. Senator, I really can't give you all the details of all those bills, but it is a matter, right now-- I think Indian gaming has become such an important issue that everyone is trying to put some laws together to regulate it in a more systematic manner than it is being regulated right now.

SENATOR CAFIERO: So we do not really know, as of this moment, whether the Indians' willingness or unwillingness to submit themselves to your jurisdiction, Brad, makes any sense at all.

MR. CATANIA: It's all premature. I think everything we are discussing right now is premature, even the contract

with-- You know, why? That is a premature contract they are entering into.

SENATOR CAFIERO: Is this hearing premature?

MR. CATANIA: No. This hearing, I guess, is a fact-finding hearing, and I think it is a good way to start, listening to all of the issues that could be out there. And it is a good way to assimilate everything that is going to evolve with regard to Indian gaming if or when it is going to be in New Jersey, or if it is going to be in other states. It is something, you know, that I think has to be done.

SENATOR CAFIERO: We really don't know if we will have any say about anything. That is the feeling I'm getting.

SENATOR GORMLEY: Under the Federal statute, yes, we do. The Governor has a say. Obviously, the Governor has already said "No," and obviously, for us to express -- or for me in my role or you in your role to disagree, to seek support one way or another from the Governor, or for the people of the State of New Jersey to express their opinion through the Governor and to the Department of the Interior, is certainly a part of this process. It is nonbinding, because we have no control over Indian gaming beyond the Governor.

So, what is the right procedure? Is the hearing premature? Quite frankly, I don't know what the right procedure is when people say that land they left 140 years ago, that they once walked on, can circumvent the New Jersey Constitution. At the same time, nobody has a greater appreciation for how hard you have worked for Wildwood and economic development. I am not trying to point a finger at Wildwood, because, quite frankly, I think they are people who are trying to save a town. It's a real problem.

I know your feelings about Wildwood. They go very deep. I don't want to see Wildwood being taken advantage of, quite frankly, or used, and that is what is happening to Wildwood.

Thank you very much.

MR. SMITH: Thank you.

MR. CATANIA: Thank you.

SENATOR CAFIERO: Hey, Brad -- excuse me -- if we want to take this tour, are you going to be around here?

MR. SMITH: Absolutely.

SENATOR CAFIERO: Okay, thank you.

SENATOR MATHEUSSEN: How long will it take?

MR. SMITH: We would need at least an hour.

SENATOR GORMLEY: Thank you very much.

The next two witnesses will be Assemblypersons Foley and Cottrell. Okay, flip a coin.

**A S S E M B L Y M A N T O M F O L E Y:** Seniority.

**A S S E M B L Y M A N M E L V I N C O T T R E L L:** Good morning. Thank you, Chairman Gormley, Judiciary Committee members, and others.

Before I go into the statement I have here, I also have a deep concern about how far this is going to go. What I would like to talk about are Lakewood, Asbury Park, Jackson Township, Great Adventure, if it spreads out there.

Let me just give you a little background on Central New Jersey. Now, I am only 39 years old. I remember the time in Lakewood, back in 1936, I walked the streets when I went to Lakewood School. They had a little village outside of Lakewood. Jackson Township alone had four burial grounds and nothing inside. So that has become like a forest. It has spread throughout New Jersey. My family moved here in 1637. I have tomahawks, arrowheads on the farm, that were ploughed right up, that we would find right by the stream that runs through my farm.

I have come to Atlantic City to explain to you some of my considerations when hearing about the proposed Native American-operated casino in Wildwood.



Right now, the Atlantic City casinos are one of the most popular destinations in New Jersey. But the beauty and excitement they have to offer to those who visit them are only surpassed by the programs and services that their tax revenue dollars support for the senior and disabled citizens of our State. Taxes from Atlantic City casinos are directed to the Casino Revenue Fund. This Fund uses these moneys exclusively for the benefit of vital programs for the elderly and disabled of the State.

This incoming capital is so important to the solvency of the Fund, which provides for the financing of these vital services. The effect of funneling moneys away from the Casino Revenue Fund through these newly proposed casinos would be devastating to these so needed programs. New Jersey already has the second largest senior population in the nation. Over the next 10 years, we can expect to see an even greater expanded senior population. We are going to need these existing services, as well as new programs for our State's seniors.

I have a dual responsibility to the people of this State as Vice-Chairman of the Senior Citizens Committee in the Assembly and Vice-Chairman of the Assembly Tourism and Gaming Committee to see that these programs are protected, which means that we must protect the casinos in Atlantic City. They could face serious competition from these new casinos. Naturally, that has to affect the Casino Revenue Fund.

My history as an Assemblyman reflects my belief in legislation that supports programs for the senior and disabled population of our State, without causing an undue burden to our taxpayers.

For casino revenues to be used for purposes other than the Casino Revenue Fund is a violation of the New Jersey Constitution and a breach in my hopes and beliefs for this State. But it also means that every New Jersey taxpayer will

have to pay the price down the road. This is not what you wanted; this is not what I want.

These Native American casinos promise little to the State compared to what New Jersey can lose. To be shortsighted today could mean we will be long-suffering tomorrow.

I thank you for letting me speak.

I yield to my colleague, Senator, Assemblyman Foley.

SENATOR GORMLEY: Thank you very much.

Assemblyman Foley?

ASSEMBLYMAN FOLEY: Thank you.

There is only one sad thing that I have to say today. I am just saddened that my friend and fellow colleague from the Assembly is not here to join in this debate. Certainly, I know where John Gaffney would have stood on this issue, because he told us numerous amounts of times. I just wanted to express my feelings towards John. I know how he feels about this issue and how he feels about Atlantic City and the entire State of New Jersey.

Before I begin, I would like to thank Chairman Gormley and the members of the Senate Judiciary Committee for holding this public hearing today. The issues you are discussing are critical to the continued success of not only Atlantic City, but the entire State of New Jersey.

Atlantic City is in the midst of an unprecedented comeback for an urban area. The new Convention Center is well on its way towards becoming the premier convention facility in the United States. Urban renewal projects, revitalization efforts, and affordable housing programs have put Atlantic City well on its way to reclaiming its previous glory as a destination for millions of visitors.

The casino industry has been instrumental in Atlantic City's rebirth. The gaming industry has been the driving force

in the economic revitalization of the city and will continue to be a force well into the next century.

Legalized gaming has provided over \$360 million in revenues for the Garden State. Casinos employ over 45,000 New Jersey residents. Another 185,000 persons are employed in other industries. Legalized gaming is the driving force behind this and other economies not only just in Atlantic County, but throughout the State.

In recent years, redevelopment efforts have moved from the Boardwalk to the rest of the city. The Casino Reinvestment Development Authority has initiated redevelopment projects to renew different parts of Atlantic City through various means, including affordable housing, small-business opportunities, and even a new supermarket shopping center.

Recently, I, along with Chairman Gormley and Assemblyman Gaffney, was a cosponsor of legislation which will allow the casino industry to expand. The Casino Deregulation bill will forever change the face of the casino industry in New Jersey. The measure will remove overly restrictive regulations and, instead, allow the industry to function like any other private business. Savings realized as a result of the streamlined regulatory process will be dedicated solely for redevelopment projects within Atlantic City.

It seemed inevitable that other municipalities would want to establish casino gaming. Throughout the nation, several different states have legalized or considered legalizing casino gaming. In fact, Connecticut authorized the establishment of a successful Indian gaming resort, commonly known as Foxwoods.

