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PUBLIC MEETING

before

ASSEMBLY INDEPENDENT AND REGIONAL AUTHORITIES COMMITTEE

**ASSEMBLY BILLS 2870, 3431, 3499, 3566, 3567,
3568, 3569, 3570 and SENATE BILL 2462**

(Proposed Amendments to the Casino Control Act)

February 27, 1987
Public Meeting Room
Casino Control Commission
Atlantic City, New Jersey

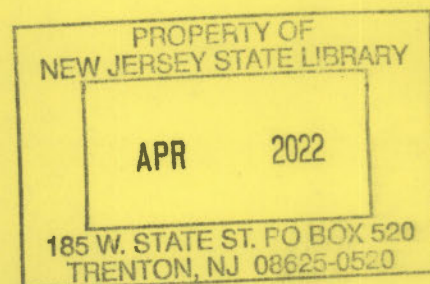
MEMBERS OF COMMITTEE PRESENT:

Assemblyman William "Pat" Schuber, Chairman
Assemblyman Dennis L. Riley

ALSO PRESENT:

Assemblyman J. Edward Kline
District 2

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



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



WILLIAM P. SCHUBER
Chairman
GUY F. MUZIANI
Vice-Chairman
JOSE O. ARANGO
MARION CRECCO
PAUL DIGAETANO
DENNIS L. RILEY
JIMMY ZANGARI

New Jersey State Legislature
ASSEMBLY INDEPENDENT AND REGIONAL
AUTHORITIES COMMITTEE
STATE HOUSE ANNEX, CN-068
TRENTON, NEW JERSEY 08625
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M E M O R A N D U M

February 19, 1987

TO: MEMBERS OF THE ASSEMBLY INDEPENDENT AND REGIONAL
AUTHORITIES COMMITTEE

FROM: ASSEMBLYMAN WILLIAM P. SCHUBER, CHAIRMAN

SUBJECT: COMMITTEE MEETING - FRIDAY FEBRUARY 27, 1987

If anyone wishes to testify, please contact Edward Westreich,
Committee Aide, at (609) 984-7381.

The Assembly Independent and Regional Authorities Committee will meet on Friday, February 27, 1987 at 10:00 a.m. in the open public meeting room, Casino Control Commission, Arcade Building, Tennessee Avenue and Boardwalk, Atlantic City, to consider the following bills:

A-2870 Riley	Amends the "Casino Control Act" concerning casino-hotel facilities requirements.
A-3431 Kline	Revises the definitions of casino employee and casino hotel employee.
A-3499 Schuber/DiGaetano	Amends law concerning set-asides for small, minority and women's businesses by casino licensees.
A-3566 Arango/Muziani	Amends the "Casino Control Act" to update the act and make technical corrections.
A-3567 Schuber/DiGaetano	Amends the "Casino Control Act" concerning certain powers, duties and employees of the Casino Control Commission and the Division of Gaming Enforcement.
A-3568 Schuber/Crecco	Amends the "Casino Control Act" concerning licensure and other requirements.
A-3569 Riley	Establishes an interim casino authorization.
A-3570 Schuber/DiGaetano	Amends the "Casino Control Act" concerning junkets, complimentary services and credit.
S-2462 Codey	Establishes two-year casino licenses.

ASSEMBLY, No. 2870

STATE OF NEW JERSEY

INTRODUCED JUNE 23, 1986

By Assemblyman RILEY

AN ACT to amend the "Casino Control Act," approved June 2,
1977 (P. L. 1977, c. 110).

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

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

3 83. Approved Hotel. An approved hotel for purposes of this
4 act shall be a hotel providing facilities in accordance with this
5 section. Nothing in this section shall be construed to limit the
6 authority of the commission to determine *whether* the [suit-
7 ability of] facilities [as provided in] *comply with provisions of*
8 this act, and nothing in this section shall be construed to require
9 a casino to be larger than the minimum size or smaller than the
10 maximum size herein provided. An approved hotel shall, in accor-
11 dance with the following table:

12 a. Contain qualifying sleeping units as defined in section 27 of
13 this act;

14 b. Contain qualifying [meeting and exhibition space, consisting
15 of] indoor public space available and of the sort regularly used
16 for conventions, exhibits, meetings, banquets and similar func-
17 tions, [but not including space regularly used as restaurants,
18 lobbies, lounges, bars, show theaters, sports facilities, casinos,
19 or parking areas;

20 c. Contain qualifying indoor public space used] *and* for dining,
21 entertainment, and sports facilities, including restaurants, bars,
22 lounges, show theaters, shops, dance halls. [and] swimming facil-
23 ities, *and tennis facilities* but excluding lobbies, casinos, *and* park-
24 ing areas [and tennis facilities. For purposes of this subsection,

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

Matter printed in italics thus is new matter.

25 only the actual swimming pool and a 25-foot area on all sides
 26 thereof shall be eligible for inclusion in the allowable indoor
 27 sports space]; and

28 **[d.]** c. Contain a single casino room as defined in section 6 of
 29 this act, in accordance with the minimum number of qualifying
 30 sleeping units and minimum amount of qualifying indoor public
 31 space as provided in the following chart, but, except as herein-
 32 after provided, in no event may a casino room be permitted to
 33 exceed the maximum square footage stated:

	Minimum Number of Qualifying Sleeping Units	Minimum Square Footage of Qualifying Indoor Public Space Sq. Ft.	Maximum Square Footage of Casino Room Sq. Ft.
34	500	65,000	30,000
35	750	80,000	40,000
36	1,000	95,000	50,000
37	1,250	110,000	60,000
38	1,500	125,000	70,000
39	1,750	140,000	85,000
40	2,000	155,000	100,000

41 *d. Once a hotel is initially approved, the commission shall there-*
 42 *after rely on the certification of the casino licensee with regard to*
 43 *the number of rooms and the amount of qualifying indoor public*
 44 *space and shall permit rehabilitation, renovation and alteration of*
 45 *any part of the approved hotel even if the rehabilitation, renova-*
 46 *tion, or alteration will mean that the casino licensee does not*
 47 *temporarily meet the requirements of subsection c. so long as the*
 48 *applicant certifies that the rehabilitation, renovation, or alteration*
 49 *shall be completed within one year.*

50 e. **[**The commission shall have the authority to insure a fair mix-
 51 ture of meeting, exhibition, dining, entertainment and indoor sports
 52 space within the indoor public space within a qualifying casino
 53 hotel facility in order to best promote the tourist, resort and con-
 54 vention industry of the State in accordance with the policies of
 55 this act and shall, unless for a good cause it otherwise determines,
 56 require that each such casino hotel facility contain no less than
 57 25,000 square feet of qualifying meeting and exhibition space and
 58 no less than 40,000 square feet of qualifying dining, entertainment
 59 and sports space.] *(Deleted by amendment, P. L. ..., c. ...)*

60 f. If an approved hotel shall provide more than the minimum
 61 number of qualifying sleeping units as hereinbefore defined than is
 62 required by subsection **[d.]** c. hereof, the maximum casino space

63 may be permitted to increase by 40 square feet for each such excess
64 sleeping unit.

65 g. If a licensed facility shall provide more qualifying indoor
66 public space as hereinbefore defined than is required by subsection
67 **[d.]** c. hereof, the maximum allowable casino space may be per-
68 mitted to increase by a figure representing one-half of the amount
69 of such excess qualifying indoor public space, including space
70 serving as kitchen support facilities.

71 h. In no event may the total of the increased allowable casino
72 space be permitted to exceed a figure representing the original
73 maximum casino size.

74 i. *The commission shall not impose any criteria or requirements*
75 *regarding the hotel or any of the facilities within the hotel in*
76 *addition to the criteria and requirements expressly specified in the*
77 *"Casino Control Act," P. L. 1977, c. 110 (C. 5:12-1 et seq.).*

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

3 84. Casino License—Applicant Requirements. Any applicant
4 for a casino license must produce information, documentation and
5 assurance concerning the following qualification criteria:

6 a. Each applicant shall produce such information, documentation
7 and assurances concerning financial background and resources as
8 may be required to establish by clear and convincing evidence the
9 financial stability, integrity and responsibility of the applicant,
10 including but not limited to bank references, business and personal
11 income and disbursement schedules, tax returns and other reports
12 filed with governmental agencies, and business and personal ac-
13 counting and check records and ledgers. In addition, each applicant
14 shall, in writing, authorize the examination of all bank accounts
15 and records as may be deemed necessary by the commission or the
16 division.

17 b. Each applicant shall produce such information, documenta-
18 tion and assurances as may be necessary to establish by clear and
19 convincing evidence the integrity and reputation of all financial
20 **backers, investors, mortgagees, bond holders, and holders of in-**
21 **dentures, notes or other evidences of indebtedness, either in effect**
22 **or proposed, which bears any relation to the casino proposal sub-**
23 **mitted by the applicant or applicants. The reputation and integrity**
24 **of financial sources shall be judged upon the same standards as**
25 **the applicant. In addition, the applicant shall produce whatever in-**
26 **formation, documentation or assurance as may be required to estab-**
27 **lish by clear and convincing evidence the adequacy of financial**

28 resources both as to the completion of the casino proposal and
29 the operation of the casino.-

30 c. Each applicant shall produce such information, documentation
31 and assurances of good character as may be required to establish
32 by clear and convincing evidence the applicant's good reputation
33 for honesty and integrity. Such information shall include, without
34 limitation, information pertaining to family, habits, character,
35 criminal and arrest record, business activities, financial affairs,
36 and business, professional and personal associates, covering at
37 least the 10-year period immediately preceding the filing of the
38 application. Each applicant shall notify the commission of any
39 civil judgments obtained against any such applicant pertaining to
40 antitrust or security regulation laws of the federal government,
41 of this State or of any other state, jurisdiction, province or country.
42 In addition, each applicant shall produce letters of reference from
43 law enforcement agencies having jurisdiction in the applicant's
44 place of residence and principal place of business, which letters of
45 reference shall indicate that such law enforcement agencies do not
46 have any pertinent information concerning the applicant, or if
47 such law enforcement agency does have information pertaining
48 to the applicant, shall specify what the information is. If the
49 applicant has conducted gaming operations in a jurisdiction which
50 permits such activity, the applicant shall produce letters of re-
51 ference from the gaming or casino enforcement or control agency
52 which shall specify the experiences of such agency with the
53 applicant, his associates, and his gaming operation; provided,
54 however, that if no such letters are received within 60 days of
55 request therefor, the applicant may submit a statement under oath
56 that he is or was during the period such activities were conducted
57 in good standing with such gaming or casino enforcement or con-
58 trol agency.

59 d. Each applicant shall produce such information, documentation
60 and assurances as may be required to establish by clear and
61 convincing evidence that the applicant has sufficient business
62 ability and casino experience as to establish the likelihood of
63 creation and maintenance of a successful, efficient casino operation.
64 The applicant shall produce the names of all proposed casino key
65 employees as they become known and a description of their respec-
66 tive or proposed responsibilities, and a full description of security
67 systems and management controls proposed for the casino and
68 related facilities.

69 e. Each applicant shall produce such information, documentation
70 and assurances to establish to the satisfaction of the commission

71 **[the suitability of]** *that* the casino and related facilities and its
72 proposed location**[, and that the proposal]** will not adversely affect
73 casino operations or overall environmental conditions. Each appli-
74 cant shall submit an impact statement which shall include, without
75 limitation, architectural and site plans which establish that the
76 proposed facilities comply in all respects with the requirements
77 of this act, the requirements of the master plan and zoning and
78 planning ordinances of Atlantic City, without any use variance
79 from the provisions thereof, and the requirements of the "Coastal
80 Area Facility Review Act," P. L. 1973, c. 185 (C. 13:19-1 et seq.),
81 a market impact study which analyzes the adequacy of the patron
82 market and the effect of the proposal on such market and on the
83 existing casino facilities licensed under this act; and an analysis
84 of the effect of the proposal on the overall environment, including,
85 without limitation, economic, social, demographic and competitive
86 conditions as well as the natural resources of Atlantic City and
87 the State of New Jersey.

1 3. This act shall take effect immediately.

STATEMENT

This bill (1) deletes language in the "Casino Control Act" concerning the Casino Control Commission's determining the "suitability" of casino-hotel facilities; (2) removes the requirement that there has to be a minimum amount of meeting and exhibition space and a minimum amount of dining, entertainment, and sports space (but allows to remain the overall minimum requirements for qualifying indoor public space); (3) removes the commission's authority "to insure a fair mixture" of indoor public space; (4) permits tennis facilities to be included as qualifying indoor public space; (5) states that the commission shall not impose any criteria regarding a casino hotel beyond the criteria specified in the "Casino Control Act"; (6) directs that after initial approval of a casino-hotel, the commission is to rely on the licensee's certification of the number of rooms and amount of qualifying indoor public space; and (7) permits the alteration of a casino-hotel even if minimum requirements of the law cannot be met temporarily.

GAMBLING—CASINOS

Amends "Casino Control Act" concerning casino-hotel facilities requirements.

ASSEMBLY, No. 3431

STATE OF NEW JERSEY

INTRODUCED NOVEMBER 13, 1986

By Assemblymen KLINE and RILEY

AN ACT to amend and supplement the "Casino Control Act,"
approved June 2, 1977 (P. L. 1977, c. 110).

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

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

3 7. "Casino Employee"—Any natural person employed in the
4 operation of a licensed casino, *other than a person included in the*
5 *definition of casino key employee, whose employment duties in-*
6 *volve the conduct of gaming or require or authorize access to*
7 *restricted casino areas, including, without limitation, boxmen;*
8 *dealers or croupiers; floormen; machine mechanics; casino security*
9 *employees; [and bartenders, waiters and waitresses or other per-*
10 *sons whose employment duties require or authorize access to the*
11 *casino but who are not included in the definition of casino hotel*
12 *employee, casino key employee, or principal employee at herein-*
13 *after stated]* *count room personnel; cage personel; slot machine*
14 *and slot booth personnel; collection personnel; casino surveillance*
15 *personnel; and data processing personnel.*

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

3 8. "Casino Hotel Employee"—Any natural person employed
4 [by a casino hotel licensed under this act to perform service or
5 custodial duties not directly related to the operations of the casino,
6 including, without limitation, bartenders, waiters, waitresses,
7 maintenance personnel, kitchen staff, but whose employment duties

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

8 do not require or authorize access to the casino] *to perform services*
 9 *or duties in the conduct of the business of an approved hotel, or to*
 10 *perform services or duties in a licensed casino which do not involve*
 11 *the conduct of gaming or do not require or authorize access to*
 12 *restricted casino areas; and not included in the definitions of casino*
 13 *employee and casino key employee.*

1 3. (New section) "Restricted Casino Areas"—The cashier's cage,
 2 the soft count room, the hard count room, the slot cage booths and
 3 runway areas, the interior of a table game pit when the table game
 4 is in operation, the surveillance room and catwalk areas, and the
 5 slot machine repair room.

1 4. This act shall take effect immediately.

STATEMENT

This bill revises the definitions of "casino employee" and "casino hotel employee."

At present, licensure as a casino employee is required of all those employed in the operation of a casino (below those at the supervisory level, who must be licensed as casino key employees) and of bartenders, waiters, waitresses, and others whose duties require or authorize access to the casino (e.g., custodial staff). This results in the application of strict licensing requirements for employees who, in reality, have no more access to gaming transactions than the general public.

This bill limits the requirement for licensure as a "casino employee" to those employees whose duties involve the conduct of gaming or require or authorize access to "restricted casino areas." It specifically categorizes as casino hotel employees those employees whose duties or services do not involve the conduct of gaming or do not require or authorize access to "restricted casino areas." Casino hotel employees are required to be registered with the Casino Control Commission rather than licensed by the commission.

GAMBLING—CASINOS

Revises definitions of casino employee and casino hotel employee.

ASSEMBLY, No. 3499

STATE OF NEW JERSEY

INTRODUCED DECEMBER 11, 1986

By Assemblymen SCHUBER, DiGAETANO, Arango, Gargiulo
and Dario

AN ACT concerning affirmative action contracts in the casino industry, amending P. L. 1985, c. 539 and amending and supplementing P. L. 1977, c. 210.

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. Section 2 of P. L. 1985, c. 539 (C. 5:12-185) is amended to
2 read as follows:

3 2. As used in this act:

4 a. "Casino licensee" means any entity which holds or is an
5 applicant for a casino license pursuant to section 87 of P. L. 1977,
6 c. 110 (C. 5:12-87).

7 b. "Minority business enterprise" means a business that is [at
8 least 51% owned and controlled by minority group member]:

9 (1) *A sole proprietorship, owned and controlled by a minority;*

10 (2) *A partnership or joint venture owned and controlled by*
11 *minorities in which at least 51% of the ownership interest is held*
12 *by minorities and the management and daily business operations of*
13 *which are controlled by one or more of the minorities who own it; or*

14 (3) *A corporation or other entity whose management and daily*
15 *business operations are controlled by one or more minorities who*
16 *own it, and which is at least 51% owned by one or more minorities,*
17 *or if stock is issued, at least 51% of the stock is owned by one*
18 *or more minorities.*

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

Matter printed in italics thus is new matter.

19 e. **["Minority group member"]** "*Minority*" means a person who
 20 is **[either Black, Hispanic, Asian American, American Indian or**
 21 **an Alaskan Native]**:

22 (1) *Black, which is a person having origins in any of the black*
 23 *racial groups in Africa; or*

24 (2) *Hispanic, which is a person of Spanish or Portuguese culture,*
 25 *with origins in Mexico, South or Central America, or the Caribbean*
 26 *Islands, regardless of race; or*

27 (3) *Asian American, which is a person having origins in any of*
 28 *the original peoples of the Far East, Southeast Asia, Indian*
 29 *Subcontinent, Hawaii, or the Pacific Islands; or*

30 (4) *American Indian or Alaskan native, which is a person having*
 31 *origins in any of the original peoples of North America.*

32 **[d. "Woman" or "Women" means a female or females, regardless**
 33 **of race.]**

34 **[e.] d. "Women's business enterprise" means a business that is**
 35 **[at least 51% owned and controlled by women]:**

36 (1) *A sole proprietorship owned and controlled by a woman; or*

37 (2) *A partnership or joint venture owned and controlled by*
 38 *women in which at least 51% of the ownership is held by women*
 39 *and the management and daily business operations of which are*
 40 *controlled by one or more women who own it; or*

41 (3) *A corporation or other entity whose management and daily*
 42 *business operations are controlled by one or more women who own*
 43 *it, and which is at least 51% owned by women, or if stock is issued,*
 44 *at least 51% of the stock is owned by one or more women.*

1 2. Section 63 of P. L. 1977, c. 210 (C. 5:12-63) is amended to
 2 read as follows:

3 63. Duties of the commission. The Casino Control Commission
 4 shall have general responsibility for the implementation of this act,
 5 as hereinafter provided, including, without limitation, the respon-
 6 sibility:

7 a. To hear and decide promptly and in reasonable order all
 8 license, registration, certificate, and permit applications and causes
 9 affecting the granting, suspension, revocation, or renewal thereof
 10 **[which decision, in the case of casino licensees shall be withheld**
 11 *until a determination has been made by the commission that the*
 12 *provisions of sections 4 and 5 of P. L. . . . , c. . . . (C.*
 13 *and C.) (now pending before the Legislature as this*
 14 *bill) relating to expenditures on and assignments to minority and*
 15 *women's business enterprises have been met, except that if a*
 16 *determination is made that a casino licensee has failed to demon-*

17 *strate compliance with the provisions of section 4 or 5 of P. L.*
 18 *...., c. (C. and C.) (now pending*
 19 *before the Legislature as this bill), a casino licensee will have 90*
 20 *days from the date of the determination of noncompliance within*
 21 *which to comply with the provisions of those sections】;*

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

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

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

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

30 f. To be present through its inspectors and agents at all times
 31 during the operation of any casino for the purpose of certifying
 32 the revenues thereof, receiving complaints from the public, and con-
 33 ducting such other investigations into the conduct of the games and
 34 the maintenance of the equipment as from time to time the commis-
 35 sion may deem necessary and proper; and

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

1 3. Section 4 of P. L. 1985, c. 539 (C. 5:12-186) is amended to
 2 read as follows:

3 4. a. Notwithstanding the provisions of any law, rule or regula-
 4 tion to the contrary, **【no】** *every* casino licensee shall **【expend less**
 5 **than】** *establish goals of expending at least 5% of the dollar value of*
 6 *its contracts for goods and services with minority and women's*
 7 *business enterprises by the end of the third year following the*
 8 *operative date of this 1985 amendatory and supplementary act or*
 9 *by the end of third year following the receipt of a casino license,*
 10 *whichever is later and 10% of the dollar value of its contracts for*
 11 *goods and services with minority and women's business enterprises*
 12 *by the end of the sixth year following the operative date of this*
 13 *1985 amendatory and supplementary act or by the end of the sixth*
 14 *year following the receipt of a casino license, whichever is later;*
 15 *and each such licensee shall have a goal of expending 15% of the*

16 *dollar value* of its contracts for goods and services with minority
 17 and women's business enterprises by the end of the 10th year
 18 following that operative date *or by the end of the 10th year follow-*
 19 *ing the receipt of a casino license, whichever is later.* Each casino
 20 licensee shall be required to demonstrate annually to the commis-
 21 sion that the requirements of this act have been met by submitting
 22 a report which shall include the total dollar value of contracts
 23 awarded for goods or services and the percentage thereof awarded
 24 to minority and women's business enterprises.

25 As used in this section, "goods and services" shall not include (1)
 26 utilities and taxes; (2) financing costs, such as mortgages, loans or
 27 any other type of debt; (3) medical insurance; (4) dues and fees to
 28 the Atlantic City Casino Association; (5) fees and payments to a
 29 parent or affiliated company of the casino licensee *other than those*
 30 *that represent fees and payments for goods and services supplied*
 31 *by non-affiliated persons through an affiliated company for the use*
 32 *or benefit of the casino licensee; and* (6) rents paid for real prop-
 33 erty and any payments constituting the price of an interest in real
 34 property as a result of real estate transactions[; and (7) gaming
 35 chips, plaques, cards, tokens, dice and slot machines].

36 b. [In those areas where an insufficient amount of minority and
 37 women's business enterprises exist, a] A casino licensee shall make
 38 a good faith effort to meet the requirements of this section and
 39 shall annually demonstrate to the commission that such an effort
 40 was made.

41 c. A casino licensee may fulfill no more than 70% of its obligation
 42 or part of it under this act by requiring a vendor to set aside a
 43 portion of his contract for minority or women's business enterprises.
 44 Upon request, the licensee shall provide the commission with proof
 45 of the amount of the set-aside.

1 4. Section 5 of P. L. 1985, c. 539 (C. 5:12-187) is amended to
 2 read as follows:

3 5. a. [No] Every casino licensee shall [assign less than] *estab-*
 4 *lish goals of expending at least 5% of the dollar value* of its bus-
 5 business with minority and women's business enterprise by the
 6 end of the third year following the operative date of this 1985
 7 amendatory and supplementary act *or by the end of the third year*
 8 *following the receipt of a casino license, whichever is later and*
 9 *10% of the dollar value* of its bus business with minority and
 10 women's business enterprises by the end of the sixth year following
 11 the operative date of this 1985 amendatory and supplementary act
 12 *or by the end of the sixth year following the receipt of a casino*
 13 *license, whichever is later; and each such licensee shall have a goal*

14 of expending 15% *of the dollar value* of its bus business with
 15 minority and women's business enterprises by the end of the 10th
 16 year following that operative date *or by the end of the 10th year*
 17 *following the receipt of a casino license, whichever is later.* Each
 18 casino licensee shall be required to demonstrate annually to the
 19 commission that the requirements of this act have been met by
 20 submitting a report which shall include the total bus business
 21 **[assigned]** *expended* and the percentage thereof awarded to
 22 minority and women's business enterprises.