While I empathize with the City of Wildwood's efforts towards economic revitalization, I cannot support the establishment of an Indian gaming hall. A casino in Wildwood has the potential to seriously undermine the investments the

New Jersey residents have made in Atlantic City over the last 17 years.

An Indian gaming facility would be exempt from many of the regulations that make the casino industry in Atlantic City a model throughout the world. The proposed casino would not be required to pay the taxes the State imposes on Atlantic City casinos. This revenue is used to fund many valuable programs, including State-subsidized prescription drugs for senior citizens and the disabled. I can tell you, as a member of the Casino Revenue Commission, we are in desperate need of funds for all the programs, not only for the senior citizens but for the disabled. I believe this Indian gaming hall would have an absolutely detrimental effect.

A tax-exempt casino would seriously impact tax revenues and jeopardize State-funded programs. While the proposal may be a benefit to the City of Wildwood, the costs to the rest of the State would be astronomical.

If we need to look for guidance over this proposal, we need look no further than the men and women of this State. They spoke eloquently of their desire to limit casino gaming to Atlantic City. It was back in 1974 when they rejected statewide casino gaming, and in 1976 they approved Atlantic City gaming. The referendum to allow casino gaming was defeated when it would allow establishment of a casino anywhere in the Garden State. Only after casinos were limited to Atlantic City was the referendum approved.

I do not believe that the City of Wildwood's proposal is in the best interest of the State of New Jersey. The proposed casino would not be under State regulation or required to pay taxes on their revenues. This proposal would benefit Wildwood at heavy cost to the rest of the Garden State.

I urge you to withhold your support of this proposal.

We may be told that an agreement can be made which will ensure that New Jersey will have a say in how an Indian



gaming facility will be operated. And we have heard how the State can make an agreement with the Indian tribe to generate revenues for the State.

But, Mr. Chairman, Connecticut learned yesterday that agreements with the state do not mean that much. Just yesterday, the tribe which operates the state's casino refused to submit a \$610 million letter of credit required of it to qualify for the administration of a second Indian casino.

I am going to quote G. Michael Brown, the President and Chief Executive Officer of Foxwoods. Here is the article, just today, in The Atlantic City Press. It says: "The tribe has no plans to submit the letter of credit. It is not, nor will it become part of our proposal." I think that clearly runs in the face of what could happen here in the State of New Jersey with Indian gaming. Without a doubt, they could just turn their backs on the regulations of this State, the regulations that the people of this State set forth. And who knows where they are going to hire the people, because they have said that they are going to hire people from their tribes first. Are we going to hire Oklahomans? I think not.

Mr. Chairman, Wildwood has sent the State a message. They feel ignored as if the rest of the State has left them behind. Indian gaming is not the way to go. We should fully recognize the legitimate sentiments that exist in Wildwood.

As a member of the Assembly Veterans, Military Affairs and Gaming Committee, which was chaired by the late Assemblyman John Gaffney, I will support South Jersey's efforts to improve our transportation system and our entire infrastructure to ensure that Wildwood and other shore communities remain good family tourist destinations.

Mr. Chairman and members of the Committee, I thank you for having this hearing today. I think it is incredibly important that you have the people of New Jersey heard.

Thank you, Chairman Gormley.

SENATOR GORMLEY: Thank you.

I would just like to note for the record -- this is not to the exclusion of any other legislator who is here -- that every bill you talked about, from 1976 on, could not have been done without the help of a very great friend of Atlantic City, Senator Cafiero. I just wanted everybody to be aware of that. Now I have probably gotten him into real trouble, but I just want it noted for the record that there might appear to be some disagreement, but, quite frankly, Jim Cafiero has been a good friend, a great friend to Atlantic City. As he knows, we worked together on the Convention Center bill for Wildwood. There has always been that mutual interest in helping each other's districts. I just wanted to note that for the record.

Thank you.

Next we will have Councilwoman Barbara Hudgins, from Atlantic City.

**C O U N C I L W O M A N   B A R B A R A   H U D G I N S:** Good morning.

SENATOR GORMLEY: Good morning.

COUNCILWOMAN HUDGINS: First of all, I would like to begin by thanking Chairman Gormley and the members of the Senate Judiciary Committee for having this hearing in Atlantic City. As a Council member at large, I would like to take this opportunity to welcome you to the city.

I have to get my glasses so I can read the statement I have prepared.

I have had the opportunity to speak to people not only in Atlantic City, but throughout the State who are concerned about Indian gaming. The statements that I will be making here today are the sentiments of those people throughout the State and, of course, more particularly, my constituency here in Atlantic City.

Make no mistake! Atlantic City is on the cusp of an impressive renewal. Just a few short weeks ago, the final

piece of structural steel was set for the Atlantic City Convention Center. The Center is part of a bold new vision for Atlantic City. With the new Convention Center, Atlantic City will be well on its way toward reclaiming its place as the premier destination on the Jersey Shore.

The driving force behind the revitalization of the city is, of course, the casino industry. Since 1978, the gaming industry has been the primary mechanism in the economic revitalization of Atlantic City and Atlantic County.

The benefits of legalized gaming are clear. Last year, it provided over \$360 million in revenues for the State of New Jersey. Over 45,000 New Jersey residents are currently employed in the industry. Another 185,000 persons are employed in auxiliary industries. The casino industry drives the economy of Atlantic County.

With the able assistance of the Casino Reinvestment Development Authority, the focus of revitalization has moved from the Boardwalk to the entire city. The CRDA has undertaken redevelopment programs in an effort to rebuild different parts of the city with affordable housing and small business opportunities, shopping malls, and even a new supermarket complex.

The Special Improvement District that runs from the inlet to Albany Avenue and from Atlantic to Pacific Avenues has been a tremendous success. Its mission is to clean up the Boardwalk, Atlantic and Pacific Avenues, and also provide a courtesy booth on the Boardwalk and courtesy patrols on the streets to help to make Atlantic City a more tourist friendly resort. The Special Improvement District has also provided colorful banners promoting Atlantic City events on the streets and Boardwalk, and plans for the city's Boardwalk and streets to be decorated with trees and flowers provided for city parks and playgrounds. They are funded by a 1 percent tax on all

real estate in the Special Improvement District, mainly from the casinos in the district. The work is just beginning.

Atlantic City is continuing its commitment to rebuild itself. Moreover, the city is on the brink of another expansion of the casino industry. The recently enacted Casino Deregulation bill has put an end to overly restrictive casino regulation. This broad-sweeping law did away with needless bureaucracy and let the casinos operate more independently as businesses. Savings resulting from the streamlined legislation are dedicated to a special Atlantic City fund. These funds are solely for the redevelopment of our great city.

With all of these successes, one would assume that other states and municipalities would want to have casinos. Indeed, proposals for casino gaming have been discussed in Pennsylvania, Maryland, and New York. Connecticut followed a different avenue and approved an Indian gaming resort. The resort, by all accounts, has been very successful. As a result of this success, many cities and towns across the United States, including Wildwood and Phillipsburg, New Jersey, have proposed an Indian casino.

Approval of an Indian casino would be a serious threat to the investments made in Atlantic City over the last 17 years. I am sensitive to the plight of Native Americans and their continuing struggle for economic stability. However, as a member of the Atlantic City Council, the creation of a competing Indian resort is a concept with which I must take exception. An Indian gaming hall would not be under the same regulations as Atlantic City casino hotels.

In addition, the proposed casino would not be required to pay the taxes that the State imposes on Atlantic City casinos. These taxes are used to provide State-subsidized prescription drugs and other valuable programs for needy senior citizens and the disabled. The casinos also produced revenues that help to generate economic development efforts across the



State. A competing tax-exempt casino in Wildwood would seriously reduce tax revenues and strain much needed programs which are largely funded from revenue derived from Atlantic City casinos.

The Wildwood casino proposal is an attempt to work around New Jersey's Constitution and build a casino without the approval of New Jersey residents. The voters of the State spoke loudly and clearly on this subject when they voted down a referendum to allow casinos to be established anywhere else in the State. The referendum to allow casino gaming was approved only after casinos were limited to Atlantic City. The voters of the State of New Jersey should not be superseded for the sake of one city's revitalization efforts.

This proposal's benefits are questionable at best. There are no safeguards that the casino will operate properly or pay taxes on their revenues. An Indian casino would be a bad gamble for New Jersey, and should definitely be opposed.

I thank you, again, for the opportunity to speak. As I always ended my classes -- I taught at Atlantic City High School for 30 years -- are there any questions?

SENATOR GORMLEY: Thank you very much.

COUNCILWOMAN HUDGINS: Okay. Thank you for having me.

SENATOR GORMLEY: The next witness will be Debra P. DiLorenzo, South Jersey Chamber of Commerce.

**D E B R A P. D i L O R E N Z O:** Good morning, Mr. Chairman and members of the Committee. I am Debra DiLorenzo, President of the Chamber of Commerce of Southern New Jersey. Thank you for the opportunity to present our views on the issue of Indian gaming in New Jersey on behalf of our 1200 member companies, located throughout the 7-county South Jersey region.

As you know, New Jersey has one of the strongest regulatory policies for casino gaming in the United States. Building on the experience from and history of Nevada, New Jersey developed a regulatory system which has become a model



for other jurisdictions that have authorized casino gaming. A singular exception has been the Federal authorization of gaming on Indian lands.

In recognition that Native Americans are sovereign nations to be dealt with by treaty just as any other country, Congress established a means of authorizing casino gaming without regulating it. Therein lies the crux of our concern: The impact of competition between a nonregulated casino and an industry in Atlantic City that is strongly regulated. We believe this unfair competition would deal a strong blow to the economic development of the region and throughout the State.

Indian tribes as sovereign nations are not subject to State taxation. Although billions of dollars have flowed from Atlantic City casinos to Trenton to fund various programs over the past 16 years, no Indian revenue would be required to be turned over to the State. This certainly is not a level playing field.

We believe that Indian gaming would siphon off business from the regulated casinos, thus decreasing the revenue stream currently taxed, and, therefore, decreasing the amount of tax dollars generated. The impact of lost revenues to the State would be devastating. Current programs funded by casino revenues to assist the aged and disabled would be severely impacted. Additionally, the availability of dollars to fund the Casino Reinvestment Development Authority and other public/private projects could be diminished.

The introduction of Indian gaming runs counter to the formation and intent of past and current State public policy in two broad areas: First, we believe the unfair competition between a regulated and nonregulated casino could jeopardize projects like the operation of the new Atlantic City Convention Center and expansion of the Atlantic City International Airport. Similarly, there is no assurance that Indian gaming and associated service industries would be subject to the same

strict licensing and accounting controls which currently preserve the public confidence and trust in gaming activity in Atlantic City and are the hallmarks of licensed casino gaming in New Jersey.

While we sympathize with the concerns for an economic stimulus to revive The Wildwoods, we respectfully submit that Indian gaming is not the answer to their economic problems and maintain that it should be vigorously opposed. The needs of the entire State are at stake. When the voters approved the gambling referendum in 1976, the vision was to locate casino gaming in one city -- Atlantic City. We should continue that vision by supporting the current and planned casinos in Atlantic City through thoughtful and consistent public policy that benefits all the citizens of New Jersey.

Thank you for the opportunity to appear before you. .

SENATOR GORMLEY: Thank you very much for your testimony.

Jack Dever.

J O H N F. D E V E R: Jack Dever. (correcting pronunciation)

SENATOR GORMLEY: Oh, I'm sorry. I apologize. How do you spell your name?

MR. DEVER: Dever, D-E-V-E-R.

I have with me Susan Millard, from Wildwood Crest.

We appreciate, Senator, the opportunity to come and speak before you and your Committee.

On behalf of the Families for The Wildwoods, we appreciate the opportunity to speak before your Committee. Both Susan Millard and myself represent a growing grassroots organization that was created as a result of the Indian casino initiative being spearheaded by current Wildwood Mayor Fred Wager. Our organization has a twofold mission:

1) To ask the questions that we believe need very specific answers; and

2) To develop a multitude of forums for communications on this and other issues.

We are not here to negatively portray the Atlantic City gaming industry, and we are not here to undermine the potential of The Greater Wildwoods. On the contrary, we want what is best for The Wildwoods and Cape May County at large.

Since the 1970s, casino gaming in Atlantic City has evolved and experienced significant growth. During this evolution, the industry has been shaped and guided by public demand and State oversight. The State referendum that provided for this industry defined Atlantic City as the sole city for gaming in New Jersey. This has been covered at length.

We are not convinced that the City of Wildwood is an appropriate setting for any casino initiative. To support this contention, in a recent article Professor Bill N. Thompson, Professor of Public Administration at the University of Nevada-Las Vegas, indicated that Wildwood is "just grabbing at straws" and this initiative is "just a shot in the dark." He further states that, "It would be easier to ask New Jersey voters to expand regular gaming to a new location than it would be to win their support for Indian gaming."

We do not believe that Wildwood's economic future should be based on a shot in the dark, but sound economic strategic planning. Given the political opposition to this initiative from the local level to the Governor's Office, it seems time to stop spending hard-earned tax dollars for an initiative that is destined for failure.

In addition to the Professor's stated concerns and the political opposition, there are a number of other hurdles regarding this initiative. On a local level, the casino concept cannot be reconciled with the local zoning ordinance and the Master Plan. Also, any casino application would probably require submission to the Cape May County Planning

Board for review/approval. It is certainly not clear at this time that this Board would favor such a project.

Also at the local level, there are a great many questions regarding the impact on Wildwood's infrastructure and of the neighboring communities of Wildwood Crest and North Wildwood. We, as a group, are currently consolidating the many questions surrounding this issue and will be posing them to various groups and the general citizenry of the island's communities.

I have a letter from Governor Christie Whitman that indicates she and her administration stand ready to help "reinvigorate the City of Wildwood." We believe the Governor can be counted on to do just that.

Specifically, we believe that the best approach to Wildwood's future is to develop economic strategies that are based on a "regional approach." This approach should include a plan that develops a "symbiotic relationship" with Cape May and Ocean and Atlantic Counties.

Mr. Chairman, Wildwood's attempt to bring Indian gaming to the island should be indicative of the need to start immediate discussions toward formation of a regional tourist economic plan. It is incumbent upon Atlantic City leadership to realize that strong tourist economies in the shore resorts can only benefit their economic prospects.

SENATOR GORMLEY: Just for the record, that is something that Governor Whitman has a very strong interest in. She specifically brought it up when we were in Ocean County at the Museum, in southern Ocean County, in Tuckerton, in terms of putting together, if you will, a trail in southern New Jersey for people to experience not just one particular town, but whether it be Tuckerton, whether they come down to Brigantine for the Marine Mammal Stranding Center--

MR. DEVER: She's right.