23 b. **[In those areas where an insufficient amount of minority and**
 24 **women's business enterprises exist, a]** A casino licensee shall make
 25 a good faith effort to meet the requirements of this section and shall
 26 annually demonstrate to the commission that such an effort was
 27 made.

28 **[c. A casino licensee may fulfill no more than 70% of its obliga-**
 29 **tion or part of it under this act by requiring a vendor to set aside a**
 30 **portion of his contract for minority or women's business enterprises.**
 31 Upon request, the licensee shall provide the commission with proof
 32 of the amount of the set-aside.]

1 5. Section 6 of P. L. 1985, c. 539 (C. 5:12-188) is amended to
 2 read as follows:

3 6. The Division of Development for Small Businesses and Women
 4 and Minority Businesses in the Department of Commerce and
 5 Economic Development created pursuant to P. L. c. (C.
 6) (now pending before the Legislature as Assembly
 7 Bill No. **[3448 of 1985]** *2413 of 1986*) shall establish **[within 180**
 8 **days of the effective date of this act reasonable regulations appro-**
 9 **priate for determining the qualifications of]** *and administer a*
 10 *unified certification procedure for* minority and women's business
 11 enterprises **[according to their financial ability and experience and**
 12 **the capital and equipment available to them pursuant to and**
 13 **reasonably related to the class or category of work to be performed**
 14 **or materials and supplies to be furnished]** *that do business with*
 15 *casino licensees on contracts for goods and services or contracts*
 16 *for bus business.*

1 6. Section 7 of P. L. 1985, c. 539 (C. 5:12-189) is amended to
 2 read as follows:

3 7. The Division of Development for Small Businesses and Women
 4 and Minority Businesses shall supply casino licensees with a list of
 5 those minority and women's business enterprises which it has
 6 **[found to be qualified]** *certified.* The division shall review the list
 7 annually to determine which of those minority and women's busi-
 8 ness enterprises *shall* continue to **[qualify]** *be certified.* The

9 division shall establish a procedure whereby the designation of a
10 **[qualified]** *certified* minority and women's business enterprise may
11 be challenged. The procedure shall include proper notice and a
12 hearing for all parties concerned.

1 7. (New section) No casino license shall be issued by the commis-
2 sion unless a determination has been made by the commission that
3 the provisions of sections 4 and 5 of P. L. 1985, c. 539 (C. 5:12-186
4 and C. 5:12-187) relating to expenditures and assignments to
5 minority and women business enterprises have been met, except
6 that if a determination is made that a casino licensee has failed to
7 demonstrate compliance with the provisions of sections 4 and 5 of
8 P. L. 1985, c. 539 (C. 5:12-186 and C. 5:12-187), a casino licensee
9 will have 90 days from the date of the determination of noncom-
10 pliance within which to comply with the provisions of those sections.

1 8. This act shall take effect immediately but shall remain in-
2 operative until the 90th day following the day of adoption of rules
3 and regulations by the Division of Development for Small Busi-
4 nesses and Women and Minority Businesses pursuant to section 5
5 of this act.

STATEMENT

The purpose of this bill is to make several amendments to P. L. 1985, c. 539 so that the Division of Development for Small Businesses and Women and Minority Businesses in the Department of Commerce and Economic Development that will be created pursuant to Assembly Bill No. 2413 of 1986 and the Casino Control Commission will be able to administer the set-aside program for minority and women businesses created pursuant to P. L. 1985, c. 539.

The terms "Minority business enterprise", "Minority group member" and "Women's business enterprise" are amended to conform the terms to the definitions that are currently used by the New Jersey Department of Commerce and Economic Development and federal agencies.

Casino licensees will be required to establish set-aside goals of expending at least 5% of the dollar value of their contracts for goods and services and 5% of their contracts for bus business with minority and women businesses by the end of the third year following the effective date of P. L. 1985, c. 539 or by the end of the third year following the receipt of a casino license, whichever is later. Casino licensees will be required to establish set-aside goals of expending at least 10% of the dollar value of their contracts for goods and services, and 10% of their contracts for bus business with minority and women businesses by the end of the sixth year

following the effective date of P. L. 1985, c. 539 or by the end of the sixth year following the receipt of a casino license, whichever is later. P. L. 1985, c. 539 currently mandates that casino licensees achieve the above set-aside percentages within the specified periods of time and does not consider the circumstance of the applicant who receives a casino license after the effective date of P. L. 1985, c. 539. These deficiencies, which make P. L. 1985, c. 539 difficult to administer, are rectified by the amendments discussed above.

The exceptions to the term "goods and services" are narrowed and the provisions that would allow a casino licensee to achieve its percentage set-aside obligations through subcontracting are modified to ensure that percentage set aside goals are achieved from a larger number of contracts awarded by casino licensees. In its current form, P. L. 1985, c. 539 exempts too many contracts for goods and services from the provisions of the statute and allows casino licensees to escape a portion of their direct percentage set-aside obligations through subcontracting.

Finally, this bill would clarify that the Division of Development for Small Businesses and Women and Minority Businesses will certify minority and women businesses that do business with casino licensees on contracts for goods and services and bus business.

GAMBLING—CASINOS

Amends the law concerning set-asides for small, minority and women's businesses by casino licensees.

ASSEMBLY, No. 3566

STATE OF NEW JERSEY

INTRODUCED DECEMBER 18, 1986

By Assemblymen ARANGO and MUZIANI

AN ACT concerning casinos, amending P. L. 1977, c. 110, P. L. 1978, c. 7 and P. L. 1980, c. 69, and repealing section 11 of P. L. 1978, c. 7.

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

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

3 1. Short title; Declaration of Policy and Legislative Findings.

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

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

8 (1) The tourist, resort and convention industry of this State
9 constitutes a critical component of its economic structure and, if
10 properly developed, controlled and fostered, is capable of providing
11 a substantial contribution to the general welfare, health and pros-
12 perity of the State and its inhabitants.

13 (2) By reason of its location, natural resources and worldwide
14 prominence and reputation, the city of Atlantic City and its resort,
15 tourist and convention industry represent a critically important
16 and valuable asset in the continued viability and economic strength
17 of the tourist, convention and resort industry of the State of New
18 Jersey.

19 (3) The rehabilitation and redevelopment of existing tourist and
20 convention facilities in Atlantic City, and the fostering and en-

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

Matter printed in italics thus is new matter.

21 courage of new construction and the replacement of lost con-
22 vention, tourist, entertainment and cultural centers in Atlantic City
23 will offer a unique opportunity for the inhabitants of the entire
24 State to make maximum use of the natural resources available in
25 Atlantic City for the expansion and encouragement of New Jersey's
26 hospitality industry, and to that end, the restoration of Atlantic
27 City as the Playground of the World and the major hospitality
28 center of the Eastern United States is found to be a program of
29 critical concern and importance to the inhabitants of the State of
30 New Jersey.

31 (4) Legalized casino gaming has been approved by the citizens of
32 New Jersey as a unique tool of urban redevelopment for Atlantic
33 City. In this regard, the introduction of a limited number of casino
34 rooms in major hotel convention complexes, permitted as an
35 additional element in the hospitality industry of Atlantic City,
36 will facilitate the redevelopment of existing blighted areas and the
37 refurbishing and expansion of existing hotel, convention, tourist,
38 and entertainment facilities; encourage the replacement of lost
39 hospitality-oriented facilities; provide for judicious use of open
40 space for leisure time and recreational activities; and attract new
41 investment capital to New Jersey in general and to Atlantic City
42 in particular.

43 (5) Restricting the issuance of casino licenses to major hotel
44 and convention facilities is designed to assure that the existing
45 nature and tone of the hospitality industry in New Jersey and in
46 Atlantic City is preserved, and that the casino rooms licensed pursu-
47 ant to the provisions of this act are always offered and maintained
48 as an integral element of such hospitality facilities, rather than as
49 the industry unto themselves that they have become in other juris-
50 dictions.

51 (6) An integral and essential element of the regulation and
52 control of such casino facilities by the State rests in the public
53 confidence and trust in the credibility and integrity of the regula-
54 tory process and of casino operations. To further such public
55 confidence and trust, the regulatory provisions of this act are
56 designed to extend strict State regulation to all persons, locations,
57 practices and associations related to the operation of licensed casino
58 enterprises and all related service industries as herein provided.
59 In addition, licensure of a limited number of casino establishments,
60 with the comprehensive law enforcement supervision attendant
61 thereto, is further designed to contribute to the public confidence
62 and trust in the efficacy and integrity of the regulatory process.

63 (7) Legalized casino gaming in New Jersey can attain, maintain
64 and retain integrity, public confidence and trust, and remain
65 compatible with the general public interest only under such a
66 system of control and regulation as insures, so far as practicable,
67 the exclusion from participation therein of persons with known
68 criminal records, habits or associations, and the exclusion or re-
69 moval from any positions of authority or responsibility within
70 casino gaming operations and establishments of any persons known
71 to be so deficient in business probity, ability or experience, either
72 generally or with specific reference to gaming, as to create or en-
73 hance the dangers of unsound, unfair or illegal practices, methods
74 and activities in the conduct of gaming or the carrying on of the
75 business and financial arrangements incident thereto.

76 (8) Since the public has a vital interest in casino operations in
77 Atlantic City and has established an exception to the general policy
78 of the State concerning gaming for private gain, participation in
79 casino operations as a licensee or registrant under this act shall
80 be deemed a revocable privilege conditioned upon the proper and
81 continued qualification of the individual licensee or registrant and
82 upon the discharge of the affirmative responsibility of each such
83 licensee or registrant to provide to the regulatory and investiga-
84 tory authorities established by this act any assistance and informa-
85 tion necessary to assure that the policies declared by this act are
86 achieved. Consistent with this policy, it is the intent of this act to
87 preclude the creation of any property right in any license, registra-
88 tion, certificate or reservation permitted by this act, the accrual of
89 any value to the privilege of participation in gaming operations, or
90 the transfer of any license, registration, certificate, or reservation,
91 and to require that participation in gaming be solely conditioned
92 upon the individual qualifications of the person seeking such
93 privilege.

94 (9) Since casino operations are especially sensitive and in need
95 of public control and supervision, and since it is vital to the inter-
96 ests of the State to prevent entry, directly or indirectly, into such
97 operations or the ancillary industries regulated by this act of
98 persons who have pursued economic gains in an occupational
99 manner or context which are in violation of the criminal or civil
100 public policies of this State, the regulatory and investigatory
101 powers and duties shall be exercised to the fullest extent consistent
102 with law to avoid entry of such persons into the casino operations
103 or the ancillary industries regulated by this act.

104 (10) Since the development of casino gaming operations in
105 Atlantic City will substantially alter the environment of New

106 Jersey's coastal areas, and since it is necessary to insure that this
107 substantial alteration be beneficial to the overall ecology of the
108 coastal areas, the regulatory and investigatory powers and duties
109 conferred by this act shall include, in cooperation with other public
110 agencies, the power and the duty to monitor and regulate casinos
111 and the growth of casino operations to respond to the needs of
112 the coastal areas.

113 (11) The facilities in which licensed casinos are to be located
114 are of vital law enforcement and social interest to the State, and
115 it is in the public interest that the regulatory and investigatory
116 powers and duties conferred by this act include the power and duty
117 to review architectural and site plans to assure that the proposal
118 is suitable by law enforcement, aesthetic and architectural stan-
119 dards.

120 (12) Since the economic stability of casino operations is in the
121 public interest and competition in the casino operations in Atlantic
122 City is desirable and necessary to assure the residents of Atlantic
123 City and of this State and other visitors to Atlantic City varied
124 attractions and exceptional facilities, the regulatory and investi-
125 gatory powers and duties conferred by this act shall include the
126 power and duty to regulate, control and prevent economic concen-
127 tration in the casino operations and the ancillary industries regu-
128 lated by this act, and to encourage and preserve competition.

129 (13) It is in the public interest that the institution of licensed
130 casino establishments in New Jersey be strictly regulated and
131 controlled pursuant to the above findings and pursuant to the
132 provisions of this act, which provisions are designed to engender
133 and maintain public confidence and trust in the regulation of the
134 licensed enterprises, to provide an effective method of rebuilding
135 and redeveloping existing facilities and of encouraging new capital
136 investment in Atlantic City, and to provide a meaningful and per-
137 manent contribution to the economic viability of the resort, con-
138 vention, and tourist industry of New Jersey.

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

143 (15) Continuity and stability in casino gaming operations cannot
144 be achieved at the risk of permitting persons with unacceptable
145 backgrounds and records of behavior to control casino gaming
146 operations contrary to the vital law enforcement interest of the
147 State.

148 (16) The aims of continuity and stability and of law enforcement
149 will best be served by a system in which applicant entities and
150 investors in those applicant entities can be assured of prompt and
151 continuous casino operation under certain circumstances wherein
152 the applicant has not yet been fully licensed, or has had a license
153 suspended or revoked, as long as control of the applicant's opera-
154 tion under such circumstances may be placed in the possession of
155 a person or persons in whom the public may feel a confidence and
156 a trust.

157 (17) A system [whereby the satisfaction of certain appropriate
158 criteria, including the execution of a voting trust agreement, per-
159 mits temporary casino operation prior to licensure and] whereby
160 the suspension or revocation of casino operations under certain
161 appropriate circumstances causes the imposition of a conservator-
162 ship upon the suspended or revoked casino operation serves both
163 the economic and law enforcement interests involved in casino
164 gaming operations.

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

3 10. "Casino License"—Any license issued pursuant to this act
4 which authorizes the holder thereof to own or operate a casino.
5 [The term "casino license" shall not include a "temporary casino
6 permit".]

1 3. Section 48 of P. L. 1977, c. 110 (C. 5:12-48) is amended to
2 read as follows:

3 48. "Work Permit"—[A writing provided by the commission]
4 *An authorization granted* to a casino licensee [which authorizes]
5 *for* the employment of a particular casino hotel employee, casino
6 employee or casino key employee in a particular capacity by a
7 casino licensee.

1 4. Section 69 of P. L. 1977, c. 110 (C. 5:12-69) is amended to
2 read as follows:

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

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

10 c. Any interested person may, *in accordance with the provisions*
11 *of the "Administrative Procedure Act," P. L. 1968, c. 410 (C.*
12 *52:14B-1 et seq.),* file a petition with the commission requesting

13 the adoption, amendment or repeal of a regulation. [Such petition
14 shall state clearly and concisely:

15 (1) The substance and nature of the regulation, amendment or
16 repeal requested;

17 (2) The reason for the request; and

18 (3) Reference to the authority of the commission to take the
19 action requested.

20 Upon receipt of the petition, the commission shall schedule the
21 matter for hearing within 90 days and shall render a decision
22 within 30 days after the completion of said hearing.]

23 d. The commission may, in emergency circumstances, summarily
24 adopt, amend or repeal any regulation pursuant to the "Adminis-
25 trative Procedure Act" (P. L. 1968, c. 410; C. 52:14B-1 et seq.).

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

3 74. Minutes and Records. a. The commission shall cause to be
4 made and kept a verbatim record of all proceedings held at public
5 meetings of the commission, which record shall be open to public
6 inspection.

7 A true copy of the minutes of every meeting of the commission
8 and of any regulations finally adopted by the commission shall be
9 forthwith delivered, by and under the certification of the executive
10 secretary, to the Governor, the Secretary of the Senate, and the
11 Clerk of the General Assembly.

12 b. The commission shall keep and maintain a list of all appli-
13 cants for licenses and registrations under this act together with a
14 record of all actions taken with respect to such applicants, which
15 file and record shall be open to public inspection; provided, how-
16 ever, that the foregoing information regarding any applicant
17 whose license or registration has been denied, revoked, or not
18 renewed shall be removed from such list after five years from
19 the date of such action.

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

22 d. Except as provided in subsection h. of this section, all in-
23 formation and data required by the commission to be furnished
24 hereunder, or which may otherwise be obtained relative to the
25 internal controls specified in section 99a. of this act or to the earn-
26 ings or revenue of any applicant, registrant, or licensee shall be
27 considered to be confidential and shall not be revealed in whole or
28 in part except in the course of the necessary administration of this
29 act, or upon the lawful order of a court of competent jurisdiction,
30 or, with the approval of the Attorney General, to a duly authorized
31 law enforcement agency

32 e. All information and data pertaining to an applicant's criminal
33 record, family, and background furnished to or obtained by the
34 commission from any source shall be considered confidential and
35 **[may]** *shall* be withheld in whole or in part, except that any in-
36 formation shall be released upon the lawful order of a court of
37 competent jurisdiction or, with the approval of the Attorney Gen-
38 eral, to a duly authorized law enforcement agency.

39 f. Notice of the contents of any information or data released,
40 except to a duly authorized law enforcement agency pursuant to
41 subsection d. or e. of this section, **[may]** *shall* be given to any
42 applicant, registrant, or licensee in a manner prescribed by the
43 rules and regulations adopted by the commission.

44 g. Files, records, reports and other information in the possession
45 of the New Jersey Division of Taxation pertaining to licensees
46 shall be made available to the commission and the division as may
47 be necessary to the effective administration of this act.

48 h. The following information to be reported periodically to the
49 commission shall not be considered confidential and shall be made
50 available for public inspection:

51 (1) A licensee's operating revenues and expenses from all au-
52 thorized games as herein defined;

53 (2) (a) The dollar amount of patron checks initially accepted by
54 a licensee, (b) the dollar amount of patron checks deposited to the
55 licensee's bank account, (c) the dollar amount of such checks
56 initially dishonored by the bank and returned to the licensee as
57 "uncollected," and (d) the dollar amount ultimately uncollected
58 after all reasonable efforts;

59 (3) The amount of gross revenue tax or investment alternative
60 tax actually paid and the amount of investment, if any, required
61 and allowed, pursuant to section 144 of P. L. 1977, c. 110 (C.
62 5:12-144) and section 3 of P. L. 1984, c. 218 (C. 5:12-144.1);

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

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

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

74 (7) All information and data submitted to the commission re-
 75 lating to the licensee's annual revenues and expenditures, includ-
 76 ing annual audits.

77 Nothing in this subsection shall be construed to limit access by
 78 the public to those forms and documents required to be filed pur-
 79 suant to Article 11 of this act.

1 6. Section 82 of P. L. 1977, c. 110 (C. 5:12-82) is amended to
 2 read as follows:

3 82. Casino License—Applicant Eligibility. a. No casino shall
 4 operate unless all necessary licenses and approvals therefor have
 5 been obtained in accordance with law.

6 b. Only the following persons shall be eligible to hold a casino
 7 license; and, unless otherwise determined by the commission with
 8 the concurrence of the Attorney General which may not be un-
 9 reasonably withheld in accordance with subsection c. of this section,
 10 each of the following persons shall be required to hold a casino
 11 license prior to the operation of a casino in the hotel with respect
 12 to which the casino license has been applied for:

13 (1) Any person who either owns an approved hotel building or
 14 owns or has a contract to purchase or construct a hotel which in
 15 the judgment of the commission can become an approved hotel
 16 building within 30 months or within such additional time period
 17 as the commission may, upon a showing of good cause therefor,
 18 establish;

18A (2) Any person who, whether as lessor or lessee, either leases
 18B an approved hotel building or leases or has an agreement to lease
 18C a hotel which in the judgment of the commission can become an
 18D approved hotel building within 30 months or within such addi-
 18E tional time period as the commission may, upon a showing of good
 18F cause therefor, establish;

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

22 (4) Any other person who has any control over either an ap-
 23 proved hotel building or the land thereunder or the operation
 24 of a casino.

25 c. Prior to the operation of the casino, every agreement to lease
 26 an approved hotel building or the land thereunder and every
 27 agreement for the management of the casino shall be in writing
 28 and filed with the commission. No such agreement shall be effective
 29 unless expressly approved by the commission. The commission may
 30 require that any such agreement include within its terms any
 31 provision reasonably necessary to best accomplish the policies of
 32 this act. Consistent with the policies of this act:

33 (1) The commission, with the concurrence of the Attorney Gen-
34 eral which may not be unreasonably withheld, may determine that
35 any person who does not have the ability to exercise any signifi-
36 cant control over either the approved hotel building or the opera-
37 tion of the casino contained therein shall not be eligible to hold
38 or required to hold a casino license;

39 (2) The commission, with the concurrence of the Attorney Gen-
40 eral which may not be unreasonably withheld, may determine that
41 any owner, lessor or lessee of an approved hotel building or the
42 land thereunder who does not own or lease the entire approved
43 hotel building shall not be eligible to hold or required to hold
44 a casino license;

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

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

52 (5) As to agreements to lease an approved hotel building or the
53 land thereunder, unless it expressly and by formal vote for good
54 cause determines otherwise, the commission shall require that each
55 party thereto hold either a casino license or casino service industry
56 license and that such an agreement be for a durational term ex-
57 ceeding 30 years, concern 100% of the entire approved hotel build-
58 ing or of the land upon which same is located, and include within
59 its terms a buy-out provision conferring upon the casino licensee-
60 lessee who controls the operation of the approved hotel the abso-
61 lute right to purchase for an expressly set forth fixed sum the
62 entire interest of the lessor or any person associated with the
63 lessor in the approved hotel building or the land thereunder in
64 the event that said lessor or said person associated with the lessor
65 is found by the commission to be unsuitable to be associated with
66 a casino enterprise;

67 (6) The commission shall not permit an agreement for the leas-
68 ing of an approved hotel building or the land thereunder to provide
69 for the payment of an interest, percentage or share of money
70 gambled at the casino or derived from casino gaming activity or
71 of revenues or profits of the casino unless the party receiving pay-
72 ment of such interest, percentage or share is a party to the ap-
73 proved lease agreement: unless each party to the lease agreement
74 holds either a casino license or casino service industry license
75 and unless the agreement is for a durational term exceeding 30

76 years, concerns a significant portion of the entire approved hotel
77 building or of the land upon which same is located, and includes
78 within its terms a buy-out provision conforming to that described
79 in paragraph (5) above;

80 (7) As to agreements for the management of a casino, the com-
81 mission shall require that each party thereto hold a casino license,
82 that the party thereto who is to manage the casino own at least
83 10% of all outstanding equity securities of any casino licensee or
84 of any eligible applicant for a casino license if the said licensee or
85 applicant is a corporation and the ownership of an equivalent
86 interest in any casino licensee or in any eligible applicant for a
87 casino license if same is not a corporation, and that such an
88 agreement be for the complete management of the casino, provide
89 for the [sale] sole and unrestricted power to direct the casino
90 operations of the casino which is the subject of the agreement,
91 and be for such a durational term as to assure reasonable con-
92 tinuity, stability and independence in the management of the
93 casino;

94 (8) The commission may permit an agreement for the manage-
95 ment of a casino to provide for the payment to the managing
96 party of an interest, percentage or share of money gambled at
97 the casino or derived from casino gaming activity or of revenues
98 or profits of the casino; and,

99 (9) As to agreements to lease an approved hotel building or the
100 land thereunder, agreements to jointly own an approved hotel
101 building or the land thereunder and agreements for the manage-
102 ment of a casino, the commission shall require that each party
103 thereto shall be jointly and severally liable for all acts, omissions
104 and violations of this act by any party thereto regardless of actual
105 knowledge of such act, omission or violation and notwithstanding
106 any provision in such agreement to the contrary.

107 d. No corporation shall be eligible to apply for a casino license
108 unless the corporation shall:

109 (1) Be incorporated in the State of New Jersey, although such
110 corporation may be a wholly or partially owned subsidiary of a
111 corporation which is organized pursuant to the laws of another
112 state of the United States or of a foreign country;

113 (2) Maintain an office of the corporation in the premises licensed
114 or to be licensed;

115 (3) Comply with all the requirements of the laws of the State
116 of New Jersey pertaining to corporations;

117 (4) Maintain a ledger in the principal office of the corporation
118 in New Jersey which shall at all times reflect the current owner-

119 ship of every class of security issued by the corporation and shall
 120 be available for inspection by the commission or the division and
 121 authorized agents of the commission and the division at all rea-
 122 sonable times without notice:

123 (5) Maintain all operating accounts required by the commission
 124 in a bank in New Jersey;

125 (6) Include among the purposes stated in its certificate of in-
 126 corporation the conduct of casino gaming and provide that the
 127 certificate of incorporation includes all provisions required by
 128 this act;

129 (7) If it is not a publicly traded corporation, file with the com-
 130 mission such adopted corporate charter or bylaws provisions as
 131 may be necessary to establish the right of the commission to
 132 approve future transfers of corporate securities, shares, and other
 133 interests in the applicant corporation and in any non-publicly
 134 traded holding company, intermediary company, or subsidiary
 135 thereof; and, if it is a publicly traded corporation, said corpora-
 136 tion shall provide in its corporate charter or bylaws that any
 137 securities of such corporation are held subject to the condition
 138 that if a holder thereof is found to be disqualified by the com-
 139 mission pursuant to the provisions of this act, such holder shall
 140 dispose of his interest in the corporation; provided, however, that,
 141 notwithstanding the provisions of N. J. S. 14A:7-12 and N. J. S.
 142 12A:8-101 et seq., nothing herein shall be deemed to require that
 143 any security of such corporation bear any legend to this effect; and

144 (8) If it is not a publicly traded corporation, establish to the
 145 satisfaction of the commission that appropriate charter or bylaw
 146 provisions create the absolute right of such non-publicly traded
 147 corporations and companies to repurchase at the market price or
 148 the purchase price, whichever is the lesser, any security, share or
 149 other interest in the corporation in the event that the commission
 150 disapproves a transfer in accordance with the provisions of this act.

151 e. No person shall be issued or be the holder of more than three
 152 casino licenses. For the purpose of this subsection a person shall be
 153 considered the holder of a casino license if such license is issued to
 154 such person or if such license is held by any holding, intermediary
 155 or subsidiary company thereof, or by any officer, director, casino
 156 key employee or principal employee of such person, or of any
 157 holding, intermediary or subsidiary company thereof.

1 7. Section 84 of P. L. 1977, c. 110 (C. 5:12-84) is amended to
 2 read as follows:

3 84. Casino License—Applicant Requirements. Any applicant for
 4 a casino license must produce information, documentation and

5 assurances concerning the following qualification criteria:

6 a. Each applicant shall produce such information, documenta-
7 tion and assurances concerning financial background and resources
8 as may be required to establish by clear and convincing evidence
9 the financial stability, integrity and responsibility of the applicant,
10 including but not limited to bank references, business and personal
11 income and disbursement schedules, tax returns and other reports
12 filed with governmental agencies, and business and personal ac-
13 counting and chek records and ledgers. In addition, each appli-
14 cant shall, in writing, authorize the examination of all bank
15 accounts and records as may be deemed necessary by the com-
16 mission or the division.

17 b. Each applicant shall produce such information, documenta-
18 tion and assurances as may be necessary to establish by clear and
19 convincing evidence the integrity **[and reputation]** of all financial
20 backers, investors, mortgagees, bond holders, and holders of in-
21 dentures, notes or other evidences of indebtedness, either in effect
22 or proposed, which bears any relation to the casino proposal sub-
23 mitted by the applicant or applicants. The **[reputation and]** in-
24 tegrity of financial sources shall be judged upon the same stan-
25 dards as the applicant. In addition, the applicant shall produce
26 whatever information, documentation or **[assurance]** assurances
27 may be required to establish by clear and convincing evidence the
28 adequacy of financial resources both as to the completion of the
29 casino proposal and the operation of the casino.

30 c. Each applicant shall produce such information, documenta-
31 tion and assurances **[of good character]** as may be required to
32 establish by clear and convincing evidence the applicant's good
33 **[reputation for]** *character*, honesty and integrity. Such informa-
34 tion shall include, without limitation, information pertaining to
35 family, habits, character, *reputation*, criminal and arrest record,
36 business activities, financial affairs, and business, professional and
37 personal associates, covering at least the 10-year period immedi-
38 ately preceding the filing of the application. Each applicant shall
39 notify the commission of any civil judgments obtained against
40 any such applicant pertaining to antitrust or security regulation
41 laws of the federal government, of this State or of any other
42 state, jurisdiction, province or country. In addition, each applicant
43 shall produce letters of reference from law enforcement agencies
44 having jurisdiction in the applicant's place of residence and prin-
45 cipal place of business, which letters of reference shall indicate
46 that such law enforcement agencies do not have any pertinent
47 information concerning the applicant, or if such law enforcement

48 agency does have information pertaining to the applicant, shall
 49 specify what the information is. If the applicant has conducted
 50 gaming operations in a jurisdiction which permits such activity,
 51 the applicant shall produce letters of reference from the gaming
 52 or casino enforcement or control agency which shall specify the
 53 experiences of such agency with the applicant, his associates, and
 54 his gaming operation; provided, however, that if no such letters
 55 are received within 60 days of request therefor, the applicant may
 56 submit a statement under oath that he is or was during the period
 57 such activities were conducted in good standing with such gaming
 58 or casino enforcement or control agency.

59 d. Each applicant shall produce such information, documenta-
 60 tion and assurances as may be required to establish by clear and
 61 convincing evidence that the applicant has sufficient business abil-
 62 ity and casino experience as to establish the likelihood of creation
 63 and maintenance of a successful, efficient casino operation. The
 64 applicant shall produce the names of all proposed casino key
 65 employees as they become known and a description of their respec-
 66 tive or proposed responsibilities, and a full description of security
 67 systems and management controls proposed for the casino and
 68 related facilities.

69 e. Each applicant shall produce such information, documenta-
 70 tion and assurances to establish to the satisfaction of the com-
 71 mission the suitability of the casino and related facilities and its
 72 proposed location, and that the proposal will not adversely affect
 73 casino operations or overall environmental conditions. Each appli-
 74 cant shall submit an impact statement which shall include, with-
 75 out limitation, architectural and site plans which establish that
 76 the proposed facilities comply in all respects with the require-
 77 ments of this act, the requirements of the master plan and zoning
 78 and planning ordinances of Atlantic City, without any use vari-
 79 ance from the provisions thereof, and the requirements of the
 80 "Coastal Area Facility Review Act," P. L. 1973, c. 185 (C. 13:19-1
 81 et seq.), a market impact study which analyzes the adequacy of
 82 the patron market and the effect of the proposal on such market
 83 and on the existing casino facilities licensed under this act; and an
 84 analysis of the effect of the proposal on the overall environment,
 85 including, without limitation, economic, social, demographic and
 86 competitive conditions as well as the natural resources of Atlantic
 87 City and the State of New Jersey.

1 8. Section 89 of P. L. 1977, c. 110 (C. 5:12-89) is amended to
 2 read as follows:

3 89. Licensing of Casino Key Employees. a. No person may be
4 employed as a casino key employee unless he is the holder of a
5 valid casino key employee license issued by the commission.

6 b. Each applicant must, prior to the issuance of any casino key
7 employee license, produce information, documentation and assur-
8 ances concerning the following qualification criteria:

9 (1) Each applicant for a casino key employee license shall pro-
10 duce such information, documentation and assurances as may be
11 required to establish by clear and convincing evidence the financial
12 stability, integrity and responsibility of the applicant, including
13 but not limited to bank references, business and personal income
14 and disbursements schedules, tax returns and other reports filed
15 with governmental agencies, and business and personal accounting
16 and check records and ledgers. In addition, each applicant shall, in
17 writing, authorize the examination of all bank accounts and rec-
18 ords as may be deemed necessary by the commission or the division.

19 (2) Each applicant for a casino key employee license shall pro-
20 duce such information, documentation and assurances as may be
21 required to establish by clear and convincing evidence the appli-
22 cant's [reputation for] good character, honesty and integrity.
23 Such information shall include, without limitation, data pertaining
24 to family, habits, character, *reputation*, criminal and arrest record,
25 business activities, financial affairs, and business, professional and
26 personal associates, covering at least the 10-year period immedi-
27 ately preceding the filing of the application. Each applicant shall
28 notify the commission of any civil judgments obtained against
29 such applicant pertaining to antitrust or security regulation laws
30 of the federal government, of this State or of any other state,
31 jurisdiction, province or country. In addition, each applicant shall,
32 upon request of the commission or the division, produce letters
33 of reference from law enforcement agencies having jurisdiction
34 in the applicant's place of residence and principal place of busi-
35 ness, which letters of reference shall indicate that such law en-
36 forcement agencies do not have any pertinent information con-
37 cerning the applicant, or if such law enforcement agency does
38 have information pertaining to the applicant, shall specify what
39 that information is. If the applicant has been associated with
40 gaming or casino operations in any capacity, position or employ-
41 ment in a jurisdiction which permits such activity, the applicant
42 shall, upon request of the commission or division, produce letters
43 of reference from the gaming or casino enforcement or control
44 agency, which shall specify the experience of such agency with

45 the applicant, his associates and his participation in the gaming
 46 operations of that jurisdiction; provided, however, that if no such
 47 letters are received from the appropriate law enforcement agencies
 48 within 60 days of the applicant's request therefor, the applicant
 49 may submit a statement under oath that he is or was during the
 50 period such activities were conducted in good standing with such
 51 gaming or casino enforcement or control agency.

52 (3) Each applicant shall produce such information, documen-
 53 tation and assurances as may be required to establish by clear and
 54 convincing evidence that the applicant has sufficient business
 55 ability and casino experience as to establish the reasonable like-
 56 lihood of success and efficiency in the particular position involved.

57 (4) Each applicant shall be a resident of the State of New
 58 Jersey prior to the issuance of a casino key employee license;
 59 provided, however, that upon petition by the holder of a casino
 60 license, the commission may waive this residency requirement
 61 for any applicant whose particular position will require him to
 62 be employed outside the State.

63 The commission may also, by regulation, require that all appli-
 64 cants for casino key employee licenses be residents of this State
 65 for a period not to exceed six months immediately prior to the
 66 issuance of such license, but application may be made prior to the
 67 expiration of the required period of residency. The commission
 68 shall, by resolution, waive the required residency period for an
 69 applicant upon a showing that the residency period would cause
 70 undue hardship upon the casino licensee which intends to employ
 71 said applicant, or upon a showing of other good cause.

72 c. The commission shall endorse upon any license issued here-
 73 under the particular positions as defined by this act or by regula-
 74 tion which the licensee is qualified to hold.

75 d. The commission shall deny a casino key employee license to
 76 any applicant who is disqualified on the basis of the criteria con-
 77 tained in section 86 of this act.

78 e. Upon petition by the holder of a casino license [or the holder
 79 of a temporary casino permit], the commission may, no earlier
 80 than 30 days after the date of the petition, issue a temporary
 81 license to an applicant for a casino key employee license, pro-
 82 vided that:

83 (1) The applicant for the casino key employee license has filed
 84 a complete application as required by the commission:

85 (2) The division certifies to the commission that the complete
 86 casino key employee license application as specified in paragraph

87 (1) of this subsection has been in the possession of the division for
88 at least 30 days;

89 (3) The information provided by the applicant indicates that
90 the applicant meets the requirements of subsection b. (3) of this
91 section;

92 (4) The petition for a temporary casino key employee license
93 certifies, and the commission finds, that an existing casino key
94 employee position of the petitioner is vacant and that the issuance
95 of a temporary key employee license is necessary to fill the said
96 vacancy on an emergency basis to continue the efficient operation
97 of the casino, and that such circumstances are extraordinary and
98 not designed to circumvent the normal licensing procedures of
99 this act;

100 (5) The division does not object to the issuance of the temporary
101 casino key employee license.

102 In the event that an applicant for a casino key employee license
103 is the holder of a valid casino employee license issued pursuant to
104 section 90 of this act, and if the provisions of paragraphs (1), (2),
105 (3), and (5) of this subsection are satisfied, the commission may
106 issue a temporary casino key employee license upon petition by the
107 holder of a casino license [or the holder of a temporary casino
108 permit], if the commission finds the issuance of a casino key
109 employee license will be delayed by necessary investigations and
110 the said temporary casino key employee license is necessary for
111 the operation of the casino.

112 Unless otherwise terminated pursuant to this act, any tempo-
113 rary casino key employee license issued pursuant to this subsection
114 shall expire six months from the date of its issuance, and shall be
115 renewable by the commission, in the absence of objection by the
116 division as specified in paragraph (5) of this subsection, for one
117 additional three-month period.

1 9. Section 106 of P. L. 1977, c. 110 (C. 5:12-106) is amended
2 to read as follows:

3 106. Work Permits. a. A casino licensee shall not appoint or
4 employ any person not registered or not possessing a current and
5 valid license permitting such appointment or employment. [Prior
6 to the effective date of such appointment or employment, the]
7 A casino licensee shall, *in accordance with the rules of the com-*
8 *mission*, apply for a work permit for *each* such employee, which
9 shall be granted [by the commission] if the employee is [regis-
10 tered or is] the holder of a current and valid *registration or*
11 *license which permits employment in the position to be held.* [The

12 casino licensee shall return such work permit to the commission
13 within five days of the termination or cessation of such appoint-
14 ment or employment for any cause whatsoever.】 Each work permit
15 shall be renewed annually in accordance with rules and regulations
16 promulgated by the commission.

17 b. A casino licensee shall, within 24 hours of receipt of written
18 notice thereof, terminate the appointment or employment of any
19 person whose license or registration has been revoked or has
20 expired. A casino licensee shall comply in all respects with any
21 order of the commission imposing limitations or restrictions upon
22 the terms of employment or appointment in the course of any in-
23 vestigation or hearing.

1 10. Section 117 of P. L. 1977, c. 110 (C. 5:12-117) is amended
2 to read as follows:

3 117. Employment Without License, Registration, or Work
4 Permit; Penalty.

5 a. Any person who, without obtaining the requisite license or
6 registration as provided in this act, works or is employed in a
7 position whose duties would require licensing or registration under
8 the provisions of this act is guilty of a misdemeanor and subject
9 to not more than three years' imprisonment or a fine of \$10,000.00
10 or both, and in the case of a person other than a natural person,
11 to a fine of not more than \$50,000.00.

12 b. Any person who employs or continues to employ an indi-
13 vidual not duly licensed or registered under the provisions of this
14 act in a position whose duties require a license or registration
15 under the provisions of this act is guilty of a misdemeanor and
16 subject to not more than three years' imprisonment or a fine of
17 \$10,000.00 or both, and in the case of a person other than a natural
18 person, to a fine of not more than \$50,000.00.

19 c. Any person who employs an individual without obtaining a
20 work permit 【or does not return such permit】 as required by
21 this act, is guilty of a misdemeanor and subject to a fine of not
22 more than \$10,000.00, and in the case of a person other than a
23 natural person, to a fine of not more than \$50,000.00.

24 d. Any person violating the provisions of subsection 101 e. of
25 this act shall be guilty of a misdemeanor, and shall be subject to
26 imprisonment for not more than seven years or a fine of not more
27 than \$25,000.00, or both. Any licensee permitting or allowing such
28 a violation shall also be punishable under this subsection, in addi-
29 tion to any other sanctions the commission may impose.

1 11. Section 5 of P. L. 1980, c. 69 (C. 5:12-117.1) is amended
2 to read as follows:

3 5. a. No applicant or person or organization licensed by or
 4 registered with the commission shall employ or offer to employ
 5 any person who is prohibited from accepting employment from
 6 a licensee or applicant or any holding or intermediary company
 7 under [subsection b. of section 5 of P. L. 1971, c. 182 (C.
 8 52:13D-16) or section 3 of P. L. 1981, c. 142] *section 4 of P. L.*
 9 *1981, c. 142 (C. 52:13D-17.2).*

10 b. An applicant or person or organization who violates the
 11 provisions of this section is guilty of a crime of the fourth degree.

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

3 120. Prohibited Political Contributions; Penalty. Any person
 4 who makes or causes to be made a political contribution prohibited
 5 by the provisions of this act[, or files or causes to be filed any
 6 report of political contributions which misstates or omits any
 7 material fact with respect to such contribution] is guilty of a
 8 misdemeanor and subject to not more than three years imprison-
 9 ment or a fine of \$100,000.00 or both, and in the case of a person
 10 other than a natural person, to a fine of not more than \$250,000.00.

1 13. Section 123 of P. L. 1977, c. 110 (C. 5:12-123) is amended
 2 to read as follows:

3 123. Continuing Offenses. a. A violation of any of the provisions
 4 of this act *which is an offense of a continuing nature* shall be
 5 deemed to be a separate offense on each day during which it occurs.
 6 *Nothing herein shall be deemed to preclude the commission of*
 7 *multiple violations within a day of those provisions of this act*
 8 *which establish offenses consisting of separate and distinct acts.*

9 b. Any person who aids, abets, counsels, commands, induces,
 10 procures or causes another to violate a provision of this act is
 11 punishable as a principal and subject to all sanctions and penalties,
 12 both civil and criminal, provided by this act.

1 14. Section 124 of P. L. 1977, c. 110 (C. 5:12-124) is amended
 2 to read as follows:

3 124. Exemption from Gambling Statutes. The provisions of
 4 N. J. S. 2A:40-1[, 2A:112-1 and 2A:112-2] shall not apply to any
 5 person who, as a licensee operating pursuant to the provisions of
 6 this act, or as a player in any game authorized pursuant to the
 7 provisions of this act, engages in gaming as authorized herein.

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

3 31. Institution of Conservatorship and Appointment of Con-
 4 servators.

5 a. Notwithstanding any other provision of the Casino Control
 6 Act, (1) upon the revocation of a casino license, (2) upon, in the
 7 discretion of the commission, the suspension of a casino license or
 8 operation certificate for a period of in excess of 120 days, or
 9 (3) upon the failure or refusal to renew a casino license, and
 10 notwithstanding the pendency of any appeal therefrom, the com-
 11 mission shall appoint and constitute a conservator to, among other
 12 things, take over and into his possession and control all the
 13 property and business of the licensee relating to the casino and the
 14 approved hotel; provided, however, that this subsection shall not
 15 apply in any instance in which the casino in the casino hotel
 16 facility for which the casino license had been issued has not been,
 17 in fact, in operation and open to the public, and provided further
 18 that no person shall be appointed as conservator unless the com-
 19 mission is satisfied that he is individually qualified according to
 20 the standard applicable to casino key employees, except that casino
 21 experience shall not be necessary for qualification.

22 b. [Notwithstanding any other provision of the Casino Control
 23 Act, (1) upon, in the discretion of the commission, the expiration
 24 of a temporary casino permit, except in those instances where
 25 (a) a casino license has been issued, or (b) a casino license has
 26 not been issued because of the inaction of the commission, (2)
 27 upon the revocation of a temporary casino permit, (3) upon, in the
 28 discretion of the commission, the suspension of a temporary casino
 29 permit or operation certificate for a period of in excess of 60 days,
 30 or (4) upon the denial of a casino license to a temporary casino
 31 permittee, and notwithstanding the pendency of any appeal there-
 32 from, the commission shall appoint and constitute a conservator to,
 33 among other things, take over and into his possession and control
 34 all the property and business of the temporary casino permittee
 35 relating to the casino and the approved hotel; provided, however,
 36 that this subsection shall not apply in any instance in which the
 37 casino in the casino hotel facility for which the temporary casino
 38 permit has been issued has not been, in fact, in operation and open
 39 to the public, and provided further that no person shall be ap-
 40 pointed as conservator unless the commission is satisfied that he
 41 is individually qualified according to the standard applicable to
 42 casino key employees, except that casino experience shall not be
 43 necessary for qualification]. (*Deleted by amendment, P. L. ...*,
 44 c.)

45 c. The commission may proceed in a conservatorship action in a
 46 summary manner or otherwise and shall have the power to appoint
 47 and remove one or more conservators and to enjoin the former

48 or suspended licensee **[or permittee]** from exercising any of its
 49 privileges and franchises, from collecting or receiving any debts
 50 and from paying out, selling, assigning or transferring any of its
 51 property to other than a conservator, except as the commission
 52 may otherwise order. The commission shall have such further
 53 powers as shall be appropriate for the fulfillment of the pur-
 54 poses of this act.

55 d. Every conservator shall, before assuming his duties, execute
 56 and file a bond for the faithful performance of his duties payable
 57 to the commission in the office of the commission with such surety
 58 or sureties and in such form as the commission shall approve and
 59 in such amount as the commission shall prescribe.

60 e. When more than one conservator is appointed pursuant to
 61 this section, the provisions of this article applicable to one con-
 62 servator shall be applicable to all; the debts and property of the
 63 former or suspended licensee **[or permittee]** may be collected
 64 and received by any of them; and the powers and rights conferred
 65 upon them shall be exercised by a majority of them.

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

3 32. Powers, Authorities and Duties of Conservators.

4 a. Upon his appointment, the conservator shall become vested
 5 with the title of all the property of the former or suspended licensee
 6 **[or permittee]** relating to the casino and the approved hotel, sub-
 7 ject to any and all valid liens, claims, and encumbrances. The
 8 conservator shall have the duty to conserve and preserve the assets
 9 so acquired to the end that such assets shall continue to be operated
 10 on a sound and businesslike basis.

11 b. Subject to the general supervision of the commission and
 12 pursuant to any specific order it may deem appropriate, a con-
 13 servator shall have power to:

14 (1) Take into his possession all the property of the former or
 15 suspended licensee **[or permittee]** relating to the casino and the
 16 approved hotel, including its books, records and papers;

17 (2) Institute and defend actions by or on behalf of the former
 18 or suspended licensee **[or permittee]**;

19 (3) Settle or compromise with any debtor or creditor of the
 20 former or suspended licensee **[or permittee]**, including any taxing
 21 authority;

22 (4) Continue the business of the former or suspended licensee
 23 **[or permittee]** and to that end enter into contracts, borrow money

24 and pledge, mortgage or otherwise encumber the property of the
 25 former or suspended licensee **[or permittee]** as security for the
 26 repayment of the conservator's loans; provided, however, that such
 27 power shall be subject to any provisions and restrictions in any
 28 existing credit documents;

29 (5) Hire, fire and discipline employees;

30 (6) Review all outstanding agreements to which the former or
 31 suspended licensee **[or permittee]** is a party that fall within the
 32 purview of section 104b. of P. L. 1977, c. 110 (C. 5:12-104b.) and
 33 advise the commission as to which, if any, of such agreements
 34 should be the subject of scrutiny, examination or investigation by
 35 the commission; and

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

38 c. Except during the pendency of a suspension or during the
 39 pendency of any appeal from any action or event set forth in
 40 section 31 a. **[or b.]** of this amendatory and supplementary act
 41 which precipitated the conservatorship or in instances in which
 42 the commission finds that the interests of justice so require, the
 43 conservator, subject to the prior approval of and in accordance
 44 with such terms and conditions as may be prescribed by the com-
 45 mission, and after appropriate prior consultation with the former
 46 licensee **[or permittee]** as to the reasonableness of such terms and
 47 conditions, shall endeavor to and be authorized to sell, assign,
 48 convey or otherwise dispose of in bulk, subject to any and all valid
 49 liens, claims, and encumbrances, all the property of a former
 50 licensee **[or permittee]** relating to the casino and the approved
 51 hotel only upon prior written notice to all creditors and other
 52 parties in interest and only to such persons who shall be eligible
 53 to apply for and shall qualify as a casino licensee **[or temporary**
 54 **casino permittee]** in accordance with the provisions of the Casino
 55 Control Act. Prior to any such sale, the former licensee **[or per-**
 56 **mittee]** shall be granted, upon request, a summary review by the
 57 commission of such proposed sale.