SENATOR GORMLEY: It is something she is focused on. Quite frankly, we have talked to the people at the Convention Bureau in Atlantic City who do have the wherewithal. Even though, let's say, they are funded by Atlantic City, the Governor has asked for their assistance, because there is that wherewithal. That is something we will be looking at. Your point is well-taken.

MR. DEVER: Okay. To underscore that, or a further point on that is, we should not be at odds with each other, but should complement one another.

Currently, there is an attempt to deliberately misrepresent the impact that this project will have on the entire island. Promises of \$8 million annually to the citizens of Wildwood and its neighboring communities have painted a misleading, rosy picture of the future. This is not based on any serious economic study, and is not fair to the citizens of the City of Wildwood.

It is understandable that many merchants on the island are willing to endorse this initiative when they consider their own economic plight. However, we believe that the City of Wildwood stands ready to emerge as the economic flagship of Cape May County. This emergence will be based on several different levels and fronts.

At the grassroots level, we have the "Main Street Program" working hard toward community involvement and business recruitment and retention. This organization is making significant progress toward realizing its goals. In addition, the delineation of the Historical Preservation District and appointment of the Commission to provide oversight and guidance will have a tremendous impact toward attracting internal and external investment. Also, the Convention Authority is in place and pursuing, among other things -- and you are well aware of this -- the Civic Center Project. This Project is extremely important for our success and is currently being



reviewed by State authorities. This Project should move forward, and we would appreciate any favorable recommendation by this Committee.

SENATOR GORMLEY: Where are they building it now? Do they have a site?

MR. DEVER: Yes, sir, on the existing Convention Hall site.

SENATOR GORMLEY: Oh, they are recommending that site now?

MR. DEVER: Yes, sir.

On a regional level, Cape May County has a great deal to offer. The County Park Zoo Complex, Cold Spring Village, the vast Wildwood beaches and Boardwalk, Cape May City with its Victorian charm are all examples of why there should be a "regional economic" approach that includes Atlantic City and the South Jersey shore communities.

In summary, we are asking this Committee to:

1) Endorse the formation of a strategic economic tourism board that would include representatives from the various South Jersey resort communities. The intent of this board should be to develop a strategic plan that ultimately creates a "regional marketing strategy," and also creates a "symbiotic relationship" with Atlantic City and its neighboring South Jersey resort communities.

2) In your Committee report, include a strong recognition statement as to The Wildwoods and other shore resorts' "special economic relationship" with Atlantic City.

3) Endorse the Civic Center expansion initiative being pursued by the Greater Wildwoods Tourism Authority and work, where possible, with the State authorities toward approval of this project.

We thank you for this opportunity, and will certainly take questions if you have any.

SENATOR GORMLEY: Just so you know, on the Convention Center Project-- Senator Cafiero and I worked together on that Project.

MR. DEVER: Yes, sir.

SENATOR GORMLEY: I think I attended six or seven meetings in Wildwood. We did them on Saturday mornings, usually around 7:00 or 7:30 in the morning. I think The Wildwoods did a great job on that also, because they were able to get a consensus in terms of the surcharge or the additional sales tax that would be necessary to do it, which, quite frankly, took a degree of political courage for the local officials and for the local legislators to support.

I think that was a very positive step forward. I know I am, and I know everybody that I talk to is supportive of the Convention facility in Wildwood.

Oh, I'm sorry. You have a statement also. I'm sorry. (speaking to next witness, Ms. Millard)

MR. DEVER: This is another question for her.

SENATOR KOSCO: Mr. Chairman?

SENATOR GORMLEY: Senator Kosco?

SENATOR KOSCO: I really don't have a question. I really have just a statement: One of the things that bothers me, as a legislator from Bergen County, which is way up in the northern part of New Jersey-- We don't call it North New Jersey, we call it the northern part of New Jersey. But every time we discuss things with people from the southern part of New Jersey, they refer to "South Jersey."

I am of the belief that there is one New Jersey. There is a northern part and there is a southern part; also, there is a central part. So I am sort of concerned that you are talking about setting up a board with the southern areas to discuss what is going to happen down in Cape May, when there is a whole New Jersey out there, whether you like it or not.

One of these days, you should get in your car and drive for two or three hours and come up to the northern part of the State. You will see that we have many, many resort areas. We have just as much tourism and farming going on up in the northern part of the State of New Jersey as you have in the southern part of the State of New Jersey. As a matter of fact, we have a county in the northern part of New Jersey that has a larger population of cattle than it has of people. The people in the southern part of the State who do not go north do not realize that.

So I would suggest that if part of your statement is that you want to set up a committee of people from the southern part of the State, I think it might be a good idea to include the rest of New Jersey, because you are part of it and you do need it.

MR. DEVER: Well, certainly as a Committee member, you could consider that. Yes, sir. We appreciate that.

SENATOR GORMLEY: Senator Kosco, whenever we have had these hearings on, quite frankly, issues that really are, to a great degree, germane to our region, he has always come down, and whatever. That means that Senator Cardinale will now acknowledge that there is one Bergen County.

SENATOR KOSCO: No, I'm not saying--

SENATOR GORMLEY: Okay, I just wanted to check on that. I'm sorry. May we have your statement, Ms. Millard?

**S U S A N M I L L A R D:** As Jack stated, there are many questions concerning the effect of this proposal on Wildwood and the surrounding areas.

We are concerned that the City of Wildwood is moving too fast on this issue. Apparently, the only research or study that has been done thus far was a feasibility study on how to get gambling in place in Wildwood. No additional studies are scheduled.

Residents of the island are concerned with what the economic impact and costs will be and what type of consumer will this attract. The islandwide goal is to draw families. No marketing analysis has been done or is planned. Also, there is no strategic plan in place on how many additional police will be required, traffic control, parking, schools, air and noise pollution, and how the zone surrounding the casino will be affected.

The "Banner Study" -- that is the feasibility study -- recommended that the payment to the city be based on a percentage of the casino revenue. But the city was willing to accept a static amount of \$8 million per year.

The first payment comes in the second year of casino operation. How will the city be able to afford to fund the additional costs incurred during the first year of operation if they are currently under a hiring freeze to meet their financial obligations?

In conclusion, the only thing that is going to change the poor economic state in Wildwood is a unified approach involving the whole island working together. Perhaps a redevelopment fund could be created by the State to rejuvenate the area and create an atmosphere for reinvestment. This cavalier approach is counterproductive.

I also have some letters from Cape May County residents addressed to the Committee which I hand carried. I will give them to you.

SENATOR GORMLEY: We will have those placed in the record.

MS. MILLARD: Okay. I thank you for your time.

MR. DEVER: One more thing, sir, if I may. I would just like to read into the record my letter from Governor Whitman.

"Dear Mr. Dever: Thank you for your letter regarding the proposed construction of a gaming casino in Wildwood by the Delaware Nation.



"As you may know, I have expressed concern about this proposal. While my administration is ready to work with Wildwood on finding ways to reinvigorate the city's economy, I am not convinced that bringing casino gambling to the city would be in the best interests of either Wildwood or the State. We have invested a lot in Atlantic City, and I recognize the importance of protecting New Jersey's investment in this vitally important component of our tourism industry and our economy. Clearly, careful analysis of this proposal must shape any decision by the State in this matter.

"Again, thank you for writing. Best wishes. Sincerely yours, Christine Todd Whitman, Governor"

SENATOR GORMLEY: Thank you.