58 d. The commission may direct that the conservator, for an
 59 indefinite period of time, retain the property and continue the
 60 business of the former or suspended licensee **[or permittee]** re-
 61 lating to the casino and the approved hotel. During such period
 62 of time or any period of operation by the conservator, he shall pay
 63 when due, without in any way being personally liable, all secured
 64 obligations and shall not be immune from foreclosure or other legal
 65 proceedings to collect the secured debt, nor with respect thereto

66 shall such conservator have any legal rights, claims, or defenses
 67 other than those which would have been available to the former or
 68 suspended licensee **【or permittee】**.

1 17. Section 34 of P. L. 1978, c. 7 (C. 5:12-130.4) is amended to
 2 read as follows:

3 34. Assumption of Outstanding Debts. As an incident of its prior
 4 approval pursuant to section 32c. of this amendatory and supple-
 5 mentary act of the sale, assignment, conveyance or other disposition
 6 in bulk of all property of the former licensee **【or permittee】**
 7 relating to the casino and the approved hotel, the commission may,
 8 in its discretion, require that the purchaser thereof assume in a
 9 form and substance acceptable to the commission all of the out-
 10 standing debts of the former licensee **【or permittee】** that arose
 11 from or were based upon the operation of either or both the casino
 12 or the approved hotel.

1 18. Section 35 of P. L. 1978, c. 7 (C. 5:12-130.5) is amended to
 2 read as follows:

3 35. Payment of Net Earnings During the Period of the Con-
 4 servatorship. No payment of net earnings during the period of
 5 the conservatorship may be made by the conservator without the
 6 prior approval of the commission, which may, in its discretion, di-
 7 rect that all or any part of same be paid either to the suspended or
 8 former licensee **【or permittee】** or to the Casino Revenue Fund
 9 in accordance with regulations of the commission; provided, how-
 10 ever, that the former or suspended licensee **【or permittee】** shall
 11 be entitled to a fair rate of return out of net earnings, if any,
 12 during the period of the conservatorship on the property retained
 13 by the conservator, taking into consideration that which amounts
 14 to a fair rate of return in the casino industry or the hotel industry,
 15 as the case may be.

1 19. Section 35A of P. L. 1978, c. 7 (C. 5:12-130.6) is amended to
 2 read as follows:

3 35A. Payments Following a Bulk Sale. Following any sale,
 4 assignment, conveyance or other disposition in bulk of all the
 5 property subject to the conservatorship, the net proceeds there-
 6 from, if any, after payment of all obligations owing to the State
 7 of New Jersey and any political subdivision thereof and of those
 8 allowances set forth in section 33 of this amendatory and supple-
 9 mentary act, shall be paid by the conservator to the former or
 10 suspended licensee **【or permittee】**.

1 20. Section 37 of P. L. 1978, c. 7 (C. 5:12-130.8) is amended to
 2 read as follows:

3 37. Discontinuation of a Conservatorship.

4 a. The commission shall direct the discontinuation of any
 5 conservatorship action instituted pursuant to section 31 of this
 6 amendatory and supplementary act when the conservator has,
 7 pursuant to subsection 32 of this amendatory and supplementary
 8 act and with the prior approval of the commission, consummated
 9 the sale, assignment, conveyance or other disposition in bulk of
 10 all the property of the former licensee **[or permittee]** relating to
 11 the casino and the approved hotel.

12 b. The commission may direct the discontinuation of any such
 13 conservatorship action when it determines that for any reason the
 14 cause for which the action was instituted no longer exists.

15 c. Upon the discontinuation of the conservatorship action and
 16 with the approval of the commission, the conservator shall take
 17 such steps as may be necessary in order to effect an orderly
 18 transfer of the property of the former or suspended licensee **[or**
 19 **permittee]**.

20 d. The sale, assignment, transfer, pledge or other disposition of
 21 the securities issued by a former or suspended licensee **[or per-**
 22 **mittee]** during the pendency of a conservatorship action instituted
 23 pursuant to this article shall neither divest, have the effect of
 24 divesting, nor otherwise affect the powers conferred upon a con-
 25 servator by this amendatory and supplementary act.

1 21. Section 134 of P. L. 1977, c. 110 (C. 5:12-134) is amended
 2 to read as follows:

3 134. Equal Employment Opportunity; Requirements of License.

4 a. Each applicant at the time of submitting architectural plans
 5 or site plans to the commission for approval of proposed con-
 6 struction, renovation or reconstruction of any structure or facility
 7 to be used as an approved hotel or casino shall accompany same
 8 with a written guaranty that all contracts and subcontracts to be
 9 awarded in connection therewith shall contain appropriate pro-
 10 visions by which contractors and subcontractors or their assignees
 11 agree to afford an equal employment opportunity to all prospective
 12 employees and to all actual employees to be employed by the con-
 13 tractor or subcontractor in accordance with an affirmative action
 14 program approved by the commission and consonant with the pro-
 15 visions of the "Law Against Discrimination," P. L. 1945, c. 169
 16 (C. 10:5-1 et seq.). On and after the effective date of this amenda-
 17 tory act an applicant shall also be required to demonstrate that
 18 equal employment opportunities in accordance with the aforesaid
 19 affirmative-action program in compliance with P. L. 1945, c. 169
 20 have been afforded to all prospective employees and to all actual

21 employees employed by a contractor or subcontractor in connection
22 with the actual construction, renovation or reconstruction of any
23 structure or facility to be used as an approved hotel or casino
24 prior to submission of architectural plans or site plans to the com-
25 mission.

26 b. No license shall be issued by the commission to any applicant,
27 including a casino service industry as defined in section 12 of this
28 act, who has not agreed to afford an equal employment opportunity
29 to all prospective employees in accordance with an affirmative-
30 action program approved by the commission and consonant with
31 the provisions of the "Law Against Discrimination," P. L. 1945,
32 c. 169 (C. 10:5-1 et seq.).

33 c. Each applicant shall formulate for commission approval and
34 abide by an affirmative-action program of equal opportunity
35 whereby the applicant guarantees to provide equal employment
36 opportunity to rehabilitated offenders eligible under **[section]**
37 *sections 90 and 91* of this act and members of minority groups
38 qualified for licensure in all employment categories, including the
39 handicapped, in accordance with the provisions of the "Law Against
40 Discrimination," P. L. 1945, c. 169 (C. 10:5-1 et seq.), except in
41 the case of the mentally handicapped, if it can be clearly shown
42 that such handicap would prevent such person from performing
43 a particular job.

44 d. Any license issued by the commission in violation of this sec-
45 tion shall be null and void.

1 22. Section 142 of P. L. 1977, c. 110 (C. 5:12-142) is amended
2 to read as follows:

3 142. Work Permit Fee. The commission shall, by regulation,
4 establish annual fees for the issuance and renewal of work permits
5 **[for the various classes of employees]**, which fees shall be pay-
6 able by the employer licensee.

1 23. Section 11 of P. L. 1978, c. 7 (C. 5:12-47.1) is repealed.

1 24. This act shall take effect immediately.

STATEMENT

This bill amends the "Casino Control Act" to eliminate outdated references and make other technical corrections and to conform the provisions of the statute to current practice or interpretation by the courts.

The bill eliminates references to temporary casino permits, which were terminated in 1983; revises work permit requirements; conforms certain procedures with those required under the "Admin-

istative Procedure Act"; mandates the confidentiality of applicant information; requires an applicant for licensure to prove good character and not simply the reputation for it; and clarifies what constitutes continuing offenses. The section of law defining "temporary casino permit" is repealed.

GAMBLING—CASINOS

Amends "Casino Control Act" to update act and make technical corrections.

ASSEMBLY, No. 3567

STATE OF NEW JERSEY

INTRODUCED DECEMBER 18, 1986

By Assemblymen SCHUBER and DiGAETANO

AN ACT to amend the "Casino Control Act," approved June 2, 1977
(P. L. 1977, c. 110).

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. Section 54 of P. L. 1977, c. 110 (C. 5:12-54) is amended to read
2 as follows:

3 54. Organization and Employees. a. The commission may estab-
4 lish, and from time to time alter, such plan of organization as it
5 may deem expedient, and may incur expenses within the limits of
6 funds available to it.

7 b. The commission shall elect annually by a majority of the full
8 commission one of its members, other than the chairman, to serve
9 as vice-chairman for the ensuing year. The vice-chairman shall
10 be empowered to carry out all of the responsibilities of the chair-
11 man as prescribed in this act during his absence, disqualification,
12 or inability to serve.

13 c. The commission shall appoint an executive secretary who shall
14 serve at its pleasure and shall be responsible for the conduct of its
15 administrative affairs. No person shall be eligible for such appoint-
16 ment unless he shall have at least 5 years of responsible experience
17 in public or business administration or possesses broad manage-
18 ment skills. **[The salary of the executive secretary shall be fixed**
19 **by the commission, but shall not exceed \$55,000.00.]**

20 d. The commission may employ such other personnel as it deems
21 necessary. All employees of the commission, except for secretarial
22 and clerical personnel, shall be in the unclassified service of the

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

Matter printed in italics *thus* is new matter.

23 Civil Service. All employees of the commission shall be deemed
 24 confidential employees for the purposes of the "New Jersey Em-
 25 ployer-Employee Relations Act" (P. L. 1941, c. 100; C. 34:13A-1
 26 et seq.), as amended. Notwithstanding the provisions of any other
 27 law to the contrary, the commission may employ legal counsel who
 28 shall represent the commission in any proceeding to which it is
 29 a party, and who shall render legal advice to the commission upon
 30 its request. The commission may contract for the services of other
 31 professional, technical and operational personnel and consultants
 32 as may be necessary to the performance of its responsibilities
 33 under this act. Members and employees of the commission shall
 34 be enrolled in the Public Employees' Retirement System of New
 35 Jersey (P. L. 1954, c. 84; C. 43:15A-1 et seq.).

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

3 58. Restrictions on Pre-Employment by Commissioners, Commis-
 4 sion Employees and Division Employees and Agents. a. Deleted
 5 by amendment.

6 b. No person shall be appointed to or employed by the commis-
 7 sion or division if, during the period commencing 3 years prior
 8 to appointment or employment, said person held any direct or in-
 9 direct interest in, or any employment by, any person which is
 10 licensed as a casino [hotel] licensee pursuant to section 87 of P. L.
 11 1977, c. 110 (C. 5:12-87) or as a casino service industry pursuant to
 12 subsection a. of section 92 of P. L. 1977, c. 110 (C. 5:12-92a.) or
 13 has an application for such a license pending before the commission;
 14 provided, however, that notwithstanding any other provision of this
 15 act to the contrary, any such person may be appointed to or em-
 16 ployed by the commission or division if his interest in any such
 17 casino [hotel] licensee or casino service industry which is publicly
 18 traded would not, in the opinion of the employing agency, interfere
 19 with the objective discharge of such person's employment obliga-
 20 tions, but in no instance shall any person be appointed to or em-
 21 ployed by the commission or division if his interest in such a casino
 22 [hotel] licensee or casino service industry which is publicly traded
 23 constituted a controlling interest in that casino [hotel] licensee or
 24 casino service industry; and provided further, however, that not-
 25 withstanding any other provision of this act to the contrary, any
 26 such person may be employed by the commission or division in a
 27 secretarial or clerical position if, in the opinion of the employing
 28 agency, his previous employment by, or interest in, any such casino
 29 licensee or casino service industry would not interfere with the
 30 objective discharge of such person's employment obligations.

31 c. Prior to appointment or employment, each member of the com-
 32 mission, each employee of the commission, the director of the
 33 Division of Gaming Enforcement and each employee and agent
 34 of the division shall swear or affirm that he possesses no interest
 35 in any business or organization licensed by or registered with the
 36 commission.

37 d. Each member of the commission and the director of the divi-
 38 sion shall file with the Executive Commission on Ethical Standards
 39 a financial disclosure statement listing all assets and liabilities,
 40 property and business interests, and sources of income of said
 41 member or director and his spouse and shall provide to the
 42 Attorney General a financial disclosure statement listing all assets
 43 and liabilities, property and business interests, and sources of
 44 income of the parents, brothers, sisters, and children of said mem-
 45 ber or director. Such statement shall be under oath and shall be
 46 filed at the time of appointment and annually thereafter.

47 e. Each employee of the commission, except for secretarial and
 48 clerical personnel, and each employee and agent of the division,
 49 except for secretarial and clerical personnel, shall file with the
 50 Executive Commission on Ethical Standards a financial disclosure
 51 statement listing all assets and liabilities, property and business
 52 interests, and sources of income of said employee or agent and
 53 his spouse. Such statement shall be under oath and shall be filed
 54 at the time of employment and annually thereafter.

1 3. Section 59 of P. L. 1977, c. 110 (C. 5:12-59) is amended to read
 2 as follows:

3 59. Employment Restrictions on Commissioners, Commission
 4 Employees and Division Employees. a. The "New Jersey Conflicts
 5 of Interest Law" (P. L. 1971, c. 182; C. 52:13D-12 et seq.) shall
 6 apply to members of the commission and to all employees of the
 7 commission and the division, except as herein specifically provided.

8 b. The commission shall, no later than January 1, 1981, promul-
 9 gate a Code of Ethics that is modeled upon the Code of Judicial
 10 Conduct of the American Bar Association, as amended and adopted
 11 by the Supreme Court of New Jersey. This Code of Ethics shall
 12 include, but not be limited to, provisions that address the pro-
 13 priety of relationships and dealings between the commission and
 14 its staff, and licensees and applicants for licensure under this act.

15 c. The division shall promulgate a Code of Ethics governing its
 16 specific needs.

17 d. The Codes of Ethics promulgated by the commission and the
 18 division shall not be in conflict with the laws of this State, except.

19 however, that said Codes of Ethics may be more restrictive than
20 any law of this State.

21 e. The Codes of Ethics promulgated by the commission and the
22 division shall be submitted to the Executive Commission on Ethical
23 Standards for approval. The Codes of Ethics shall include, but not
24 be limited to provisions that:

25 (1) No commission member or employee or division employee or
26 agent shall be permitted to gamble in any establishment licensed
27 by the commission except in the course of his duties.

28 (2) No commission member or employee or division employee or
29 agent shall solicit or accept employment from any person licensed
30 by or registered with the commission or from any applicant for a
31 period of four years after termination of service with the commis-
32 sion or division, unless subject to section 60 of this act.

33 (3) No commission member or employee or any division employee
34 or agent shall act in his official capacity in any matter wherein he
35 or his spouse, child, parent or sibling has a direct or indirect per-
36 sonal financial interest that might reasonably be expected to impair
37 his objectivity or independence of judgment.

38 (4) No commission employee or any division employee or agent
39 shall act in his official capacity in a matter concerning an applicant
40 for licensure or a licensee who is the employer of a spouse, child,
41 parent or sibling of said commission or division employee or agent
42 when the fact of the employment of such spouse, child, parent or
43 sibling might reasonably be expected to impair the objectivity and
44 independence of judgment of said commission employee or division
45 employee or agent.

46 (5) No spouse, child, parent or sibling of a commission member
47 shall be employed in any capacity by an applicant for a casino
48 license or a casino licensee nor by any holding, intermediary or
49 subsidiary company thereof.

50 (6) No commission member shall meet with any person, except
51 for any other member of the commission or employee of the com-
52 mission, or discuss with any issues involving any pending or pro-
53 posed application or any matter whatsoever which may reasonably
54 be expected to come before the commission, or any member thereof,
55 for determination unless the meeting or discussion takes place on
56 the business premises of the commission, provided, however, that
57 commission members may meet to consider matters requiring the
58 physical inspection of equipment or premises at the location of
59 the equipment or premises. All meetings or discussions subject to
60 this paragraph shall be noted in a log maintained for this purpose
61 and available for inspection pursuant to the provisions of P. L.

63 f. No commission member or employee or division employee or
 64 agent shall have any interest, direct or indirect, in any applicant
 65 or in any person licensed by or registered with the commission
 66 during his term of office or employment.

67 g. Each commission member and employee of the commission,
 68 including legal counsel, and each employee and agent of the di-
 69 vision shall devote his entire time and attention to his duties and
 70 shall not pursue any other business or occupation or other gainful
 71 employment; provided, however, that secretarial and clerical per-
 72 sonnel may engage in such other gainful employment as shall not
 73 interfere with their duties to the commission or division, unless
 74 otherwise directed; and provided further, however, that other em-
 75 ployees of the commission and division and agents of the division
 76 may engage in such other gainful employment as shall not interfere
 77 or be in conflict with their duties to the commission or division,
 78 upon approval by the commission or the director of the division,
 79 as the case may be.

80 h. No member of the commission, employee of the commission,
 81 or employee or agent of the division shall:

82 (1) Use his official authority or influence for the purpose of
 83 interfering with or affecting the result of an election or a nomina-
 84 tion for office;

85 (2) Directly or indirectly coerce, attempt to coerce, command or
 86 advise any person to pay, lend or contribute anything of value to
 87 a party, committee, organization, agency or person for political
 88 purposes; or

89 (3) Take any active part in political campaigns or the manage-
 90 ment thereof; provided, however, that nothing herein shall pro-
 91 hibit a person from voting as he chooses or from expressing his
 92 personal opinions on political subjects and candidates.

93 i. For the purpose of applying the provisions of the "New Jersey
 94 Conflicts of Interest Law," any consultant or other person under
 95 contract for services to the commission *and the division* shall be
 96 deemed to be a special State employee, *except that the restrictions*
 97 *of section 4 of P. L. 1981, c. 142 (C. 52:13D-17.2) shall not apply to*
 98 *such person. Such person and any corporation, firm or partnership*
 99 *in which he has an interest or by which he is employed shall not*
 100 *represent any person or party other than the commission before*
 101 *the commission.*

1 4. Section 64 of P. L. 1977, c. 110 (C. 5:12-64) is amended to
 2 read as follows:

3 64. Commission Powers—Denials and Sanctions. The commis-
 4 sion shall assure, *to the extent required by this act*, that licenses,

5 *approvals, certificates, or permits shall not be issued to nor held by,*
 6 *nor shall there be any material involvement, directly or indirectly,*
 7 *with the licensed casino operation or the ownership thereof by, un-*
 8 *qualified or disqualified persons [or unsuitable persons.] or per-*
 9 *sons whose operations are conducted in a manner not conforming*
 10 *with the provisions of this act. For the purposes of this section,*
 11 *“unqualified person[,” “disqualified person,” or “unsuitable per-*
 12 *son]” shall mean any person who is found by the commission to be*
 13 *unqualified pursuant to criteria set forth in sections 84 or 89, and*
 14 *“disqualified person” shall mean any person found by the commis-*
 15 *sion to be disqualified pursuant to the criteria set forth in section*
 16 *86 [c., e., f., g., and h., or to lack the financial responsibility and*
 17 *capability specified in the provisions of section 84]. In enforcing*
 18 *the provisions of this act, the commission shall have the power and*
 19 *authority to deny any application; limit or restrict any license,*
 20 *registration, certificate, permit or approval; suspend or revoke any*
 21 *license, registration, certificate, permit or approval; and, impose a*
 22 *penalty on any person licensed, registered, or previously approved*
 23 *for any cause deemed reasonable by the commission pursuant to*
 24 *rules and regulations promulgated thereby, except that no such*
 25 *denial, limitation, suspension or revocation shall be issued solely*
 26 *by reason of the fact that an applicant, registrant, or licensee holds*
 27 *an interest in or is associated with any licensed casino enterprise*
 28 *in any other jurisdiction.*

1 5. Section 65 of P. L. 1977, c. 110 (C. 5:12-65) is amended to
 2 read as follows:

3 65. Subpenas; Oaths. The commission shall have the power and
 4 authority to issue subpenas and to compel the attendance of wit-
 5 nesses at any place within this State, to administer oaths and to
 6 require testimony under oath *before the commission or division in*
 7 *the course of any investigation or hearing conducted under this act.*
 8 The commission may serve *or cause to be served* its process or
 9 notices in a manner provided for the service of process and notice
 10 in civil actions in accordance with the rules of court. The commis-
 11 sion *and the division* shall have the authority to propound written
 12 interrogatories and *the commission* may appoint hearing examiners,
 13 to whom may be delegated the power and authority to administer
 14 oaths, issue subpenas, propound written interrogatories, and re-
 15 quire testimony under oath.

1 6. Section 68 of P. L. 1977, c. 110 (C. 5:12-68) is amended to
 2 read as follows:

3 68. Collection of Fees, Penalties or Tax. At any time within
 4 five years after any amount of fees, interest, penalties or tax re-

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

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

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

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

c. Any interested person may file a petition with the commission requesting the adoption, amendment or repeal of a regulation. Such petition shall state clearly and concisely:

(1) The substance and nature of the regulation, amendment or repeal requested;

(2) The reason for the request; and

(3) Reference to the authority of the commission to take the action requested.

Upon receipt of the petition, the commission shall schedule the matter for hearing within 90 days and shall render a decision within 30 days after the completion of said hearing.

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

e. *Notwithstanding any other provision of this act or the "Administrative Procedure Act," P. L. 1968, c. 410 (C. 52:14B-1 et seq.) to the contrary, the commission may, after notice provided in accordance with this subsection, authorize the temporary adoption, amendment or repeal of any rule concerning the conduct of gaming or the use or design of gaming equipment for an experimental period not to exceed 90 days for the purpose of determining whether such rules should be adopted on a permanent basis in ac-*

32 cordance with the requirements of this section. Any rules experi-
 33 ment authorized by this subsection shall be conducted under such
 34 terms and conditions as the commission may deem appropriate.
 35 Notice of any temporary rulemaking action taken by the commis-
 36 sion pursuant to this subsection shall be published in the New Jer-
 37 sey Register, and provided to the newspapers designated by the
 38 commission pursuant to subsection d. of section 3 of P. L. 1975, c.
 39 231 (C. 10:4-8), at least seven days prior to the initiation of the
 40 experimental period and shall be prominently posted in each casino
 41 participating in the experiment. Nothing herein shall be deemed
 42 to require the publication of the text of any temporary rule adopted
 43 by the commission or notice of any modification of a rules experi-
 44 ment initiated in accordance with this subsection. The text of any
 45 temporary rule adopted by the commission shall be posted in each
 46 casino participating in the experiment and shall be available upon
 47 request from the commission. In no case shall any temporary rule
 48 authorize the use or operation of any game not authorized by the
 49 Legislature.