SENATOR SINGER: Mr. Chairman, you know, you bring back some very valid points. Having been the former Mayor of Lakewood, our population is about 46,000, which is around the same size as Atlantic City is in its all-year-round population. Our police force is only approximately 100 people, compared to Atlantic City's, which is so much larger, as well as all your services.

So when you talk about the operations of bringing gaming in, it taxes all the services of the community tremendously. I don't know how large a police force is there now. I am sure it is not a very, very large one. It bulks up in the summer and then comes down, like many of our shore communities.

What you are talking about is planning ahead to have to hire more police people. That is something you plan years in advance.

MR. DEVER: Not to mention the impact on schools and every other infrastructure concerned.

SENATOR SINGER: This is the infrastructure, as you say -- police, sanitation. What about the roads? Can the



roads handle the additional traffic? What about parking? You are eliminating a major parking thing.

The other thing I am curious about is how they are going to give township property away. In other words, it is a process that is very, very difficult. If you are not giving to a nonprofit, not putting it out for public bid, not going to referendum, there are some problems as to how you are going to accomplish this, allowing the governing body to just give away township land without any type of public offering as such.

I would presume that they might have to do other things with it, and it would be a complicated thing also.

MR. DEVER: I certainly agree.

SENATOR KOSCO: I'll see you this weekend. You are going to have thousands and thousands and thousands there this weekend, and I am one of them. (laughter)

MR. DEVER: Good. Well, we are glad to hear that.

SENATOR GORMLEY: Are you riding all the way down?

SENATOR KOSCO: I'm riding down.

SENATOR GORMLEY: Riding down.

MR. DEVER: We're certainly glad to hear it.

SENATOR KOSCO: You are going to have many thousand Harley-Davidsons in your town this weekend. I'm coming down with 300.

MR. DEVER: We're looking forward to it. It's good for the economy.

SENATOR GORMLEY: Every committee should have a resident biker.

SENATOR KOSCO: I'm coming down with 300, so I know they are going to be there.

SENATOR GORMLEY: Thank you very much for your testimony.

Please provide the letters you mentioned to the person taking the recording.

Senator Singer has to leave. I certainly appreciate your time and your comments.

SENATOR SINGER: Mr. Chairman, thank you very much. Again, I appreciate your allowing me to work with you on this issue. As Chairman of the Senior Citizens Committee, we stand ready to help you at any time on this important issue.

SENATOR GORMLEY: Thank you very much.

Curtis Miller? (no response)

The next two witnesses will be Marty Blumberg and Mike DeRogatis of the Greater Atlantic City Chamber of Commerce.

**MARTIN BLUMBERG:** Chairman Gormley and members of the Committee: I am Martin Blumberg. I am Chairman of the Board of the Greater Atlantic City Chamber of Commerce. To my right is Mike DeRogatis, our President.

Much of what you have heard today has been repetitive, so my remarks will be brief.

Everyone knows that in 1976 the voters of New Jersey approved a referendum limiting gambling to Atlantic City. They voted for it because they felt it would stimulate the New Jersey economy, all regions of New Jersey. They felt it would stimulate as well the tourism and convention industries of Atlantic City and the New Jersey shore.

Today, we say that the voters were right. Gaming in Atlantic City is performing well for New Jersey. Thousands of new jobs have been created, with employees coming from many, many miles away. The new ratables created and taxes paid to all levels of government are enormous and, to keep this 24-hour industry moving, suppliers from all corners of New Jersey send truckloads of their products daily into the city.

In summary, billions of dollars have been invested in Atlantic City and more is being spent today on expansions and a new Convention Center. From this, all of New Jersey benefits greatly. To change the rules after so much has been invested could prove devastating. Competition from other states is

expected, but to think that competition between cities within our State will help the overall economy would be a serious mistake.

For the benefit of our entire State, we support Governor Whitman's position, and we urge your Committee to do the same.

Thank you very much for the opportunity to express the views of the Greater Atlantic City Chamber of Commerce.

SENATOR GORMLEY: Thank you.

Mike?

**M I C H A E L J. D E R O G A T I S:** Senator, let me first thank the Committee for coming. These are important hearings and we welcome you to Atlantic City.

You have heard some important facts this morning. As Marty said, we would just be repetitive. As has been said, if Wildwood needs help, if Asbury Park needs help, if any city in our State needs help, it is incumbent upon us to do whatever we can to help them. That is the important issue.

SENATOR GORMLEY: Thank you very much.

Our next witness will be Jim Sinclair, New Jersey Business and Industry Association.

**J A M E S A. S I N C L A I R:** Thank you, Senator.

I am Jim Sinclair, First Vice President of the New Jersey Business and Industry Association. The Association represents 13,500 businesses throughout the State. We are here, also, to support the Governor's opposition to this Indian gaming initiative in Wildwood.

President Coe and Executive Vice President Gonzalez asked me to come down today to testify because of how important it is to the Association in our relationship with the gaming industry in Atlantic City and its important component, the overall tourism industry of New Jersey, which is one of our growth industries; also, because of my involvement in casino gambling in the 1970s and part of the State's Economic

Development Plan, as when I was with the Department of Community Affairs.

I will not reiterate all that has gone on, but I would like to point out one thing that seems to have been missed in the record here. While the citizens of the State of New Jersey did approve, and by a pretty good margin, gambling in Atlantic City in 1976, with the controls that were placed on it -- and I don't think we should underemphasize that, because that was one of the great selling points, the economic development, but also the control -- we should not lose sight of the fact that the initial initiative on gambling was defeated because it did not have those kinds of controls in it. What we see before us today is much worse than that initial initiative that was defeated by the citizens of the State of New Jersey.

So I think the citizens have been clear on what their preference is. The Business and Industry Association would like to reiterate that from the perspective of the business community.

Thank you, Senator.

SENATOR GORMLEY: Thank you very much.

Now, for our final witness, Pinky Kravits. Oh, excuse me. It will be Pinky, and then one other witness. I apologize.  
**P I N K Y   K R A V I T S:** Senators -- members of the Committee -- it is a pleasure to be here. We are delighted to have you. Again, I will do as the other -- the past few speakers have done. I will not reiterate the facts of it, but I would just like to cite a few instances of importance, I think.

I do a talk show, and I have interviewed the Mayor of Wildwood and talked to him directly about what they are seeking to do and why they are seeking to do it. I posed the questions that were posed by Brad Smith and Frank Catania relative to the whys and wherefores and the legality of it. They were not



concerned about the legality. They felt they had the right and could do it, and that there was no problem whatsoever to doing this.

I have also received many calls from people who are not a part of the group that is willing to do it, but it was the general public that has called about this issue. They have been very much against it. They are in favor of the position of the Governor, and are in favor of the position that has been stated by just about everybody who has spoken here this morning.

I would like to just speak to a couple of points. I was around when this thing started. I have been around since the sand started here in Atlantic City, having done a show here for 36 years. But Guy Muziani, who was your former cohort in the Assembly and also was the Mayor of Wildwood, was very concerned when gaming first came in. We talked with him at that time about trying-- I went down and had lunch with him and some members of the Chamber of Commerce down there trying to set up a pact to do what was said, bringing together Cape May County with Atlantic County and all of our seashore resorts to get the betterment of what this program had to offer with the gaming industry.

Unfortunately, we have not done that. If there was one thing good to come out of this proposal, it was that the Governor of the State has said that we have to do something to help The Wildwoods. We have to do something to help the communities that are having a problem.

To our Senator from Bergen County, when you asked the question about why is it that you speak always from the northern part of the State, and we here from the southern part always talk about South Jersey, it is because those of us who have been around know that the majority of people from the northern part of the State have paid no attention to those of us here in the south. Had it not been for Senator Farley--



Well, you shake your head no, sir, but I can tell you from what we have seen and how difficult it was to get the legislation through that was necessary for the Parkway, for the Expressway, for the Marina, and the other things that were done here in southern New Jersey, that there has been the feeling that many of your people in North Jersey have never come down here to see what we're all about; that too many of the legislators have never come down to see what it is all about, unless they had been invited by Senator Gormley, his predecessor, or Senator Farley, who always brought them down for a dinner. That is what they knew of our southern New Jersey.

SENATOR GORMLEY: I am too cheap to buy them dinner.

SENATOR KOSCO: I won't answer that.

SENATOR GORMLEY: Believe me, now they are going to ask me for dinner. I hope you realize that, Pinky.

SENATOR KOSCO: What he said is totally, totally untrue.

MR. KRAVITS: It's untrue, sir? All I can tell you as one who lives here and sees the actions of the legislators--

SENATOR KOSCO: When was the last time you were up in Bergen County?

MR. KRAVITS: I have not been in Bergen County for I don't know how long.

SENATOR KOSCO: I rest my case.

MR. KRAVITS: But what is there to see in Bergen County? Tell me about it.

SENATOR GORMLEY: No, no, wait. Pinky, Pinky, time, time.

SENATOR KOSCO: I'll call your talk show sometime.

MR. KRAVITS: I would be delighted to have you do that. No, I'm just asking. What I am referring to, sir, is as far as attractions are concerned. I am not talking about the people, the good county, or the other parts of this State.

There are attractions here that people come to and enjoy. That is why we are the community we are, notwithstanding the gaming or what it has done for us.

The point I want to make is, we need to do just what this program, hopefully, will lend us to do; that is, to have the interest paid to the cities that need to have interest paid to them -- to The Wildwoods, the Asbury Parks, and others that are in dire need of assistance. I hope that will be the good thing that will come out of what, I think, this unfortunate move is. I think you are on the right track coming up and saying that -- as was presented to you -- the far stretch to do this is something that we see needs to be done.

Thank you very much. (applause from one member of audience)

SENATOR KOSCO: There's one fan.

SENATOR GORMLEY: Richard Baehrle, Greater Mainland Chamber of Commerce.

**R I C H A R D   P .   B A E H R L E:** I will be quick also.

Mr. Chairman and members of the Committee, my name is Rick Baehrle. I serve as President of the Greater Mainland Chamber of Commerce. I also will go quickly.

We represent over 300 businesses that serve the mainland communities throughout Atlantic County. We are pleased to be here today to testify in opposition to the proposal to permit an Indian tribe to own and operate a casino in Wildwood. We recognize the hard work that Wildwood has put forth in making this recommendation, and we certainly can appreciate the need Wildwood has for further economic development.

We believe, however, that their proposal will not add any significant net economic benefit to Wildwood and would, in the larger sense, reduce the spinoff effect the Atlantic City casinos provide Wildwood and the other New Jersey communities. We have invested a lot in Atlantic City, both as a State and as

an economy. To undo this would jeopardize the benefits received by thousands of businesses located throughout the State, possibly change some of the senior citizen benefits, like Lifeline and pharmaceutical benefits for the aged, reduce major infrastructure improvements seen around the State, and the list goes on.

We will be happy to present the Committee, in detail, the economic benefits the casinos presently provide the State and the other communities.

We also have to consider the impact this proposal would have on the future of casino investments in Atlantic City. If we fail to take advantage of the limited time we have to truly make Atlantic City a destination resort, all of New Jersey could suffer because of the competitive pressures of other states and even countries. We need to keep adding facilities like the Convention Center, recreational facilities at the old Steel Pier, a proposed baseball team, and so forth to remain competitive. To reduce what we presently have just doesn't make good business sense for Wildwood, for Atlantic City, or for New Jersey as a whole.

We need to look for innovative ways to help Wildwood and other economically depressed areas of the State. But casino gaming is not and should not be it. Regionalization is the answer, not polarization.

Thank you for this opportunity to testify. We would be happy to answer any questions.

SENATOR GORMLEY: Thank you very much for testifying. That will conclude the testimony.

Would any of the members of the Committee like to make a statement? (no response)

I want to thank everybody for their attendance. I think the witnesses were very direct.

This concludes the hearing. Thank you very much.

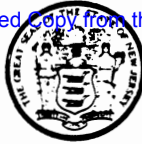
**(HEARING CONCLUDED)**



APPENDIX







State of New Jersey

OFFICE OF THE GOVERNOR

CN-001

TRENTON NJ 08625-0001

CHRISTINE TODD WHITMAN  
Governor

August 30, 1995

Mr. John F. Dever  
110 West Maple Avenue  
Wildwood, New Jersey 08260

Dear Mr. Dever:

Thank you for your letter regarding the proposed construction of a gaming casino in Wildwood by the Delaware Nation.

As you may know, I have expressed concern about this proposal. While my administration is ready to work with Wildwood on finding ways to reinvigorate the city's economy, I am not convinced that bringing casino gambling to the city would be in the best interests of either Wildwood or the state. We have invested a lot in Atlantic City, and I recognize the importance of protecting New Jersey's investment in this vitally important component of our tourism industry and our economy. Clearly, careful analysis of this proposal must shape any decision by the State in this matter.

Again, thank you for writing. Best wishes.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Christine Todd Whitman", with a long horizontal flourish extending to the right.

Christine Todd Whitman  
Governor

1207 New Jersey Ave  
Willowood Crest, NJ  
08260

Sept 4, 1995

Senate Judiciary Committee

I ask you to refuse a Gambling  
Casino to operate in Willowood.

Full gambling will not solve the  
problems but rather create more problems.  
People who cannot afford to gamble will  
take the chance to be a winner! More  
often, they will be losers creating a loss of  
income and the possibility of increase in  
welfare recipients.

Our image will change. We will no  
longer be a family resort. This will be a  
poor environment for our children to grow  
up in.

Gambling did not help Atlantic City and it  
will not help us.

Sincerely  
Shirley Cardella

103 E. St. Louis Ave.  
Wildwood Crest, N.J. 08260  
Sept. 5, 1995

Dear Senator Gormley:

As a tax payer of Wildwood Crest,  
I strongly oppose a Casino in  
Wildwood. What happens in  
Wildwood affects the adjacent  
towns and the entire county in  
general. Why not give the tax-  
payers of the entire county a  
chance to vote?

Gambling in Wildwood can only  
complete the demise of our towns.  
It is definitely not a positive  
change, as <sup>has</sup> been demonstrated  
by gambling in Atlantic City  
and other areas.

Sincerely,  
Ralph & Paula Grassi

Sen. Wm. Bormley, Chairman

Re: Gambling  
in Wildwood

Dear Sir:

Please do not allow  
gambling in Wildwood.

I have seen this  
City change considerably since I  
first came here in the early "50's"

I feel that gambling  
will not solve our problems of  
"Parking, unemployment, and clean  
streets" as well as can be seen  
that it did not help Atlantic  
City except in the direct area  
of the Casinos. Homelessness can  
also be included.

Thank you for considering  
this request.