1 S. Section 73 of P. L. 1977, c. 110 (C. 5:12-73) is amended to
 2 read as follows:

3 73. Meetings and Quorum. a. Meetings of the commission will
 4 be held at the discretion of the chairman at such times and places
 5 as he may deem necessary and convenient, or at the call of three
 6 members of the commission.

7 b. The commission shall in all respects comply with the provi-
 8 sions of the "Open Public Meetings Act" (P. L. 1975, c. 231: C.
 9 10:4-6 et seq.), *except that the commission may exclude the pub-*
 10 *lic from any deliberations or discussions of the commission occur-*
 11 *ring after a public hearing that may result in the grant, denial, or*
 12 *conditioning of casino entity licensure or the renewal or refusal*
 13 *to renew that licensure, or from any deliberations in accordance*
 14 *with the provisions of paragraph (9) of subsection b. of section 7*
 15 *of P. L. 1975, c. 231 (C. 10:4-12).*

16 c. Any other law, rule or regulation to the contrary notwith-
 17 standing, the commission shall take all necessary steps to ensure
 18 that all interested persons are given adequate notice of commission
 19 meetings, and the agenda of such meetings, through the utilization
 20 of all media engaged in the dissemination of information.

21 d. A majority of the full commission shall determine any action
 22 of the commission, except that no casino license may be issued
 23 without the approval of four members. In the event that a vacancy
 24 has existed in the commission for more than 60 days, a majority
 25 of the full commission may act with respect to any matter, includ-
 26 ing the issuance of a casino license.

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

3 74. Minutes and Records. a. The commission shall cause to be
4 made and kept a verbatim record of all proceedings held at public
5 meetings of the commission, which record shall be open to public
6 inspection.

7 A true copy of the minutes of every meeting of the commission
8 and of any regulations finally adopted by the commission shall be
9 forthwith delivered, by and under the certification of the executive
10 secretary, to the Governor, the Secretary of the Senate, and the
11 Clerk of the General Assembly.

12 b. The commission shall keep and maintain a list of all appli-
13 cants for licenses and registrations under this act together with a
14 record of all actions taken with respect to such applicants, which
15 file and record shall be open to public inspection; provided, how-
16 ever, that the foregoing information regarding any applicant whose
17 license or registration has been denied, revoked, or not renewed
18 shall be removed from such list after five years from the date of
19 such action.

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

22 d. Except as provided in subsection h. of this section, all in-
23 formation and data required by the commission to be furnished
24 hereunder, or which may otherwise be obtained, relative to the
25 internal controls specified in section 99a. of this act or to the earn-
26 ings or revenue of any applicant, registrant, or licensee shall be
27 considered to be confidential and shall not be revealed in whole or
28 in part except in the course of the necessary administration of this
29 act, or upon the lawful order of a court of competent jurisdiction,
30 or, with the approval of the Attorney General, to a duly authorized
31 law enforcement agency.

32 e. All information and data pertaining to an applicant's criminal
33 record, family, and background furnished to or obtained by the
34 commission from any source shall be considered confidential and
35 may be withheld in whole or in part, except that any information
36 shall be released upon the lawful order of a court of competent
37 jurisdiction or, with the approval of the Attorney General, to a
38 duly authorized law enforcement agency.

39 f. Notice of the contents of any information or data released,
40 except to a duly authorized law enforcement agency pursuant to
41 subsection d. or e. of this section, may be given to any applicant,
42 registrant, or licensee in a manner prescribed by the rules and
43 regulations adopted by the commission.

44 g. Files, records, reports and other information in the possession
 45 of the New Jersey Division of Taxation pertaining to licensees
 46 shall be made available to the commission and the division as may
 47 be necessary to the effective administration of this act.

48 h. The following information to be reported periodically to the
 49 commission *by a casino licensee* shall not be considered confidential
 50 and shall be made available for public inspection:

51 (1) A licensee's **operating revenues and expenses** *gross reve-*
 52 *nue* from all authorized games as herein defined:

53 (2) (a) The dollar amount of patron checks initially accepted by
 54 a licensee, (b) the dollar amount of patron checks deposited to the
 55 licensee's bank account, (c) the dollar amount of such checks
 56 initially dishonored by the bank and returned to the licensee as
 57 "uncollected," and (d) the dollar amount ultimately uncollected
 58 after all reasonable efforts;

59 (3) The amount of gross revenue tax or investment alternative
 60 tax actually paid and the amount of investment, if any, required
 61 and allowed, pursuant to section 144 of P. L. 1977, c. 110 (C.
 62 5:12-144) and section 3 of P. L. 1984, c. 218 (C. 5:12-144.1):

63 (4) A list of the premises and the nature of improvements, costs
 64 thereof and the payees for all such improvements, which were the
 65 subject of an investment required and allowed pursuant to section
 66 144 of P. L. 1977, c. 110 (C. 5:12-144) and section 3 of P. L. 1984,
 67 c. 218 (C. 5:12-144.1):

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

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

74 (7) **All information and data submitted to the commission re-**
 75 **lating to the licensee's annual revenues and expenditures, including**
 76 **annual audits.** *All annual financial statements submitted to the*
 77 *commission which have been audited by an independent certified*
 78 *public accountant licensed to practice in the State of New Jersey.*

79 Nothing in this subsection shall be construed to limit access by
 80 the public to those forms and documents required to be filed pur-
 81 suant to Article 11 of this act.

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

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

6 (1) The organization, financial structure and nature of all busi-
 7 nesses operated by the corporation; the names and personal
 8 employment and **【crimnial】** *criminal* histories of all officers, direc-
 9 tors and principal employees of the corporation; the names of all
 10 holding, intermediary and subsidiary companies of the corpora-
 11 tion; and the organization, financial structure and nature of all
 12 businesses operated by such of its holding, intermediary and sub-
 13 sidiary companies as the commission may require, including names
 14 and personal employment and criminal histories of such officers,
 15 directors and principal employees of such corporations and com-
 16 panies as the commission may require;

17 (2) The rights and privileges acquired by the holders of differ-
 18 ent classes of authorized securities of such corporations and com-
 19 panies as the commission may require, including the names, ad-
 20 dresses and amounts held by all holders of such securities;

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

23 (4) The terms and conditions of all outstanding loans, mort-
 24 gages, trust deeds, pledges or any other indebtedness or security
 25 devices utilized by the corporation;

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

29 (6) Names of persons other than directors and officers who
 30 occupy positions specified by the commission or whose compensa-
 31 tion exceeds an amount determined by the commission, and the
 32 amount of their compensation;

33 (7) A description of all bonus and **【profit sharing】** *profit-shar-*
 34 *ing* arrangements;

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

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

37 b. If a corporation applying for a casino license is, or if a cor-
 38 poration holding a casino license is to become, a subsidiary, each
 39 holding company and each intermediary company with respect
 40 thereto must, as a condition of the said subsidiary acquiring or
 41 retaining such license, as the case may be:

42 (1) Qualify to do business in the State of New Jersey; and

43 (2) If it is a corporation, register with the commission and
 44 furnish the commission with all the information required of a
 45 corporate **【license】** *licensee* as specified in subsection a. (1), (2)
 46 and (3) of this section and such other information as the com-
 47 mission may require; or

48 (3) If it is not a corporation, register with the commission and
 49 furnish the commission with such information as the commission
 50 may prescribe. The commission may, in its discretion, make such
 51 investigations concerning the officers, directors, underwriters,
 52 security holders, partners, principals, trustees or persons owning
 53 or beneficially holding any interest in any holding company or
 54 intermediary company as it deems necessary, either at the time
 55 of initial registration or at any time thereafter.

56 c. No corporation shall be eligible to hold a casino license unless
 57 each officer: each director: each person who directly or indirectly
 58 holds any beneficial interest or ownership of the securities issued
 59 by the corporation; any person who in the opinion of the commis-
 60 sion has the ability to control the corporation or elect a majority
 61 of the board of directors of that corporation, other than a banking
 62 or other licensed lending institution which holds a mortgage or
 63 other lien acquired in the ordinary course of business: each princi-
 64 pal employee: and any lender, underwriter, agent, employee of the
 65 corporation, or other person whom the commission may consider
 66 appropriate for approval or qualification would, but for residence,
 67 individually be qualified for approval as a casino key employee
 68 pursuant to the provisions of this act.

69 d. No corporation which is a subsidiary shall be eligible to [re-
 70 ceived] *receive* or hold a casino license unless each holding and
 71 intermediary company with [resepect] *respect* thereto:

72 (1) If it is a corporation, shall comply with the provisions of
 73 subsection c. of this section as if said holding or intermediary
 74 company were itself applying for a casino license; provided,
 75 however, that the commission with the concurrence of the director
 76 *may waive, temporarily and conditionally, pending investigation*
 77 *by the division and qualification by the commission, compliance*
 78 *with the provisions of subsection c. hereof on the part of a pub-*
 79 *licly-traded corporation as to any officer, director, lender, under-*
 80 *writer, agent or employee thereof, or person directly or indirectly*
 81 *holding a beneficial interest or ownership of the securities of such*
 82 *corporation; and provided, further, however, that the commission*
 83 *with the concurrence of the director may waive compliance with*
 84 the provisions of subsection c. hereof on the part of a publicly-
 85 traded corporation which is a holding company as to any officer,
 86 director, lender, underwriter, agent or employee thereof, or per-
 87 son directly or indirectly holding a beneficial interest or owner-
 88 ship of the securities of such corporation, where the commission
 89 and the director are satisfied that such officer, director, lender,
 90 underwriter, agent or employee is not significantly involved in the

91 activities of the corporate licensee, and in the case of security hold-
 92 ers, does not have the ability to control the publicly-traded corpora-
 93 tion or elect one or more directors thereof; or

94 (2) If it is not a corporation, shall comply with the provisions
 95 of subsection e. of this section as if said company were itself
 96 applying for a casino license.

97 e. Any noncorporate applicant for a casino license shall provide
 98 the information required in subsection a. of this section in such
 99 form as may be required by the commission. No such applicant
 100 shall be eligible to hold a casino license unless each person who
 101 directly or **[indirectly]** *indirectly* holds any beneficial interest or
 102 ownership in the applicant, or who in the opinion of the commis-
 103 sion has the ability to control the applicant, or whom the commis-
 104 sion may consider appropriate for approval or qualification, would,
 105 but for residence, individually be qualified for approval as a casino
 106 key employee pursuant to the provisions of this act.

1 11. Section 86 of P. L. 1977, c. 110 (C. 5:12-86) is amended to
 2 read as follows:

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

6 a. Failure of the applicant to prove by clear and convincing
 7 evidence that the applicant is qualified in accordance with the pro-
 8 visions of this act;

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

15 c. The conviction of the applicant, or of any person required to
 16 be qualified under this act as a condition of a casino license, of any
 17 offense in any jurisdiction which would be under *present* New Jer-
 18 sey law **[at the time of application]** a violation of any of the fol-
 19 lowing provisions of law:

20 (1) With respect to **[convictions obtained pursuant to]** *offenses*
 21 *under* the "New Jersey Code of Criminal Justice," P. L. 1978, c. 95
 22 (Title 2C of the New Jersey Statutes) as amended and supple-
 23 mented:

24 all crimes of the first degree;

25 N. J. S. 2C:5-1 (attempt to commit an offense which is listed in
 26 this **[paragraph]** *subsection*):

27 N. J. S. 2C:5-2 (conspiracy to commit an offense which is listed
 28 in this **[paragraph]** *subsection*);

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

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

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

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

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

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

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

40 N. J. S. 2C:18-2 (burglary which constitutes a crime of the sec-
41 ond degree);

42 N. J. S. 2C:20-1 et seq. (theft and related offenses which con-
43 stitute crimes of the second and third degrees);

44 **[N. J. S. 2C:20-7 (receiving stolen property):]**

45 N. J. S. 2C:21-1 et seq. (forgery and fraudulent practices which
46 constitute crimes of the second and third degrees);

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

48 N. J. S. 2C:21-14 (receiving deposits in a failing financial in-
49 stitution);

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

51 N. J. S. 2C:28-1 et seq. (perjury and other falsification in official
52 matters which **[constitutes a crime]** *constitute crimes* of the sec-
53 ond, third and fourth degrees);

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

56 N. J. S. 2C:37-1 et seq. (gambling offenses which constitute
57 crimes of third and fourth degrees);

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

59 **[(2) With respect to convictions obtained under Title 2A of the**
60 **New Jersey Statutes:**

61 N. J. S. 2A:85-5 (attempt to commit an offense which is in this
62 paragraph);

63 N. J. S. 2A:89-1 et seq. (arson and other burnings);

64 N. J. S. 2A:90-1 et seq. (assault and battery);

65 N. J. S. 2A:91-1 et seq. (banks and financial corporations);

66 N. J. S. 2A:93-1 (bribery of judge or magistrate: acceptance of
67 bribe);

68 N. J. S. 2A:93-2 (bribery of legislators: acceptance by legisla-
69 tors or other persons);

70 N. J. S. 2A:93-4 (soliciting or receiving award for official vote);

71 N. J. S. 2A:93-6 (giving or accepting bribes in connection with
72 government work, service, etc.);

73 N. J. S. 2A:93-10 (giving or promising bribe to participants in
 74 sporting contest);
 75 N. J. S. 2A:93-13 (giving or promising bribe to referee, umpire
 76 or other official in sporting contest);
 77 N. J. S. 2A:94-1 (breaking and entering or entering);
 78 N. J. S. 2A:94-2 (use of high explosives in breaking or entering);
 79 N. J. S. 2A:98-1 (conspiracy to commit an offense which is
 80 enumerated in this paragraph);
 81 N. J. S. 2A:99-1 (obstructing execution of process; assaulting
 82 officers);
 83 N. J. S. 2A:102-1 et seq. (embezzlement, conversion and mis-
 84 appropriation);
 85 N. J. S. 2A:103-1 et seq. (embracey);
 86 N. J. S. 2A:105-1 et seq. (extortion, threats and unlawful tak-
 87 ings);
 88 N. J. S. 2A:108-9 (narcotic drugs; persuading others to use);
 89 N. J. S. 2A:109-1 to N. J. S. 2A:109-3, N. J. S. 2A:109-6 to
 90 N. J. S. 2A:109-9 (forgery and counterfeiting);
 91 N. J. S. 2A:111-1 to N. J. S. 2A:111-3, N. J. S. 2A:111-5 to
 92 N. J. S. 2A:111-15, N. J. S. 2A:111-18 to N. J. S. 2A:111-21.1,
 93 N. J. S. 2A:111-23 and N. J. S. 2A:111-24, N. J. S. 2A:111-28 to
 94 N. J. S. 2A:111-32, N. J. S. 2A:111-34 to N. J. S. 2A:111-35,
 95 N. J. S. 2A:111-37 to N. J. S. 2A:111-46 (frauds and cheats);
 96 N. J. S. 2A:112-1 et seq. (gaming);
 97 N. J. S. 2A:113-1 (murder);
 98 N. J. S. 2A:113-5 (manslaughter);
 99 N. J. S. 2A:114-2 (incestuous conduct between parent and child);
 100 N. J. S. 2A:118-1 et seq. (kidnapping);
 101 N. J. S. 2A:119-1 to N. J. S. 2A:119-5, P. L. 1965, c. 52 (C.
 102 2A:119-5.1 et seq.) (larceny and other stealings);
 103 N. J. S. 2A:119-8 (stealing narcotic drugs; breaking and entering
 104 with intent to steal);
 105 P. L. 1968, c. 349 (C. 2A:119A-1 et seq.) (loansharking);
 106 N. J. S. 2A:121-1 et seq. (lotteries);
 107 N. J. S. 2A:125-1 et seq. (mayhem);
 108 N. J. S. 2A:131-1 to N. J. S. 2A:131-3 (perjury and subornation
 109 of perjury);
 110 N. J. S. 2A:135-3 (public officers or employees unlawfully obtain-
 111 ing state, county, municipal or school district funds);
 112 N. J. S. 2A:138-1 et seq. (rape and carnal abuse);
 113 N. J. S. 2A:139-1 et seq. (receiving stolen property);
 114 N. J. S. 2A:141-1 (robbery);
 115 N. J. S. 2A:143-2 (sodomy with children under 10);

116 P. L. 1957, c. 49 (C. 2A:148-22.1) (giving false information to law
117 enforcement officer or agency);

118 (3) (2) Any high misdemeanor under section 19 of P. L. 1970,
119 c. 226 (C. 24:21-19) or *an attempt, endeavor or conspiracy to*
120 *commit any such high misdemeanor pursuant to section 24 of P. L.*
121 *1970, c. 226 (C. 24:21-24); or*

122 [(4)] (3) Any other offense which indicates that licensure of the
123 applicant would be inimical to the policy of this act and to casino
124 operations: provided, however, that the automatic disqualification
125 provisions of this subsection shall not apply with regard to any
126 conviction which did not occur within the 10-year period immedi-
127 ately preceding application for licensure and which the applicant
128 demonstrates by clear and convincing evidence does not justify
129 automatic disqualification pursuant to this subsection and any
130 conviction which has been the subject of a judicial order of ex-
131 punction or sealing [and provided, further however, that, any
132 applicant or any person required to be qualified under this act as
133 a condition of a casino license who is disqualified on the basis of
134 paragraph (2) herein shall not be so disqualified if such applicant
135 or person demonstrates to the commission by clear and convincing
136 evidence that the act or acts which constitute the offense which
137 forms the basis for such disqualification would not form the basis
138 for a disqualification pursuant to paragraph (1) of this section]:

139 d. Current prosecution or pending charges in any jurisdiction of
140 the applicant or of any person who is required to be qualified under
141 this act as a condition of a casino license, for any of the offenses
142 enumerated in subsection c. of this section; provided, however,
143 that at the request of the applicant or the person charged, the
144 commission shall defer decision upon such application during the
145 pendency of such charge:

146 e. The pursuit by the applicant or any person who is required to
147 be qualified under this act as a condition of a casino license of
148 economic gain in an occupational manner or context which is in
149 violation of the criminal or civil public policies of this State, if
150 such pursuit creates a reasonable belief that the participation of
151 such person in casino operations would be inimical to the policies of
152 this act or to legalized gaming in this State. For purposes of this
153 section, occupational manner or context shall be defined as the
154 systematic planning, administration, management, or execution of
155 an activity for financial gain:

156 f. The identification of the applicant or any person who is re-
157 quired to be qualified under this act as a condition of a casino
158 license as a career offender or a member of a career offender cartel

159 or an associate of a career offender or career offender cartel in such
 160 a manner which creates a reasonable belief that the association is
 161 of such a nature as to be inimical to the policy of this act and to
 162 gaming operations. For purposes of this section, career offender
 163 shall be defined as any person whose behavior is pursued in an
 164 occupational manner or context for the purpose of economic gain,
 165 utilizing such methods as are deemed criminal violations of the
 166 public policy of this State. A career offender cartel shall be de-
 167 fined as any group of persons who operate together as career
 168 offenders;

169 g. The commission by the applicant or any person who is re-
 170 quired to be qualified under this act as a condition of a casino
 171 license of any act or acts which would constitute any offense under
 172 subsection c. of this section, even if such conduct has not or may
 173 not be prosecuted under the criminal laws of this State; and

174 h. Contumacious defiance by the applicant or any person who is
 175 required to be qualified under this act of any legislative investi-
 176 gatory body or other official investigatory body of any state or of
 177 the United States when such body is engaged in the investigation
 178 of crimes relating to gaming, official corruption, or organized crime
 179 activity.

1 12. Section 88 of P. L. 1977, c. 110 (C. 5:12-88) is amended to
 2 read as follows:

3 88. Renewal of Casino Licenses. a. Subject to the power of the
 4 commission to deny, revoke, or suspend licenses, any casino license
 5 in force shall be renewed by the commission for the next succeeding
 6 license period upon proper application for renewal and payment of
 7 license fees and taxes as required by law and the regulations of the
 8 commission. The commission shall act upon any such application no
 9 later than 30 days prior to the date of expiration of the current
 10 license.

11 b. Application for renewal shall be filed with the commission no
 12 later than **[90]** 120 days prior to the expiration of the current
 13 license, and all license fees and taxes as required by law shall be
 14 paid to the commission on or before the date of expiration of the
 15 current license.

16 c. Upon renewal of any license the commission shall issue an
 17 appropriate renewal certificate or validating device or sticker which
 18 shall be attached to each casino license.

1 13. Section 89 of P. L. 1977, c. 110 (C. 5:12-89) is amended to
 2 read as follows:

3 89. Licensing of Casino Key Employees. a. No person may be
 4 employed as a casino key employee unless he is the holder of a
 5 valid casino key employee license issued by the commission

6 b. Each applicant must, prior to the issuance of any casino key
7 employee license, produce information, documentation and assur-
8 ances concerning the following qualification criteria:

9 (1) Each applicant for a casino key employee license shall pro-
10 duce such information, documentation and assurances as may be
11 required to establish by clear and convincing evidence the financial
12 stability, integrity and responsibility of the applicant, including
13 but not limited to bank references, business and personal income
14 and disbursements schedules, tax returns and other reports filed
15 with governmental agencies, and business and personal accounting
16 and check records and ledgers. In addition, each applicant shall, in
17 writing, authorize the examination of all bank accounts and records
18 as may be deemed necessary by the commission or the division.

19 (2) Each applicant for a casino key employee license shall pro-
20 duce such information, documentation and assurances as may be
21 required to establish by clear and convincing evidence the appli-
22 cant's [reputation for] good character, honesty and integrity. Such
23 information shall include, without limitation, data pertaining to
24 family, habits, character, *reputation*, criminal and arrest record,
25 business activities, financial affairs, and business, professional and
26 personal associates, covering at least the 10-year period imme-
27 diately preceding the filing of the application. Each applicant shall
28 notify the commission of any civil judgments obtained against such
29 applicant pertaining to antitrust or security regulation laws of the
30 federal government, of this State or of any other state, jurisdic-
31 tion, province or country. In addition, each applicant shall, upon
32 request of the commission or the division, produce letters of refer-
33 ence from law enforcement agencies having jurisdiction in the ap-
34 plicant's place of residence and principal place of business, which
35 letters of reference shall indicate that such law enforcement
36 agencies do not have any pertinent information concerning the ap-
37 plicant, or if such law enforcement agency does have information
38 pertaining to the applicant, shall specify what that information is.
39 If the applicant has been associated with gaming or casino opera-
40 tions in any capacity, position or employment in a jurisdiction
41 which permits such activity, the applicant shall, upon request of
42 the commission or division, produce letters of reference from the
43 gaming or casino enforcement or control agency, which shall specify
44 the experience of such agency with the applicant, his associates
45 and his participation in the gaming operations of that jurisdiction;
46 provided, however, that if no such letters are received from the
47 appropriate law enforcement agencies within 60 days of the appli-
48 cant's request therefor, the applicant may submit a statement under

49 oath that he is or was during the period such activities were con-
50 ducted in good standing with such gaming or casino enforcement
51 or control agency.

52 (3) Each applicant shall produce such information, documen-
53 tation and assurances as may be required to establish by clear and
54 convincing evidence that the applicant has sufficient business ability
55 and casino experience as to establish the reasonable likelihood of
56 success and efficiency in the particular position involved.