C. Kowitz  
Wildwood Crest  
4x



New JERSEY SENATE JUDICIARY  
Committee

You Are Viewing an Archived Copy from the New Jersey State Library

TO

**LAMB BOOKSTORE**

901 NEW JERSEY AVENUE  
NO. WILDWOOD, NJ 08260  
(609) 729-2650

SUBJECT:

DATE

9-3-95

FOLD ▶

DEAR FRIENDS:

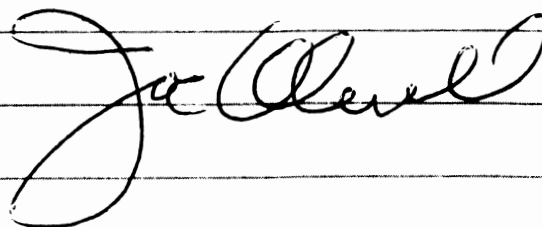
AS A NORTH WILDWOOD RESIDENT  
AND LOCAL BUSINESSMAN I OPPOSE  
CASSINO GAMBLING IN WILDWOOD.

ONCE GAMBLING IS INTRODUCED INTO  
OUR COMMUNITY THE GOAL OF ESTABLISHING  
WILDWOOD AS A FAMILY RESORT WILL BE  
SERIOUSLY HINDERED

GAMBLING WILL BRING US A  
PROBLEM NOT A SOLUTION

GOD BLESS YOU

JOE OLWELL



SIGNED

Marie Curran

September 4, 1995

Dear Senator Gormley,

We are residents of Wildwood Crest, N.J. and are apposed to any Casino coming to Wildwood.

We feel it will bring an undesirable group of people, create a need for greater police protection, make more parking problems, and will do nothing to enhance an image of a family resort.

Living in the adjoining borough we will feel the effects of all this.

We hope you will do all in your power to see that this doesn't happen.

Sincerely,

Marie H. Curran

James Lillard

Richard J. Curran

116 West Sweet Briar Road - Wildwood Crest, New Jersey 08260

6x

July 5, 1995

Senate Judiciary Committee

This short letter is in regard to gambling to be legalized in Wildwood. Wildwood has been in a horse race now for close to 4 years. Before coming here I lived in Atlantic City yes Atlantic City. I can tell you & all who would hate gambling is a cancer on a city, it did nothing for the average citizen of A.C. & it will do nothing for Wildwood but add to our growing alcohol, vice, drug & welfare problems as it did in A.C. 10 fold over.

Nearly 2,000 years ago evil men cast lots for the garments of my Lord & Savior. Evil men always try to gain from people's sufferings & pain which gambling will surely bring to my town. My church the Assembly of God is against gambling as are all Christians. I'm also against it as a tax payer. And last but not least as a voter. Thank you for reading this note. May God direct you good men & women on this committee.

James R. Smith  
133 E. Seamen Ave  
Wildwood, N.J. 08260

4100 Arctic Avenue  
Wildwood NJ 08260  
September 5, 1995

SENATE JUDICIARY COMMITTEE:

As a resident and taxpayer in the City of Wildwood, I am against a casino in the city. It is my belief that it will not enhance the image of a "family resort." In my opinion, the impact on our schools, housing, traffic, and other businesses will far exceed the 8-million-dollar carrot being dangled in the faces of people looking for a quick fix to the problems that Wildwood is facing.

Sincerely,

*Sandra L. Miller*  
Sandra L. Miller

9/2/95

(609) 884-4640

**JETTY MOTEL**Second & Beach Avenue  
Cape May, NJ 08204

Your Hosts: George &amp; Vicki Bundschu

Mr. Gormley,

I would like to voice my opinion to the proposal of a Casino in Wildwood. I do not feel it is wanted or beneficial to the Wildwoods, in any way. Wildwood, as you know, is going downhill every year. General people come to my business establishment, in Cape May, and the first thing they say when they come into my office is, "I always used to stay in Wildwood, but..." I grew up in the Wildwoods, and it was a great vacation spot for families. I'm talking about real families. Wildwood does not need the high rollers. Atlantic City is close enough. Gambling is only an hour away, if that's what the tourist wants. Wildwood needs to be cleaned up, it has the most beautiful beach in the state, let's use it. The tourist industry is the backbone of Cape May County and



**JETTY MOTEL**Second & Beach Avenue  
Cape May, NJ 08204

Page 2

Your Hosts: George &amp; Vicki Bundschu

it has improved for years. People  
did not build one, until after war, because there was no business. Help  
Wildwood make the right turn around.  
Keep the families there, and let the  
gamblers stay in Atlantic City. The tourist  
industry already has a problem with  
the possibility of "year round schooling"  
which as I'm sure you know was  
tested in Mexico, this summer. If a  
family has 2 children, and one is off  
from school in July, and one in August,  
who certainly will not help Wildwood,  
either, they have enough problems.  
Wildwood Crest is unique, in that it  
has 2 shore lines, the Atlantic Ocean  
and Sunset Lake, there is plenty of  
bathing, boating + fishing for every  
family, not even mentioning the  
new Wildwood Crest Recreation Dept.  
+ Community Center. There is plenty

(609) 884-4640

Page 3

# JETTY MOTEL

Second & Beach Avenue  
Cape May, NJ 08204

Your Hosts: George & Vicki Bundschu

In the Wildwood, Wildwood Crest  
hustle/hustle, night life. What  
gambling would bring. Take your  
family for a ride to Wildwood, then  
go to Atlantic City. What would  
you pick? Too much money is  
already invested to attract families  
Middle Township prays what  
they are doing, by building the  
Performing Arts Center. That is  
the type of thing needed for  
our community.

Thank you for your  
attention and consideration  
of this letter.

Mr. & Mrs. George Bundschu  
Lifetime Wildwood/Cape May  
Residents.

TO: NJ SENATE JUDICARY COMMITTEE

I would like to voice my objection for casino gambling in Wildwood. I believe it would add more problems in a trouble area. These problems would spread throughout the county. It has been proven that any advantages would be little. Adverse conditions would be overwhelming. I certainly hope that you would do your best to vote this down.

Sincerely  
George A. Brundschon  
718 Jonathon Hoffman  
Cape May NJ  
68204

September 5, 1995

Members of the Senate Judiciary Committee

Attention: Senator William L. Gormley, Chairman

Dear Sirs:

I am writing to you regarding the proposed establishment of a Native American-operated casino in Wildwood.

As a business owner in Wildwood Crest I am 100% against this proposal for the following reasons.

#1 I am concerned about the socio-economic impact to the surrounding areas. North Wildwood and Wildwood Crest in particular.

#2 Many of my customers to my decorating center are very upset that it will change the entire island and landscape and are not going to be able to live here and enjoy the quality of life they now have. I feel we will lose much of our good customers.

#3 I am extremely concerned about the damage to the tourism industry. We are trying to have a renaissance and get the families back. All the tourists I do business with don't want to bring their families to a casino town.

#4 My main question however is since this issue is of major concern to the residents of Wildwood Crest why are we not being given a chance to vote on this issue?