57 (4) Each applicant shall be a resident of the State of New Jersey
58 prior to the issuance of a casino key employee license; provided,
59 however, that upon petition by the holder of a casino license, the
60 commission may waive this residency requirement for any appli-
61 cant whose particular position will require him to be employed
62 outside the State.

63 The commission may also, by regulation, require that all appli-
64 cants for casino key employee licenses be residents of this State
65 for a period not to exceed six months immediately prior to the
66 issuance of such license, but application may be made prior to the
67 expiration of the required period of residency. The commission
68 shall, by resolution, waive the required residency period for an
69 applicant upon a showing that the residency period would cause
70 undue hardship upon the casino licensee which intends to employ
71 said applicant, or upon a showing of other good cause.

72 c. The commission shall endorse upon any license issued here-
73 under the particular positions as defined by this act or by regula-
74 tion which the licensee is qualified to hold.

75 d. The commission shall deny a casino key employee license to
76 any applicant who is disqualified on the basis of the criteria con-
77 tained in section 86 of this act.

78 e. Upon petition by the holder of a casino license [or the holder
79 of a temporary casino permit], the commission may, no earlier than
80 30 days after the date of the petition, issue a temporary license to
81 an applicant for a casino key employee license, provided that:

82 (1) The applicant for the casino key employee license has filed
83 a complete application as required by the commission;

84 (2) The division certifies to the commission that the complete
85 casino key employee license application as specified in paragraph
86 (1) of this subsection has been in the possession of the division for
87 at least 30 days;

88 (3) The information provided by the applicant indicates that
89 the applicant meets the requirements of subsection b. (3) of this
90 section;

91 (4) The petition for a temporary casino key employee license
 92 certifies, and the commission finds, that an existing casino key
 93 employee position of the petitioner is vacant *or will become vacant*
 94 *within 60 days of the date of the petition* and that the issuance of
 95 a temporary key employee license is necessary to fill the said
 96 vacancy on an emergency basis to continue the efficient operation
 97 of the casino, and that such circumstances are extraordinary and
 98 not designed to circumvent the normal licensing procedures of this
 99 act;

100 (5) The division does not object to the issuance of the temporary
 101 casino key employee license.

102 In the event that an applicant for a casino key employee license
 103 is the holder of a valid casino employee license issued pursuant to
 104 section 90 of this act, and if the provisions of paragraphs (1), (2),
 105 (3), and (5) of this subsection are satisfied, the commission may
 106 issue a temporary casino key employee license upon petition by the
 107 holder of a casino license [or the holder of a temporary casino
 108 permit], if the commission finds the issuance of a casino key em-
 109 ployee license will be delayed by necessary investigations and the
 110 said temporary casino key employee license is necessary for the
 111 operation of the casino.

112 Unless otherwise terminated pursuant to this act, any temporary
 113 casino key employee license issued pursuant to this subsection shall
 114 expire six months from the date of its issuance, and shall be re-
 115 newable by the commission, in the absence of objection by the
 116 division as specified in paragraph (5) of this subsection, for one
 117 additional three-month period.

1 14. Section 90 of P. L. 1977, c. 110 (C. 5:12-90) is amended to
 2 read as follows:

3 90. Licensing of Casino Employees. a. No person may commence
 4 employment as a casino employee unless he is the holder of a valid
 5 casino employee license.

6 b. Any applicant for a casino employee license must, prior to
 7 the issuance of any such license, produce sufficient information,
 8 documentation and assurances to meet the qualification criteria,
 9 including New Jersey residency, contained in subsection b. of
 10 section 89 of this act and any additional residency requirement
 11 imposed under subsection c. of this section; except that the
 12 standards for business ability and casino experience may be satis-
 13 fied by a showing of casino job experience and knowledge of the
 14 provisions of this act and regulations pertaining to the particular
 15 position involved, or by successful completion of a course of study
 16 at a licensed school in an approved curriculum.

17 c. The commission may, by regulation, require that all applicants
18 for casino employee licenses be residents of this State for a period
19 not to exceed six months immediately prior to the issuance of such
20 license, but application may be made prior to the expiration of the
21 required period of residency. The commission shall, by resolution,
22 waive the required residency period for an applicant upon a show-
23 ing that the residency period would cause undue hardship upon the
24 casino licensee which intends to employ said applicant, or upon a
25 showing of other good cause.

26 d. The commission shall endorse upon any license issued here-
27 under the particular positions as defined by regulation which the
28 licensee is qualified to hold.

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

32 f. For the purposes of this section, casino security employees
33 shall be considered casino employees and must, in addition to any
34 requirements under other laws, be licensed in accordance with the
35 provisions of this act.

36 g. A temporary license may be issued by the commission to
37 casino employees for positions not directly related to gaming activ-
38 ity if, in its judgment, the issuance of a plenary license will be
39 restricted by necessary investigations and said temporary licensing
40 of the applicant is necessary for the operation of the casino. Unless
41 otherwise terminated pursuant to this act, a temporary license
42 issued pursuant to this subsection shall expire six months from the
43 date of its issuance and be renewable, at the discretion of the
44 commission, for one additional six month period. Positions
45 "directly related to gaming activity" shall include, but not be limited
46 to, boxmen, floormen, dealers or croupiers, cage personnel, count
47 room personnel, slot and slot booth personnel, credit and collection
48 personnel, casino surveillance personnel, and casino security em-
49 ployees whose employment duties require or authorize access to the
50 casino.

51 h. Notwithstanding the provisions of subsection e. of this section,
52 no applicant shall be denied a casino employee license on the basis
53 of a conviction of any of the offenses enumerated in this act as
54 disqualification criteria *or the commission of any act or acts which*
55 *would constitute any offense under subsection c. of section 86 of*
56 *P. L. 1977, c. 110 (C. 5:12-86), as specified in subsection g. of that*
57 *section*; provided that the applicant has affirmatively demonstrated
58 his rehabilitation. In determining whether the applicant has
59 affirmatively demonstrated his rehabilitation the commission shall
60 consider the following factors:

- 61 (1) The nature and duties of the position applied for;
- 62 (2) The nature and seriousness of the offense *or conduct*;
- 63 (3) The circumstances under which the offense *or conduct*
- 64 occurred;
- 65 (4) The date of the offense *or conduct*;
- 66 (5) The age of the applicant when the offense *or conduct* was
- 67 committed;
- 68 (6) Whether the offense *or conduct* was an isolated or repeated
- 69 incident;
- 70 (7) Any social conditions which may have contributed to the
- 71 offense *or conduct*;
- 72 (8) Any evidence of rehabilitation, including good conduct in
- 73 prison or in the community, counseling or psychiatric treatment
- 74 received, acquisition of additional academic or vocational schooling,
- 75 successful participation in correctional work-release programs, or
- 76 the recommendation of persons who have or have had the applicant
- 77 under their supervision.

1 15. Section 91 of P. L. 1977, c. 110 (C. 5:12-91) is amended to
2 read as follows:

3 91. Registration of Casino Hotel Employees. a. No person may
4 commence employment as a casino hotel employee unless he has
5 been registered with the commission, which registration shall be
6 in accordance with subsection f. of this section.

7 b. Any applicant for casino hotel employee registration shall
8 produce such information as the commission may require. Subse-
9 quent to the registration of a casino hotel employee, the commission
10 may revoke, suspend, limit, or otherwise restrict the registration
11 upon a finding that the registrant is disqualified on the basis of the
12 criteria contained in section 86 of P. L. 1977, c. 110 (C. 5:12-86).

13 c. The commission may, by regulation, require that all applicants
14 for casino hotel employee registration be residents of this State
15 for a period not to exceed three months immediately prior to such
16 registration, but application may be made prior to the expiration
17 of the required period of residency. The commission shall waive
18 the required residency period for an applicant upon a showing that
19 the residency period would cause undue hardship upon the casino
20 licensee which intends to employ said applicant, or upon a showing
21 of other good cause.

22 d. Notwithstanding the provisions of subsection b. of this section
23 no casino hotel employee registration shall be revoked on the basis
24 of a conviction of any of the offenses enumerated in this act as
25 disqualification criteria *or the commission of any act or acts which*

26 *would constitute any offense under subsection c. of section 86 of*
 27 *P. L. 1977, c. 110 (C. 5:12-86), as specified in subsection g. of that*
 28 *section, provided that the registrant has affirmatively demon-*
 29 *strated his rehabilitation. In determining whether the registrant*
 30 *has affirmatively demonstrated his rehabilitation the commission*
 31 *shall consider the following factors:*

- 32 (1) The nature and duties of the registrant's position;
- 33 (2) The nature and seriousness of the offense *or conduct*;
- 34 (3) The circumstances under which the offense *or conduct*
 35 occurred;
- 36 (4) The date of the offense *or conduct*;
- 37 (5) The age of the registrant when the offense *or conduct* was
 38 committed;
- 39 (6) Whether the offense *or conduct* was an isolated or repeated
 40 incident;
- 41 (7) Any social conditions which may have contributed to the
 42 offense *or conduct*;
- 43 (8) Any evidence of rehabilitation, including good conduct in
 44 prison or in the community, counseling or psychiatric treatment
 45 received, acquisition of additional academic or vocational school-
 46 ing, successful participation in correctional work-release programs,
 47 or the recommendation of persons who have or have had the regis-
 48 trant under their supervision.

49 e. The commission may waive any disqualification criterion for
 50 a casino hotel employee consistent with the public policy of this
 51 act and upon a finding that the interests of justice so require.

52 f. Upon petition by the holder of a casino license [or temporary
 53 casino permit], casino hotel employee registration shall be granted
 54 to each applicant for casino hotel employee registration named
 55 therein, provided that the petition certifies that each such applicant
 56 has filed a completed application for casino hotel employee regis-
 57 tration as required by the commission.

58 Any person who, on the effective date of this amendatory act,
 59 possesses a current and valid temporary or plenary casino hotel
 60 employee license, or has a completed application for such licensure
 61 pending before the commission, shall be considered registered in
 62 accordance with the provisions of this section.

1 16. Section 95 of P. L. 1977, c. 110 (C. 5:12-110) is amended to
 2 read as follows:

3 95. Renewal of Licenses and Registrations. Subject to the power
 4 of the commission to deny, revoke or suspend any license or
 5 registration, any license other than a casino license or any registra-
 6 tion may be renewed upon proper application for renewal [no later

26 *would constitute any offense under subsection c. of section 86 of*
27 *P. L. 1977, c. 110 (C. 5:12-86), as specified in subsection g. of that*
28 *section, provided that the registrant has affirmatively demon-*
29 *strated his rehabilitation. In determining whether the registrant*
30 *has affirmatively demonstrated his rehabilitation the commission*
31 *shall consider the following factors:*

- 32 (1) The nature and duties of the registrant's position;
- 33 (2) The nature and seriousness of the offense *or conduct*;
- 34 (3) The circumstances under which the offense *or conduct*
35 occurred;
- 36 (4) The date of the offense *or conduct*;
- 37 (5) The age of the registrant when the offense *or conduct* was
38 committed;
- 39 (6) Whether the offense *or conduct* was an isolated or repeated
40 incident;
- 41 (7) Any social conditions which may have contributed to the
42 offense *or conduct*;
- 43 (8) Any evidence of rehabilitation, including good conduct in
44 prison or in the community, counseling or psychiatric treatment
45 received, acquisition of additional academic or vocational school-
46 ing, successful participation in correctional work-release programs,
47 or the recommendation of persons who have or have had the regis-
48 trant under their supervision.

49 e. The commission may waive any disqualification criterion for
50 a casino hotel employee consistent with the public policy of this
51 act and upon a finding that the interests of justice so require.

52 f. Upon petition by the holder of a casino license [or temporary
53 casino permit], casino hotel employee registration shall be granted
54 to each applicant for casino hotel employee registration named
55 therein, provided that the petition certifies that each such applicant
56 has filed a completed application for casino hotel employee regis-
57 tration as required by the commission.

58 Any person who, on the effective date of this amendatory act,
59 possesses a current and valid temporary or plenary casino hotel
60 employee license, or has a completed application for such licensure
61 pending before the commission, shall be considered registered in
62 accordance with the provisions of this section.

1 16. Section 95 of P. L. 1977, c. 110 (C. 5:12-110) is amended to
2 read as follows:

3 95. Renewal of Licenses and Registrations. Subject to the power
4 of the commission to deny, revoke or suspend any license or
5 registration, any license other than a casino license or any registra-
6 tion may be renewed upon proper application for renewal [no later

7 than 120 days prior to the expiration of the current license or
8 registration,] and the payment of fees [as provided by law on or
9 before] *in accordance with the rules of the commission, but in no*
10 *event later than* the date of expiration of the current license or
11 registration. [The commission shall act upon such application for
12 renewal no later than 30 days prior to the date of expiration of
13 the current license or registration.]

1 17. Section 96 of P. L. 1977, c. 110 (C. 5:12-96) is amended to
2 read as follows:

3 96. Operation Certificate. a. Notwithstanding the issuance of a
4 license therefor, no casino may be opened or remain open to the
5 public, and no gaming activity except for test purposes, may be
6 conducted therein, unless and until a valid operation certificate has
7 been issued to the casino licensee by the commission. Such certifi-
8 cate shall be issued by the commission upon a finding that a casino
9 complies in all respects with the requirements of this act and
10 regulations promulgated hereunder, that the casino licensee has
11 implemented necessary management controls and security precau-
12 tions, that casino personnel are properly trained and licensed for
13 their respective responsibilities, and that the casino is prepared
14 in all respects to receive the public.

15 b. The operation certificate shall include a statement of com-
16 pliance with subsection a. of this section and an itemized list by
17 category and number of the authorized games permitted in the
18 particular casino establishment.

19 c. A casino licensee shall notify the commission [30 days] in
20 advance of any proposed change in the number of authorized
21 games to be played in a particular casino, and shall request the
22 issuance of an operation certificate which permits such changes
23 to occur. The commission shall issue a revised operation certificate
24 unless it finds that the planned change in authorized games does not
25 conform to the requirements of this act or regulations promulgated
26 hereunder, or that there has been a change of circumstances in the
27 casino or with respect to the casino licensee materially affecting
28 compliance with subsection a. of this section.

29 d. An operation certificate shall remain in force and effect unless
30 altered in accordance with subsection c. of this section, or revoked,
31 suspended, limited, or otherwise altered by the commission in
32 accordance with this act.

33 e. It shall be an express condition of continued operation under
34 this act that a casino licensee shall maintain all books, records, and
35 documents pertaining to the licensee's operations and approved
36 hotel in a manner and location within this State approved by the

37 commission. All such books, records and documents shall be im-
 38 mediately available for inspection during all hours of operation in
 39 accordance with the rules of the commission and shall be maintained
 40 for a period of seven years or such other period of time as the
 41 commission shall require.

1 18. Section 99 of P. L. 1977, c. 110 (C. 5:12-99) is amended to
 2 read as follows:

3 99. Internal Controls. a. Each casino licensee shall submit to the
 4 commission a description of its system of internal procedures and
 5 administrative and accounting controls. Such submission shall be
 6 made at least **[90]** 120 days before gaming operations are to com-
 7 mence or *at least 90 days* before changes in previously submitted
 8 control plans are to become effective, unless otherwise directed by
 9 the commission. Each such submission shall contain both narrative
 10 and diagrammatic representations of the internal control system to
 11 be utilized by the casino, including, but not limited to:

12 (1) Accounting controls, including the standardization of forms
 13 and definition of terms to be utilized in the gaming operations;

14 (2) Procedures, forms, and, where appropriate, formulas cov-
 15 ering the calculation of hold percentages, revenue drop, expense
 16 and overhead schedules, complimentary services, junkets, cash
 17 equivalent transactions, salary structure and personnel practices;

18 (3) Job descriptions and the system of personnel and chain-of-
 19 command, establishing a diversity of responsibility among em-
 20 ployees engaged in casino operations and identifying primary and
 21 secondary supervisory positions for areas of responsibility, which
 22 areas shall not be so extensive as to be impractical for an individual
 23 to monitor;

24 (4) Procedures within the cashier's cage for the receipt, storage
 25 and disbursal of chips, cash, and other cash equivalent used in
 26 gaming; the cashing of checks; the redemption of chips and other
 27 cash equivalents used in gaming; the pay-off of jackpots; and the
 28 recording of transactions pertaining to gaming operations;

29 (5) Procedures for the collection and security of moneys at the
 30 gaming tables;

31 (6) Procedures for the transfer and recordation of chips be-
 32 tween the gaming tables and the cashier's cage;

33 (7) Procedures for the transfer of moneys from the gaming
 34 tables to the counting process;

35 (8) Procedures and security for the counting and recordation
 36 of revenue;

37 (9) Procedures for the security, storage and recordation of chips
 38 and other cash equivalents utilized in the gaming operation;

39 (10) Procedures for the transfer of moneys or chips from and
40 to the slot machines;

41 (11) Procedures and standards for the opening and security of
42 slot machines;

43 (12) Procedures for the payment and recordation of slot ma-
44 chine jackpots;

45 (13) Procedures for the cashing and recordation of checks ex-
46 changed by casino patrons;

47 (14) Procedures governing the utilization of the private security
48 force within the casino;

49 (15) Procedures and security standards for the handling and
50 storage of gaming apparatus including cards, dice, machines,
51 wheels and all other gaming equipment;

52 (16) Procedures and rules governing the conduct of particular
53 games and the responsibility of casino personnel in respect there-
54 to; and

55 (17) Procedures for separately recording all transactions pur-
56 suant to section 101 of this act involving the Governor, any State
57 officer or employee, or any special State officer or employee, any
58 member of the Judiciary, any member of the Legislature, or any
59 officer of a municipality or county in which casino gaming is au-
60 thorized, and for the quarterly filing with the Attorney General of a
61 list reporting all such transactions.

62 b. The commission shall review each submission required by
63 subsection a. hereof, and shall determine whether it conforms to
64 the requirements of this act and to the regulations promulgated
65 thereunder and whether the system submitted provides adequate
66 and effective controls for the operations of the particular casino
67 submitting it. If the commission finds any insufficiencies, it shall
68 specify same in writing to the casino licensee, who shall make
69 appropriate alterations. When the commission determines a sub-
70 mission to be adequate in all respects, it shall notify the casino
71 licensee of same. No casino licensee shall commence gaming opera-
72 tions, or alter in fact its internal controls, unless and until such
73 system of controls is approved by the commission.

1 19. Section 107 of P. L. 1977, c. 110 (C. 5:12-107) is amended to
2 read as follows:

3 107. Conduct of Hearings; Rules of Evidence; Punishment of
4 Contempts; Rehearing.

5 a. At all hearings of the commission in contested cases, as defined
6 in section 2 of P. L. 1968, c. 410 (C. 52:14B-2):

7 (1) Unless the commission hears the matter directly, the chair-
8 man shall refer the matter to the Office of Administrative Law in

9 accordance with P. L. 1978, c. 67 (C. 52:14F-1 et seq.); provided,
10 however, that the chairman may, in his discretion, designate a
11 member of the commission to serve as hearing examiner in a par-
12 ticular matter;

13 (2) The proceedings at the hearing shall be recorded or tran-
14 scribed;

15 (3) Oral evidence shall be taken only upon oath or affirmation;

16 (4) Each party to a hearing shall have the right to call and
17 examine witnesses; to introduce exhibits relevant to the issues of
18 the case, including the transcript of testimony at any investigative
19 hearing conducted by or on behalf of the commission; to cross-
20 examine opposing witnesses in any matters relevant to the issue
21 of the case; to impeach any witness, regardless of which party
22 called him to testify; and to offer rebuttal evidence;

23 (5) If an applicant, licensee, registrant or person who shall be
24 qualified pursuant to this act is a party and if such party shall not
25 testify in his own behalf, he may be called and examined as if under
26 cross-examination;

27 (6) The hearing shall not be conducted according to rules relat-
28 ing to the admissibility of evidence in courts of law. Any relevant
29 evidence may be admitted and shall be sufficient in itself to support
30 a finding if it is the sort of evidence upon which responsible persons
31 are accustomed to rely in the conduct of serious affairs, regardless
32 of the existence of any common law or statutory rule which might
33 make improper the admission of such evidence over objection in
34 a civil action; and

35 (7) The parties or their counsel may, by written stipulation,
36 agree that certain specified evidence may be admitted, although
37 such evidence may be otherwise subject to objection.

38 b. The commission may take official notice of any generally ac-
39 cepted information or technical or scientific matter in the field of
40 gaming and of any other fact which may be judicially noticed by
41 the courts of this State. The parties shall be informed of any in-
42 formation, matters or facts so noticed and shall be given a reason-
43 able opportunity, on request, to refute such information, matters
44 or facts by evidence or by written or oral presentation of authori-
45 ties, the manner of such refutation to be determined by the com-
46 mission. The commission may, in its discretion, before rendering
47 its decision, permit the filing of amended or supplemental pleadings
48 and shall notify all parties thereof and provide a reasonable op-
49 portunity for objections thereto.

50 c. If any person in proceedings before the commission disobeys
51 or resists any lawful order, refuses to respond to a subpoena, re-

52 fuses to take the oath or affirmation as a witness or thereafter re-
 53 fuses to be examined, or is guilty of misconduct at the hearing or
 54 so near the place thereof as to obstruct the proceeding, the person
 55 may be punished for contempt in accordance with the Rules of
 56 Court if the commission certifies the facts underlying the contu-
 57 macious behavior to the Superior Court. Thereafter, the courts
 58 shall have jurisdiction in the matter, and the same proceeding shall
 59 be had, the same penalties may be imposed, and the person charged
 60 may purge himself of the contempt in the same way as in the case
 61 of a person who has committed contempt in the trial of a civil
 62 action before the Superior Court.

63 d. (1) The commission may, upon motion therefor made within
 64 10 days after the service of the decision and order, order a re-
 65 hearing before the commission upon such terms and conditions as
 66 it may deem just and proper *when the commission finds cause to*
 67 *believe that the decision and order should be reconsidered in view*
 68 *of the legal, policy or factual matters advanced by the moving party*
 69 *or raised by the commission on its own motion.*

70 **【Such motion shall be granted only】** (2) *Upon motion made*
 71 *within a reasonable time, but in no event later than one year from*
 72 *the service of the decision and order, the commission may relieve*
 73 *a party from the decision and order* upon a showing that there is
 74 additional evidence which is material and necessary and which
 75 would be reasonably likely to change the decision of the commission,
 76 and that sufficient reason existed for failure to present such
 77 evidence at the hearing of the commission *or on a motion under*
 78 *paragraph (1) of this subsection.* The motion shall be supported
 79 by an affidavit of the moving party or his counsel showing with
 80 particularity the materiality and necessity of the additional evi-
 81 dence and the reason why it was not **【introduced】** *presented* at the
 82 hearing *or on a motion under paragraph (1) of this subsection.*
 83 Upon rehearing, rebuttal evidence to the additional evidence shall
 84 be admitted. After rehearing, the commission may modify its
 85 decision and order as the additional evidence may warrant.

86 (3) *A motion for relief from a decision and order which is based*
 87 *on any ground other than the presentation of newly discovered*
 88 *evidence shall be governed as to both timelessness and sufficiently*
 89 *by the regulations of the commission which shall be modeled, to the*
 90 *extent practical, upon the rules then governing similar motions*
 91 *before the courts of this State.*

1 20. Section 141 of P. L. 1977, c. 110 (C. 5:12-141) is amended to
 2 read as follows:

3 141. Fees for Other Than Casino Licenses. The commission shall,

4 by regulation, establish [annual] fees for the *investigation and*
 5 *consideration of applications for the* issuance and renewal of
 6 registrations and licenses other than casino licenses, which fees
 7 shall be payable by the *applicant*, licensee or [the] registrant.

1 21. Section 149 of P. L. 1977, c. 110 (C. 5:12-149) is amended to
 2 read as follows:

3 149. Determination of Tax Liability. If a return or deposit
 4 required by section 145 *with regard to obligations imposed by*
 5 *subsection a. of section 144 of P. L. 1977, c. 110 (C. 5:12-144)* is not
 6 filed or paid, or if a return or deposit when filed or paid is incorrect
 7 or insufficient in the opinion of the [State Treasurer] *commission*,
 8 the amount of tax due or deposit shall be determined by [the State
 9 Treasurer from such information as may be available] *an audit of*
 10 *the casino licensee's books and records performed by the commis-*
 11 *sion*. Notice of such determination shall be given to the licensee
 12 liable for the payment of the tax or deposit. Such determination
 13 shall finally and irrevocably fix the tax unless the person against
 14 whom it is assessed, within 30 days after receiving notice of such
 15 determination, shall apply to the [State Treasurer] *commission*
 16 for a hearing, or unless the [State Treasurer] *commission* on [his]
 17 *its* own motion shall redetermine the same. After such hearing the
 18 [State Treasurer] *commission* shall give notice of [his] *its* deter-
 19 nation to the person against whom the tax is assessed.

1 22. Section 150 of P. L. 1977, c. 110 (C. 5:12-150) is amended to
 2 read as follows:

3 150. Penalties. a. Any licensee who shall fail to file his return
 4 when due or to pay any tax or deposit when the same becomes due,
 5 as herein provided, shall be subject to such penalties and interest
 6 as provided in the "State Tax Uniform Procedure Law," Sub-
 7 title 9 of Title 54 of the Revised Statutes. If the State Treasurer
 8 determines that the failure to comply with any provision of this
 9 Article was excusable under the circumstances, he may remit such
 10 part or all of the penalty as shall be appropriate under such
 11 circumstances.

12 b. Any person failing to file a return, failing to pay the tax or
 13 deposit, or filing or causing to be filed, or making or causing to be
 14 made, or giving or causing to be given any return, certificate,
 15 affidavit, representation, information, testimony or statement re-
 16 quired or authorized by this act, or rules or regulations adopted
 17 hereunder which is willfully false, or failing to keep any records
 18 required by this act or rules and regulations adopted hereunder,
 19 shall, in addition to any other penalties herein or elsewhere pre-
 20 scribed, be guilty of a misdemeanor and subject to not more than

- 22 c. **[The]** *Except as to those determinations required to be made*
 23 *by the commission pursuant to section 149 of P. L. 1977, c. 110*
 24 *(C. 5:12-149), the certificate of the State Treasurer to the effect*
 25 *that a tax or deposit has not been paid, that a return has not been*
 26 *filed, that information has not been supplied, or that inaccurate*
 27 *information has been supplied pursuant to the provisions of this act*
 28 *or rules or regulations adopted hereunder, shall be presumptive*
 29 *evidence thereof.*
- 30 d. If any part of any underpayment of tax required to be shown
 31 on a return is due to fraud, there shall be added to the tax an
 32 amount equal to 50% of the underpayment.
- 1 23. This act shall take effect immediately.

STATEMENT

This bill amends various provisions of the "Casino Control Act" concerning the Casino Control Commission and the Division of Gaming Enforcement.

The bill (1) eliminates the statutory salary cap for the Executive Secretary of the Casino Control Commission; (2) allows the Casino Control Commission and the Division of Gaming Enforcement, when hiring secretarial and clerical personnel, to waive the pre-employment restrictions; (3) eliminates the absolute ban on casino employment or representation by consultants used by the commission or the division; (4) explicitly authorizes the Casino Control Commission to attach conditions to the issuance of any license, thus conforming the act to the current interpretation of it by the New Jersey Supreme Court; (5) modifies the definitions of "qualified person" and "disqualified person" for consistency and clarity; (6) permits investigative subpoenas to be returnable before the Division of Gaming Enforcement; (7) subjects former applicants and registrants to suit for collection of fees and taxes owed to the State (present statutory language refers only to licensees); (8) permits the commission to adopt, without following the normal public notice procedure of the "Administrative Procedure Act," temporary rules concerning the conduct of gaming or the use or design of gaming equipment for an experimental period not to exceed 90 days; (9) exempts the commission from the "Open Public Meetings Act" in certain instances; (10) makes available for public inspection a casino licensee's gross revenue rather than its operating revenues and expenses, and only annual financial statements that have been audited by an independent certified public accountant licensed in New Jersey; (11) permits the commission to waive temporarily and conditionally for certain persons compliance with

qualification requirements; (12) makes various changes concerning disqualification criteria; (13) alters certain deadlines concerning the renewal of casino and non-casino licenses and the submission of internal control changes; (14) permits application for a temporary casino key employee license prior to the occurrence of a vacancy; (15) eliminates notice requirements regarding gaming changes; (16) alters time limitations concerning rehearings of commission decisions; (17) authorizes establishment of fees for investigation and consideration of applications, whether or not they result in registration or licensure; and (18) places responsibility for determining a casino's gross revenue tax liability on the commission rather than the State Treasurer.

GAMBLING—CASINOS

Amends "Casino Control Act" concerning certain powers, duties, and employees of Casino Control Commission and Division of Gaming Enforcement.

ASSEMBLY, No. 3568

STATE OF NEW JERSEY

INTRODUCED DECEMBER 18, 1986

By Assemblyman SCHUBER and Assemblywoman CRECCO

AN ACT to amend the "Casino Control Act," approved June 2, 1977
(P. L. 1977, c. 110).

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

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

3 9. "Casino Key Employee"—Any natural person employed in
4 the operation of a licensed casino in a supervisory capacity or
5 empowered to make discretionary decisions which regulate casino
6 operation. **[and who is not within an employee category defined**
7 elsewhere in this act,**]** including, without limitation, pit bosses**[.];**
8 shift bosses**[.]; credit executives; casino cashier supervisors[, and**
9 cashiers**];** casino managers and assistant managers; *and* managers
10 or supervisors of casino security employees; *or any other natural*
11 *person empowered to make discretionary decisions which regulate*
12 *the management of an approved hotel, including, without limitation,*
13 *hotel managers; entertainment directors; and food and beverage*
14 *directors; [and] or any other employee so designated by the Casino*
15 *Control Commission for reasons consistent with the policies of this*
16 *act.*

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

3 12. "Casino Service Industry"—Any form of enterprise which
4 provides **[casinos]** *casino applicants or licensees* with goods or
5 services on a regular or continuing basis, including, without limita-
6 tion, security businesses, gaming schools, manufacturers, distribu-

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

Matter printed in italics thus is new matter.

7 tors and servicers of gaming devices or equipment, garbage haulers,
8 maintenance companies, food purveyors, *construction companies* or
9 any other enterprise which does business with **[licensed casinos]**
10 *casino applicants or licensees* on a regular or continuing basis.
11 Notwithstanding the foregoing, any form of enterprise engaged in
12 the manufacture, sale, distribution or repair of slot machines
13 within New Jersey, other than antique slot machines as defined in
14 N. J. S. 2C:37-7, shall be considered a casino service industry for
15 the purposes of this act regardless of the nature of its business
16 relationship, if any, with licensed casinos in this State.

17 *For the purposes of this section, "casino applicant" includes any*
18 *person who has applied for any necessary license or approval*
19 *required to be obtained in accordance with subsection a. of section*
20 *82 of P. L. 1977, c. 110 (C. 5:12-82).*

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

3 45. "Slot machine"—Any mechanical, electrical or other device,
4 contrivance or machine which, upon insertion of a coin, token or
5 similar object therein, or upon payment of any consideration what-
6 soever, is available to play or operate, the play or operation of
7 which, whether by reason of the skill of the operator or application
8 of the element of chance, or both, may deliver or entitle the person
9 playing or operating the machine to receive cash or tokens to be
10 exchanged for cash, or to receive merchandise or any thing of value
11 whatsoever **[or a token to be exchanged for merchandise or any**
12 **thing of value]**, whether the payoff is made automatically from the
13 machine or in any other manner whatsoever, except that: a. no
14 merchandise or thing of value shall be offered as part of a payoff
15 of any slot machine unless such merchandise or thing of value has
16 a cash equivalent value of at least \$5,000.00, and b. the cash equiva-
17 lent value of any merchandise or other thing of value shall not be
18 included in the total of all sums paid out as winnings to patrons
19 for purposes of determining gross revenues as defined by section
20 24 of P. L. 1977, c. 110 (C. 5:12-24) or be included in determining
21 the payout percentage of any slot machine. The commission shall
22 promulgate rules defining "cash equivalent value" in order to as-
23 sure fairness, uniformity and comparability of valuation of slot
24 machine payoffs.

1 4. Section 82 of P. L. 1977, c. 110 (C. 5:12-82) is amended to
2 read as follows:

3 82. Casino License—Applicant Eligibility. a. No casino shall
4 operate unless all necessary licenses and approvals therefor have
5 been obtained in accordance with law.

6 h. Only the following persons shall be eligible to hold a casino
7 license; and, unless otherwise determined by the commission with
8 the concurrence of the Attorney General which may not be un-
9 reasonably withheld in accordance with subsection c. of this section,
10 each of the following persons shall be required to hold a casino
11 license prior to the operation of a casino in the hotel with respect
12 to which the casino license has been applied for:

13 (1) Any person who either owns an approved hotel building or
14 owns or has a contract to purchase or construct a hotel which in
15 the judgment of the commission can become an approved hotel
16 building within 30 months or within such additional time period
17 as the commission may, upon a showing of good cause therefor,
18 establish;

19 (2) Any person who, whether as lessor or lessee, either leases
20 an approved hotel building or leases or has an agreement to lease
21 a hotel which in the judgment of the commission can become an
22 approved hotel building within 30 months or within such additional
23 time period as the commission may, upon a showing of good cause
24 therefor, establish;

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

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

31 c. Prior to the operation of the casino, every agreement to lease
32 an approved hotel building or the land thereunder and every
33 agreement for the management of the casino shall be in writing
34 and filed with the commission. No such agreement shall be effective
35 unless expressly approved by the commission. The commission may
36 require that any such agreement include within its terms any
37 provision reasonably necessary to best accomplish the policies of
38 this act. Consistent with the policies of this act:

39 (1) The commission, with the concurrence of the Attorney Gen-
40 eral which may not be unreasonably withheld, may determine that
41 any person who does not have the ability to exercise any significant
42 control over either the approved hotel building or the operation of
43 the casino contained therein shall not be eligible to hold or required
44 to hold a casino license;

45 (2) The commission, with the concurrence of the Attorney Gen-
46 eral which may not be unreasonably withheld, may determine that
47 any owner, lessor or lessee of an approved hotel building or the
48 land thereunder who does not own or lease the entire approved

x

49 hotel building shall not be eligible to hold or required to hold a
50 casino license;

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

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

58 (5) As to agreements to lease an approved hotel building or the
59 land thereunder, unless it expressly and by formal vote for good
60 cause determines otherwise, the commission shall require that each
61 party thereto hold either a casino license or casino service industry
62 license and that such an agreement be for a durational term exceed-
63 ing 30 years, concern 100% of the entire approved hotel building
64 or of the land upon which same is located, and include within its
65 terms a buy-out provision conferring upon the casino licensee-lessee
66 who controls the operation of the approved hotel the absolute right
67 to purchase for an expressly set forth fixed sum the entire interest
68 of the lessor or any person associated with the lessor in the
69 approved hotel building or the land thereunder in the event that
70 said lessor or said person associated with the lessor is found by
71 the commission to be unsuitable to be associated with a casino
72 enterprise;

73 (6) The commission shall not permit an agreement for the leasing
74 of an approved hotel building or the land thereunder to provide
75 for the payment of an interest, percentage or share of money
76 gambled at the casino or derived from casino gaming activity or
77 of revenues or profits of the casino unless the party receiving pay-
78 ment of such interest, percentage or share is a party to the approved
79 lease agreement; unless each party to the lease agreement holds
80 either a casino license or casino service industry license and unless
81 the agreement is for a durational term exceeding 30 years, con-
82 cerns a significant portion of the entire approved hotel building or
83 of the land upon which same is located, and includes within its
84 terms a buy-out provision conforming to that described in para-
85 graph (5) above;

86 (7) As to agreements for the management of a casino, the com-
87 mission shall require that each party thereto hold a casino license,
88 that the party thereto who is to manage the casino own at least
89 10% of all outstanding equity securities of any casino licensee or
90 of any eligible applicant for a casino license if the said licensee or
91 applicant is a corporation and the ownership of an equivalent

92 interest in any casino licensee or in any eligible applicant for a
93 casino license if same is not a corporation, and that such an
94 agreement be for the complete management of the casino, provide
95 for the sale and unrestricted power to direct the casino operations
96 of the casino which is the subject of the agreement, and be for
97 such a durational term as to assure reasonable continuity, stability
98 and independence in the management of the casino;

99 (8) The commission may permit an agreement for the manage-
100 ment of a casino to provide for the payment to the managing
101 party of an interest, percentage or share of money gambled at the
102 casino or derived from casino gaming activity or of revenues or
103 profits of the casino; and,

104 (9) As to agreements to lease an approved hotel building or the
105 land thereunder, agreements to jointly own an approved hotel
106 building or the land thereunder and agreements for the manage-
107 ment of a casino, the commission shall require that each party
108 thereto shall be jointly and severally liable for all acts, omissions
109 and violations of this act by any party thereto regardless of actual
110 knowledge of such act, omission or violation and notwithstanding
111 any provision in such agreement to the contrary.

112 d. No corporation shall be eligible to apply for a casino license
113 unless the corporation shall:

114 (1) Be incorporated in the State of New Jersey, although such
115 corporation may be a wholly or partially owned subsidiary of a
116 corporation which is organized pursuant to the laws of another
117 state of the United States or of a foreign country:

118 (2) Maintain an office of the corporation in the premises licensed
119 or to be licensed;

120 (3) Comply with all the requirements of the laws of the State
121 of New Jersey pertaining to corporations;

122 (4) Maintain a ledger in the principal office of the corporation in
123 New Jersey which shall at all times reflect the current ownership
124 of every class of security issued by the corporation and shall be
125 available for inspection by the commission or the division and
126 authorized agents of the commission and the division at all reason-
127 able times without notice;

128 (5) Maintain all operating accounts required by the commission
129 in a bank in New Jersey;

130 (6) Include among the purposes stated in its certificate of
131 incorporation the conduct of casino gaming and provide that the
132 certificate of incorporation includes all provisions required by
133 this act;

134 (7) If it is not a publicly traded corporation, file with the com-
135 mission such adopted corporate charter [or bylaws] provisions as
136 may be necessary to establish the right of *prior approval by* the
137 commission [to approve future] *with regard to* transfers of
138 [corporate] securities, shares, and other interests in the applicant
139 corporation and in any non-publicly traded holding company,
140 intermediary company, or subsidiary thereof; and, if it is a publicly
141 traded corporation, said corporation shall provide in its corporate
142 charter [or bylaws] that any securities of such corporation are
143 held subject to the condition that if a holder thereof is found to be
144 disqualified by the commission pursuant to the provisions of this
145 act, such holder shall dispose of his interest in the corporation;
146 provided, however, that, notwithstanding the provisions of N. J. S.
147 14A:7-12 and N. J. S. 12A:8-101 et seq., nothing herein shall be
148 deemed to require that any security of such corporation bear any
149 legend to this effect; and

150 (8) If it is not a publicly traded corporation, establish to the
151 satisfaction of the commission that appropriate charter [or bylaw]
152 provisions create the absolute right of such non-publicly traded
153 corporations and companies to repurchase at the market price or
154 the purchase price, whichever is the lesser, any security, share or
155 other interest in the corporation in the event that the commission
156 disapproves a transfer in accordance with the provisions of this act.

157 *The provisions of this subsection shall apply with the same force*
158 *and effect with regard to casino license applicants and casino*
159 *licensees which have a legal existence that is other than corporate*
160 *to the extent which is appropriate, and the provisions of paragraphs*
161 *(7) and (8) of this subsection shall have the same force and effect*
162 *with regard to the holding companies, intermediary companies and*
163 *subsidiaries of casino licensees, as well as the corporate charters*
164 *and partnership agreements of such entities.*

165 e. No person shall be issued or be the holder of more than three
166 casino licenses. For the purpose of this subsection a person shall be
167 considered the holder of a casino license if such license is issued to
168 such person or if such license is held by any holding, intermediary
169 or subsidiary company thereof, or by any officer, director, casino
170 key employee or principal employee of such person, or of any hold-
171 ing, intermediary or subsidiary company thereof.

1 5. Section 92 of P. L. 1977, c. 110 (C. 5:12-92) is amended to
2 read as follows:

3 92. Licensing and Registration of Casino Service Industries.

4 a. (1) All casino service industries offering goods or services
5 which directly relate to casino or gaming activity, including gaming

6 equipment manufacturers, suppliers and repairers, schools teach-
7 ing gaming and either playing or dealing techniques, and casino
8 security services, shall be licensed in accordance with the provi-
9 sions of this act prior to conducting any business whatsoever with
10 a casino *applicant or* licensee, its employees or agents, and in the
11 case of a school, prior to enrollment of any students or offering of
12 any courses to the public whether for compensation or not; pro-
13 vided, however, that upon a showing of good cause by a casino
14 *applicant or* licensee for each business transaction, the commission
15 may permit an applicant for a casino service industry license to
16 conduct business transactions with such casino *applicant or* licensee
17 prior to the licensure of that *service industry* applicant under this
18 subsection.

19 (2) In addition to the requirements of paragraph (1) of this
20 subsection, any casino service industry intending to manufacture,
21 sell, distribute or repair slot machines within New Jersey, other
22 than antique slot machines as defined in N. J. S. 2C:37-7, shall be
23 licensed in accordance with the provisions of this act prior to
24 engaging in any such activities; provided, however, that upon a
25 showing of good cause by a casino *applicant or* licensee for each
26 business transaction, the commission may permit an applicant for
27 a casino service industry license to conduct business transactions
28 with the casino *applicant or* licensee prior to the licensure of that
29 *service industry* applicant under this subsection; and provided
30 further, however, that upon a showing of good cause by an appli-
31 cant required to be licensed as a casino service industry pursuant
32 to this paragraph, the commission may permit the *service industry*
33 applicant to initiate the manufacture of slot machines or engage in
34 the sale, distribution or repair of slot machines with any person
35 other than a casino *applicant or* licensee, its employees or agents,
36 prior to the licensure of that *service industry* applicant under this
37 subsection.

38 b. Each casino service industry in subsection a. of this section,
39 as well as its owners, management and supervisory personnel and
40 other principal employees must qualify under the standards, except
41 residency, established for qualification of a casino key employee
42 under this act. In addition, if the business or enterprise is a school
43 teaching gaming and either playing or dealing techniques, each
44 resident director, instructor, principal employee, and sales repre-
45 sentative employed thereby shall be licensed under the standards
46 established for qualification of a casino employee under this act;
47 provided, however, that nothing in this subsection shall be deemed
48 to require, in the case of a public school district or a public insti-

49 tution of higher education, the licensure or qualification of any
 50 individuals except those instructors and other principal employees
 51 responsible for the teaching of playing or dealing techniques. The
 52 commission, in its discretion, may issue a temporary license to an
 53 applicant for an instructor's license upon a finding that the appli-
 54 cant meets the educational and experiential requirements for such
 55 license, that the issuance of a permanent license will be restricted
 56 by necessary investigations, and that temporary licensing is nec-
 57 essary for the operation of the gaming school. Unless otherwise
 58 terminated pursuant to this act, a temporary license issued pur-
 59 suant to this subsection shall expire six months from the date of its
 60 issuance and be renewable, at the discretion of the commission,
 61 for one additional six-month period.

62 c. All casino service industries not included in subsection a. of
 63 this section shall be licensed in accordance with rules of the com-
 64 mission prior to commencement or continuation of any business
 65 with a casino *applicant or licensee or its employees or agents*.
 66 Such casino service industries, whether or not directly related to
 67 gaming operations, shall include suppliers of alcoholic beverages,
 68 food and nonalcoholic beverages; garbage handlers; vending ma-
 69 chine providers; linen suppliers; maintenance companies; shop-
 70 keepers located within the approved hotels; [and] limousine ser-
 71 vices *and construction companies* contracting with casino *applicants*
 72 *or licensees or their employees or agents*. The commission may
 73 exempt any person or field of commerce from the licensing require-
 74 ments of this subsection if the person or field of commerce demon-
 75 strates (1) that it is regulated by a public agency or that it will
 76 provide goods or services in insubstantial or insignificant amounts
 77 or quantities, and (2) that licensing is not deemed necessary in
 78 order to protect the public interest or to accomplish the policies
 79 established by this act. Upon granting an exemption or at any time
 80 thereafter, the commission may limit or place such restrictions
 81 thereupon as it may deem necessary in the public interest, and
 82 shall require the exempted person to cooperate with the commis-
 83 sion and the division and, upon request, to provide information in
 84 the same manner as required of a casino service industry licensed
 85 pursuant to this subsection; provided, however, that no exemption
 86 that be granted unless the casino service industry complies with
 87 the requirements of sections 134 and 135 of this act.

88 d. Licensure pursuant to subsection c. of this section of any
 89 casino service industry may be denied to any applicant disqualified
 90 in accordance with the criteria contained in section 86 of this act.

1 6. Section 93 of P. L. 1977, c. 110 (C. 5:12-93) is amended to
 2 read as follows:

3 93. Registration of Labor Organizations. a. Each labor organi-
 4 zation, union or affiliate seeking to represent employees licensed
 5 or registered under this act and employed by a casino hotel or a
 6 casino licensee shall register with the commission annually, and
 7 shall disclose such information to the commission as the commission
 8 may require, including the names of all affiliated organizations,
 9 pension and welfare systems and all officers and agents of such
 10 organizations and systems; provided, however, that no labor
 11 organization, union, or affiliate shall be required to furnish such
 12 information to the extent such information is included in a report
 13 filed by any labor organization, union, or affiliate with the Secretary
 14 of Labor pursuant to 29 U. S. C. § 431 et seq. or § 1001 et seq. if a
 15 copy of such report, or of the portion thereof containing such in-
 16 formation, is furnished to the commission pursuant to the aforesaid
 17 federal provisions. The commission may in its discretion exempt
 18 any labor organization, union, or affiliate from the registration
 19 requirements of this subsection where the commission finds that
 20 such organization, union or affiliate is not the certified bargaining
 21 representative of any employee licensed or registered under this
 22 act, is not involved actively, directly or substantially in the control
 23 or direction of the representation of any such employee, and is not
 24 seeking to do so.