Yours truly,



Anna C. Martin

owner MARINER INTERIORS OF WILDWOOD CREST

5606 New Jersey Avenue

Wildwood Crest, New Jersey 08260  
Phone 609-522-9035

**Barbara Henfey**  
**307 E. Washington Ave.**  
**Wildwood Crest, NJ 08260**

Senate Judiciary Committee  
Public Hearing - Casino Gambling Wildwood  
2314 Pacific Ave.  
Atlantic City, NJ

September 2, 1995

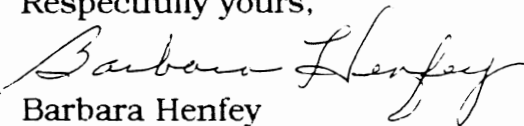
Dear Members of the Senate Judiciary Committee,

I don't think that gambling will be good for Wildwood. I'm against it because it will bring prostitution into the town. It will bring a class of people that we don't want. We have enough problems in this town and we don't want to graduate to bigger ones.

Wildwood Crest will need a larger police force. Where will they get the money for it? They will have to raise taxes.

When we voted years ago it was for casinos to only be in Atlantic City and that is the way it should stay. I can't see that gambling has done a thing for Atlantic City. You are afraid to walk on the streets there. It hasn't done a thing for the business community either.

Respectfully yours,

  
Barbara Henfey



August 30, 1995

Mr. William Gormley  
Members of the Senate Judiciary Committee

Dear Sirs:

I am writing to voice my concern regarding the proposed casino in Wildwood, New Jersey. Although not a resident of Wildwood, I am a resident of Cape May county, and a citizen of New Jersey, and I have the following concerns:

It is my understanding that according to the state constitution, only Atlantic City may have casinos. It is my opinion that this attempt on the part of Wildwood to create an Indian casino is an attempt to subvert and make meaningless the state constitution, which I don't feel is a very good idea.

If Wildwood is permitted to escape the law, with regards to casinos, simply by signing an agreement with an Indian tribe, what is there to stop any city in New Jersey from doing the same so they can have a casino too. And why stop with casinos? If one doesn't have to live under the law, why stop with just one law?

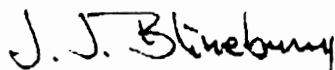
How does an individual city create an Indian reservation? Weren't Indian reservations created as part of treaties between the United States and the Indian Nations? Wouldn't Wildwood have to secede from the Union prior to entering into treaties with sovereign nations?

It is my feeling that the people of Wildwood would be better off if they examined the underlying reasons for the decline in their community, and took the necessary steps to reverse this process. It seems to me that it has been the short sighted quest for easy money on the part of a few members of the business community that has gotten them in their present situation.

There doesn't seem to be any way to imagine thousands of jobs being created by this casino, and where there may very well be family values at work, I don't think the word family has been defined very clearly.

Normally I don't write letters like this, preferring to mind my own business. But this situation will effect me as a tax payer when the bill for this nonsense comes due, and as a citizen, when crime rises in the county. Further, if the people of Wildwood prefer that others stay out of the affairs of their community, they should see to it that their community doesn't destroy the well being of their neighbors.

Respectfully,



James J. Blinebury Jr.  
176 Myrtle Avenue East  
Dennisville, NJ 08270

September 6, 1995

Members of the Senate Judiciary Committee

Attention: Senator William L. Gormley, Chairman

Dear Sirs:

I have several serious concerns about the proposed Native American-operated Casino in Wildwood.

#1 As the proposed casino will be close to me why as a Crest Taxpayer am I not being given the opportunity to vote on this issue. And more important why are the Mayors in the Wildwood Crest and North Wildwood communities not giving out where they stand on this issue. Are they being quiet because they are to receive some \$450,000. from the 8 million promised to the city.

After reading the pact that Wildwood Mayer Wager entered into I am concerned that if it comes to the Governor having to veto this, they plan to bipass her.

In the Wildwood feasability study " The Greater Wildwoods Tourism Improvement Development Authority study The Native American Casino gaming report" on page 9 under III Process Necessary to Bring Native American Gaming To the Wildwoods the following:

3. The Passage of the Indian Gaming Regulatory Act of 1988 requires the Governor of the State to consent. This provision of the 1988 act has frequently been challenged in the courts, and a recent challenge in a Federal District Court in Oregan and the federal court held this provision to be unconstitutional.

In the event that this would come about and they do bring Gambling in it will open up the entire state to INDIAN GAMBLING.

As a resident of the Wildwoods I am very concerned about the issue and how this affects the residents of Wildwood Crest.

Yours truly,



George B. Martin  
5606 New Jersey Avenue  
Wildwood Crest, NJ 08260  
phone 522-9035

Honorable Senator Wm. Gormley  
Senate Judiciary Committee  
C/O Atlantic City Convention Center  
Atlantic City, New Jersey

September 5, 1995

Dear Senator Gormley

I am writing to express my concern about a possible gambling casino in the city of Wildwood. There are many of us who have serious questions about the impact such a casino will have not only on Wildwood, but also on New Jersey as a whole. I have asked Mayor Wager to do an impact study on the concept, but so far have not recieved a reply. As a former elected official of the city of Wildwood, I feel that I have the right and duty to ask these questions.

We don't know what effect this would have on our communitys traffic patterns and flow especially as that part of town has a very aged infrastructure. The proposed site also could threaten some of our Historical buildings. In addition who would over see and control such a proposed casino? Would this open the door for organized crime to move in? What impact would this have on funding for our senior citizens in the state. If in fact it is determined that gambling would augment Wildwoods tourism then we should work more closely with Atlantic City to develope more packages to vacation in Wildwood and make excursions to Atlantic Cities casinos.

Wildwood has economic problems yes, but we can solve and are working on solutions to those problems and yes we could use some help.

Sincerely,

  
Peter R. Holcombe

SENATE JUDICIARY COMMITTEE,

SEPTEMBER 3, 1995

I am very concerned about the lack of information available to the public as they begin to consider the upcoming vote for or against building a casino in Wildwood. Although I have many unanswered questions, I'd like to focus on just one in this letter. Hopefully, those with the information I seek will respond to the populace by submitting an answer in the upcoming weeks.

In recent years, the citizens of this town defeated (by only two votes) an attempt by the School Board to obtain ownership of Maxwell Field from the City for the purpose of building modular units to relieve overcrowding in the elementary school. This defeat caused the 5th and 6th grades, through a series of moves, to eventually become housed in Wildwood High School along with the 7th through 12th grades. The solution is workable but not wonderful. For example, these students currently enter the building at approximately 8:30 AM and have to wait over 4 hours before they can go to lunch. Over 400 students are currently attending Glenwood Avenue School. Because of the saturation of this school, in the past few years the School Board has been forced to change an excellent full day pre-first program to a half day schedule. It is important to mention that surrounding school districts including Lower and Middle Townships have been building on modular units to deal with their also expanding school populations.

Predictions I have been reading in the "**CASINO**" articles" in the local papers indicate that upwards of **2,500 NEW JOBS**, with first priority for hiring to go to Indian workers, will be made available. If only 10 to 20% of these jobs attract new families to the year round population of Wildwood, that could, with little imagination, bring **400 to 500 NEW STUDENTS** to our school district. **WHERE WILL THEY GO TO SCHOOL?** This is not a hypothetical question! It is a very real concern, and just one of many that deserves an honest and forthright answer BEFORE people blindly vote on the casino question. Remember that school districts are funded by property taxes, and a quick insertion of funds from one source might never be sufficient to make up the needed revenue to build and then staff a new school caused by a doubled student populace. **THINK ABOUT IT! THEN ASK QUESTIONS!**

Sincerely yours,

*Eleanor Dietz*

Eleanor Dietz  
Past-President of Wildwood Elementary  
Home and School Assn. and  
Past-President of IPSTA (Interested  
Parents, Students and Teachers Assn.)  
at Wildwood High School