25 b. [No labor organization, union or affiliate registered or re-
 26 quired to be registered pursuant to this section and representing
 27 or seeking to represent employees licensed or registered under this
 28 act may receive any dues from any employee licensed or registered
 29 under this act and employed by a casino licensee or its agent, or
 30 administer any pension or welfare funds, if any officer, agent, or
 31 principal employee of the labor organization, union or affiliate is
 32 disqualified in accordance with the criteria contained in section 86
 33 of this act. The commission may for the purposes of this subsection
 34 waive any disqualification criterion consistent with the public policy
 35 of this act and upon a finding that the interests of justice so re-
 36 quire.] *No person may act as an officer, agent or principal em-*
 37 *ployee of a labor organization, union or affiliate registered or re-*
 38 *quired to be registered pursuant to this section and representing*
 39 *or seeking to represent employees licensed or registered under*
 40 *P. L. 1977, c. 110 (C. 5:12-1 et seq.) if the person has been found*
 41 *disqualified by the commission in accordance with the criteria con-*
 42 *tained in section 86 of that act. The commission may, for purposes*
 43 *of this subsection, waive any disqualification criterion consistent*
 44 *with the public policy of this act and upon a finding that the inter-*
 45 *ests of justice so require.*

46 c. Neither a labor organization, union or affiliate nor its officers
 47 and agents not otherwise individually licensed or registered under
 48 this act and employed by a casino licensee may hold any financial
 49 interest whatsoever in the casino hotel or casino licensee whose
 50 employees they represent.

51 d. *Any person, including any labor organization, union or affil-*
 52 *iate, who shall violate, aid and abet the violation, or conspire or*
 53 *attempt to violate this section is guilty of a crime of the fourth*
 54 *degree.*

55 e. *The commission or the division may maintain a civil action*
 56 *and proceed in a summary manner, without posting bond, against*
 57 *any person, including any labor organization, union or affiliate, to*
 58 *compel compliance with this section, or to prevent any violations,*
 59 *the aiding and abetting thereof, or any attempt or conspiracy to*
 60 *violate this section.*

61 f. *In addition to any other remedies provided in this section, a*
 62 *labor organization, union or affiliate registered or required to be*
 63 *registered pursuant to this section and representing or seeking to*
 64 *represent employees licensed or registered under P. L. 1977, c. 110*
 65 *(C. 5:12-1 et seq.) may be prohibited by the commission from re-*
 66 *ceiving any dues from any employee licensed or registered under*
 67 *that act and employed by a casino licensee or its agent, if any*
 68 *officer, agent or principal employee of the labor organization, union*
 69 *or affiliate has been found disqualified and if such disqualification*
 70 *has not been waived by the commission in accordance with sub-*
 71 *section b. of this section. The commission or the division may pro-*
 72 *ceed in the manner provided by subsection e. of this section to en-*
 73 *force an order of the commission prohibiting the receipt of dues.*

74 g. *Nothing contained in this section shall limit the power of the*
 75 *commission to proceed in accordance with subsection c. of section*
 76 *107 of P. L. 1977, c. 110 (C. 5:12-107).*

1 7. Section 100 of P. L. 1977, c. 110 (C. 5:12-100) is amended
 2 to read as follows:

3 100. Games and Gaming Equipment. a. This act shall not be con-
 4 strued to permit any gaming except the conduct of authorized
 5 games in a casino room in accordance with this act and the regula-
 6 tions promulgated hereunder.

7 b. Gaming equipment shall not be possessed, maintained or ex-
 8 hibited by any person on the premises of a casino hotel complex
 9 except in the casino room and in secure areas used for the inspec-
 10 tion, repair or storage of such equipment and specifically designated
 11 for that purpose by the casino licensee with the approval of the
 12 commission. No gaming equipment shall be possessed, maintained,

13 exhibited, brought into or removed from a casino room by any
14 person unless such equipment is necessary to the conduct of an
15 authorized game, has permanently affixed, imprinted, impressed or
16 engraved thereon an identification number or symbol authorized
17 by the commission, is under the exclusive control of a casino licensee
18 or his employees, and is brought into or removed from the casino
19 room at times authorized for that purpose by the commission or at
20 other times when prior notice has been given to and written
21 approval granted by an authorized agent of the commission.

22 *Notwithstanding the foregoing, a person may, with the prior ap-*
23 *proval of the commission and under such terms and conditions as*
24 *may be required by the commission, possess, maintain or exhibit*
25 *gaming equipment in any other area of the casino hotel complex*
26 *provided such equipment is used for nongaming purposes.*

27 c. Each casino hotel shall contain a count room and such other
28 secure facilities as may be required by the commission for the
29 counting and storage of cash, [coin] coins, tokens and checks re-
30 ceived in the conduct of gaming and for the inspection, counting
31 and storage of dice, cards, chips and other representatives of value.
32 All drop boxes and other devices wherein [cash] cash, coins, or
33 tokens are deposited at the gaming tables or in slot machines, and
34 all areas wherein such boxes and devices are kept while in use,
35 shall be equipped with two locking devices, one key to which shall
36 be under the exclusive control of the commission and the other
37 under the exclusive control of the casino licensee, and said drop
38 boxes and other devices shall not be brought into or removed from
39 the casino room, or locked or unlocked, except at such [time]
40 times, in such places, and according to such procedures as the com-
41 mission may require.

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

45 e. All gaming shall be conducted according to rules promulgated
46 by the commission. All wagers and pay-offs of winning wagers at
47 table games shall be made according to rules promulgated by the
48 commission, which shall establish such minimum wagers and other
49 limitations as may be necessary to assure the vitality of casino
50 operations and fair odds to and maximum participation by casino
51 patrons; provided, however, that a licensee may establish a higher
52 minimum wager with the prior approval of the commission. Each
53 slot machine shall have a minimum payout of 83%.

54 f. Each casino licensee shall make available in printed form to
55 any casino patron upon request the complete text of the rules of the

56 commission regarding games and the conduct of gaming, pay-offs
 57 of winning wagers, an approximation of the odds of winning for
 58 each wager, and such other advice to the player as the commission
 59 shall require. Each casino licensee shall prominently post within
 60 the casino room according to regulations of the commission such
 61 information about gaming rules, pay-offs of winning wagers, the
 62 odds of winning for each wager, and such other advice to the player
 63 as the commission shall require.

64 g. Each gaming table shall be equipped with a sign indicating the
 65 permissible minimum and maximum wagers pertaining thereto.
 66 It shall be unlawful for a casino licensee to require any wager to
 67 be greater than the stated minimum or less than the stated maxi-
 68 mum; provided, however, that any wager actually made by a patron
 69 and not rejected by a casino licensee prior to the commencement of
 70 play shall be treated as a valid wager.

71 h. No slot machine shall be used to conduct gaming unless it is
 72 identical in all electrical, mechanical and other aspects to a model
 73 thereof which has been specifically tested by the division and
 74 licensed for use by the commission. The commission shall, by
 75 regulation, establish such technical standards for licensure, includ-
 76 ing mechanical and electrical reliability, security against tamper-
 77 ing, the **[comprehensive]** *comprehensibility* of wagering, and noise
 78 and light levels, as it may deem necessary to protect the player
 79 from fraud or deception and to insure the integrity of gaming. In
 80 no event shall slot machines, including walkways between them,
 81 occupy more than 30% of the first 50,000 square feet of floor space
 82 of a casino, or more than 25% of any additional floor space of a
 83 casino larger than 50,000 square feet. The commission shall, by
 84 regulation, determine the permissible density of particular licensed
 85 slot machines or combinations thereof, based upon their size and
 86 light and noise levels, so as to create and maintain a gracious play-
 87 ing environment in the casino and to avoid deception or frequent
 88 distraction to players at gaming tables. The denominations of such
 89 machines shall be set by the licensee, subject to the prior approval
 90 of the commission.

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

- 94 Baccarat—300 square feet
- 95 Blackjack—100 square feet
- 96 Craps—200 square feet
- 97 Roulette—150 square feet
- 98 Bix Six Wheel—150 square feet

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

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

104 (2) **At least one craps table for every 10,000 square feet of**
 105 **casino space or part thereof;**

106 (3) At least one roulette table for every 10,000 square feet of
 107 casino space or part thereof;

108 (4) At least four blackjack tables for every 10,000 square feet
 109 of casino space or part thereof; and

110 (5) **No more than one Big Six Wheel and table for every 10,000**
 111 **square feet of casino space or part thereof.**

112 k. It shall be unlawful for any person to exchange or redeem
 113 chips for anything whatsoever, except currency, negotiable per-
 114 sonal checks, negotiable counter checks or other chips. A casino
 115 licensee shall, upon the request of any person, redeem that licensee's
 116 gaming chips surrendered by that person in any amount over \$25.00
 117 with a check drawn upon the licensee's account at any **bank**
 118 *banking* institution in this State and made payable to that person.

119 l. It shall be unlawful for any casino licensee or his agents or
 120 employees to employ, contract with, or use any shill or barker to
 121 induce any person to enter a casino or play at any game or for any
 122 purpose whatsoever.

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

126 n. It shall be unlawful for any casino *key* employee, other than
 127 a **a** junket**,** representative, or any casino employee, other than
 128 a bartender, waiter, waitress, or other casino employee who in the
 129 judgment of the commission is not directly involved with the con-
 130 duct of gaming operations, to wager at any game in any casino in
 131 this State.

132 o. (1) It shall be unlawful for any casino key employee or box-
 133 man, floorman, or any other casino employee who shall serve in a
 134 supervisory position to solicit or accept, and for any other casino
 135 employee to solicit, any tip or gratuity from any player or patron
 136 at the casino where he is employed.

137 (2) A dealer may accept tips or gratuities from a patron at the
 138 table at which such dealer is conducting play, subject to the pro-
 139 visions of this subsection. All such tips or gratuities shall be
 140 immediately deposited in a **lock box** *lockbox* reserved for that
 141 purpose, accounted for, and placed in a pool for distribution pro

142 rata among the dealers on a weekly basis, with the distribution
143 based upon the number of hours each dealer has worked.

1 8. Section 104 of P. L. 1977, c. 110 (C. 5:12-104) is amended to
2 read as follows:

3 104. Casino Licensee—Leases and Contracts. a. (1) Unless other-
4 wise provided in this subsection, no agreement which provides for
5 the payment, however defined, of any direct or indirect interest,
6 percentage or share of any money or property gambled at a casino
7 or derived from casino gaming activity or of any such interest,
8 percentage, or share of any revenues, profits or earnings of a
9 casino shall be lawful.

10 (2) Agreements which provide only for the payment of a fixed
11 sum which is in no way affected by the amount of any such money,
12 property, revenues, profits or earnings shall not be subject to the
13 provisions of this subsection; and receipts, rentals or charges for
14 real property, personal property or services shall not lose their
15 character as payments of a fixed sum because of contract, lease, or
16 license provisions for adjustments in charges, rentals or fees on
17 account of changes in taxes or assessments, cost-of-living index
18 escalations, expansion or improvement of facilities, or changes in
19 services supplied.

20 (3) Agreements between a casino licensee and its employees
21 which provide for casino employee or casino key employee profit
22 sharing and which are in writing and have been filed with the com-
23 mission shall be lawful and effective only if expressly approved as
24 to their terms by the commission.

25 (4) Agreements to lease an approved hotel building or the land
26 thereunder and agreements for the complete management of a
27 casino shall not be subject to the provisions of this subsection but
28 shall rather be subject to the provisions of subsections b. and c. of
29 section 82 of this act.

30 (5) Agreements which provide for percentage charges between
31 the casino licensee and a holding company or intermediary company
32 of the casino licensee shall be in writing and filed with the com-
33 mission but shall not be subject to the provisions of this subsection.

34 b. Each casino *applicant or licensee* shall **[be required to present**
35 *to the commission any]* *maintain, in accordance with the rules of*
36 *the commission, a record of each* written or unwritten agreement
37 *regarding the realty of its casino hotel facility, or any business or*
38 *person doing business with it or doing business with it or its agents*
39 *on the premises of* **[.]** *its casino hotel facility. [Such] Any such*
40 *agreement [shall] may be reviewed by the commission on the basis*
41 *of the reasonableness of its terms, including the terms of compensa-*

tion, and of the qualifications of the person involved in the agreement with such casino *applicant or licensee or agent thereof*, which qualifications shall be reviewed according to the standards enumerated in section 86 of this act. If the commission does not approve such an agreement or association, the commission may require its termination.

Every agreement **[with a casino hotel]** *required to be maintained* shall be deemed to include a provision for its termination without liability on the part of the **[licensee]** *casino applicant or licensee or agent thereof*, if the commission shall disapprove of the business or of any person associated therewith, by reason of a finding that said business or person is unsuitable to be associated with a casino **[enterprise in accordance with the regulations promulgated under this act]** *applicant or licensee*. Failure expressly to include such a condition in the agreement shall not constitute a defense in any action brought to terminate the agreement. If the agreement is not presented to the commission in accordance with commission regulations, or the disapproved agreement or association is not terminated, the commission may pursue any remedy or combination of remedies provided in this act.

For the purposes of this subsection, "casino applicant" includes any person who has applied for any necessary license or approval required to be obtained in accordance with subsection a. of section 82 of P. L. 1977, c. 110 (C. 5:12-82).

c. Nothing in this act shall be deemed to permit the transfer of any license, or any interest in any license, or any certificate of compliance or any commitment or reservation.

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

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

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

c. The Secretary of State shall not accept for filing any articles of incorporation of any corporation which includes as a stated purpose the conduct of casino gaming, or any amendment which

17 adds such purpose to articles of incorporation already filed, unless
 18 such articles or amendments have been approved by the commission
 19 and a copy of such approval is annexed thereto upon presentation
 20 for filing with the Secretary of State.

21 d. If at any time the commission finds that an individual owner
 22 or holder of any security *or interest* of a corporate licensee or of
 23 a holding or intermediary company with respect thereto is not
 24 qualified under this act, and if as a result the corporate licensee is
 25 no longer qualified to continue as a casino licensee in this State, the
 26 commission shall, pursuant to the provisions of this act, propose
 27 any necessary action to protect the public interest, including the sus-
 28 pension or revocation of the casino license of the corporation; pro-
 29 vided, however, that if the holding or intermediary company is a
 30 publicly traded corporation and the commission finds disqualified
 31 any holder of any security thereof who is required to be qualified
 32 under section 85 d. of this act, and the commission also finds that:
 33 (1) the holding or intermediary company has complied with the
 34 provisions of section 82 d. (7) of this act; (2) the holding or in-
 35 termediary company has made a good faith effort, including the
 36 prosecution of all legal remedies, to comply with any order of the
 37 commission requiring the divestiture of the security interest held
 38 by the disqualified holder; and (3) such disqualified holder does
 39 not have the ability to control the corporate licensee or any holding
 40 or intermediary company with respect thereto, or to elect one or
 41 more members of the board of directors of such corporation or
 42 company, the commission shall not take action against the casino
 43 licensee or the holding or intermediary company with respect to
 44 the continued ownership of the security interest by the disqualified
 45 holder. For purposes of this act, a security holder shall be pre-
 46 sumed to have the ability to control a publicly traded corporation,
 47 or to elect one or more members of its board of directors, if such
 48 holder owns or beneficially holds 5% or more of securities of such
 49 corporation, unless such presumption of control or ability to elect
 50 is rebutted by clear and convincing evidence.

51 e. Commencing on the date the commission serves notice upon
 52 **[a corporation] an entity** of the determination of disqualification
 53 under subsection d. of this section, it shall be unlawful for the
 54 named individual:

55 (1) To receive any dividends or interest upon any such secur-
 56 ities *or interest*;

57 (2) To exercise, directly or through any trustee or nominee, any
 58 right conferred by such securities *or interest*; or

59 (3) To receive any remuneration in any form from the corporate

61 f. After a nonpublicly traded corporation has been issued a
 62 casino license pursuant to the provisions of this act, but prior to
 63 the issuance or transfer of any security to any person required to
 64 be but not yet qualified in accordance with the provisions of this
 65 act, such corporation shall file a report of its proposed action with
 66 the commission, and shall request the approval of the commission
 67 for the transaction. If the commission shall deny the request, the
 68 corporation shall not issue or transfer such security. After a
 69 publicly traded corporation has been issued a casino license, such
 70 corporation shall file a report quarterly with the commission,
 71 which report shall list all owners and holders of any security issued
 72 by such corporate casino licensee.

73 g. Each corporation which has been issued a casino license pur-
 74 suant to the provisions of this act shall file a report of any change
 75 of its corporate officers or members of its board of directors with
 76 the commission. No officer or director shall be entitled to exercise
 77 any powers of the office to which he was so elected or appointed
 78 until qualified by the commission in accordance with the provisions
 79 of this act.

1 10. Section 131 of P. L. 1977, c. 110 (C. 5:12-131) is amended
 2 to read as follows:

3 131. Declaration of State's *Limited* Exemption from Operation
 4 of Provisions of 15 U. S. C. (1172).

5 Pursuant to section 2 of an Act of Congress of the United States
 6 entitled "An act to prohibit transportation of gambling devices
 7 in interstate and foreign commerce," approved January 2, 1951,
 8 being chapter 1194, 64 Stat. 1134, and also designated as 15 U. S. C.
 9 (1171-1177), the State of New Jersey, acting by and through the
 10 duly elected and qualified members of its Legislature, does hereby,
 11 in accordance with and in compliance with the provisions of section
 12 2 of said Act of Congress, declare and proclaim that [it is exempt
 13 from the provisions of section 2 of said Act of Congress] *section 2*
 14 *of that Act of Congress shall not apply to any gambling device in*
 15 *this State where the transportation of such a device is specifically*
 16 *authorized by and done in compliance with the provisions of P. L.*
 17 *1977, c. 110 (C. 5:12-1 et seq.), any other applicable statute of this*
 18 *State, and any regulations promulgated pursuant thereto, and that*
 19 *any such gambling device transported in compliance with State law*
 20 *and regulations shall be exempt from the provisions of that Act*
 21 *of Congress.*

1 11. This act shall take effect immediately.

STATEMENT

This bill makes various changes in the "Casino Control Act" concerning applicants for and holders of casino and casino service industry licenses, labor unions representing casino employees, casino key employees, and games and gaming equipment.

The bill (1) specifies that the term "casino key employee" includes credit executives, casino cashier supervisors, and anyone empowered to make discretionary decisions which regulate the management of an approved hotel; (2) specifies that the term "casino service industry" includes enterprises which offer goods and services to casino applicants as well as to casino licensees and that construction companies are among those enterprises, and requires the licensing of casino service industries conducting business with a casino applicant; (3) removes the language in the definition of "slot machine" which refers to receipt of a token to be exchanged for merchandise; (4) extends to holding companies, intermediary companies and subsidiaries of casino licensees and to casino license applicants and licensees which are noncorporate entities certain requirements which presently apply only to corporate entities and partnerships; (5) prohibits disqualified persons from serving as officers or agents of labor unions representing casino employees and clarifies the power of the commission to compel compliance; (6) allows exhibit and maintenance of gaming equipment for nongaming purposes in noncasino areas of casino-hotels; (7) eliminates the present space requirements with respect to craps, roulette, and blackjack tables and permits a minibaccarat table to be considered in satisfying the space requirement, which is retained, for baccarat tables; (8) requires applicants as well as licensees to maintain records of written and unwritten agreements and permits the commission to review those agreements at its discretion (presently, the commission is mandated to review all licensee agreements); and (9) clarifies provisions regarding the interstate transportation of gambling devices to make them consistent with the original legislative intent.

 GAMBLING—CASINOS

Amends "Casino Control Act" concerning licensure and other requirements.

ASSEMBLY, No. 3569

STATE OF NEW JERSEY

INTRODUCED DECEMBER 18, 1986

By Assemblyman RILEY

AN ACT establishing interim casino authorization, amending and supplementing P. L. 1977, c. 110, and repealing section 137 of P. L. 1977, c. 110.

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

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

3 1. Short Title; Declaration of Policy and Legislative Findings.

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

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

8 (1) The tourist, resort and convention industry of this State con-
9 stitutes a critical component of its economic structure and, if prop-
10 erly developed, controlled and fostered, is capable of providing a
11 substantial contribution to the general welfare, health and pros-
12 perity of the State and its inhabitants.

13 (2) By reason of its location, natural resources and worldwide
14 prominence and reputation, the city of Atlantic City and its resort,
15 tourist and convention industry represent a critically important
16 and valuable asset in the continued viability and economic strength
17 of the tourist, convention and resort industry of the State of New
18 Jersey.

19 (3) The rehabilitation and redevelopment of existing tourist and
20 convention facilities in Atlantic City, and the fostering and en-
21 couragement of new construction and the replacement of lost con-

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

Matter printed in italics thus is new matter.

22 vention, tourist, entertainment and cultural centers in Atlantic City
23 will offer a unique opportunity for the inhabitants of the entire
24 State to make maximum use of the natural resources available in
25 Atlantic City for the expansion and encouragement of New Jersey's
26 hospitality industry, and to that end, the restoration of Atlantic
27 City as the Playground of the World and the major hospitality
28 center of the Eastern United States is found to be a program of
29 critical concern and importance to the inhabitants of the State of
30 New Jersey.

31 (4) Legalized casino gaming has been approved by the citizens
32 of New Jersey as a unique tool of urban redevelopment for Atlantic
33 City. In this regard, the introduction of a limited number of casino
34 rooms in major hotel convention complexes, permitted as an addi-
35 tional element in the hospitality industry of Atlantic City, will
36 facilitate the redevelopment of existing blighted areas and the re-
37 furbishing and expansion of existing hotel, convention, tourist, and
38 entertainment facilities; encourage the replacement of lost hospi-
39 tality-oriented facilities; provide for judicious use of open space
40 for leisure time and recreational activities; and attract new invest-
41 ment capital to New Jersey in general and to Atlantic City in
42 particular.

43 (5) Restricting the issuance of casino licenses to major hotel and
44 convention facilities is designed to assure that the existing nature
45 and tone of the hospitality industry in New Jersey and in Atlantic
46 City is preserved, and that the casino rooms licensed pursuant to
47 the provisions of this act are always offered and maintained as an
48 integral element of such hospitality facilities, rather than as the
49 industry unto themselves that they have become in other juris-
50 dictions.

51 (6) An integral and essential element of the regulation and con-
52 trol of such casino facilities by the State rests in the public confi-
53 dence and trust in the credibility and integrity of the regulatory
54 process and of casino operations. To further such public confidence
55 and trust, the regulatory provisions of this act are designed to
56 extend strict State regulation to all persons, locations, practices
57 and associations related to the operation of licensed casino enter-
58 prises and all related service industries as herein provided. In
59 addition; licensure of a limited number of casino establishments,
60 with the comprehensive law enforcement supervision attendant
61 thereto, is further designed to contribute to the public confidence
62 and trust in the efficacy and integrity of the regulatory process.

63 (7) Legalized casino gaming in New Jersey can attain, maintain
64 and retain integrity, public confidence and trust, and remain com-

65 patible with the general public interest only under such a system
66 of control and regulation as insures, so far as practicable, the ex-
67 clusion from participation therein of persons with known criminal
68 records, habits or associations, and the exclusion or removal from
69 any positions of authority or responsibility within casino gaming
70 operations and establishments of any persons known to be so defi-
71 cient in business probity, ability or experience, either generally or
72 with specific reference to gaming, as to create or enhance the
73 dangers of unsound, unfair or illegal practices, methods and
74 activities in the conduct of gaming or the carrying on of the busi-
75 ness and financial arrangements incident thereto.

76 (8) Since the public has a vital interest in casino operations in
77 Atlantic City and has established an exception to the general policy
78 of the State concerning gaming for private gain, participation in
79 casino operations as a licensee or registrant under this act shall
80 be deemed a revocable privilege conditioned upon the proper and
81 continued qualification of the individual licensee or registrant and
82 upon the discharge of the affirmative responsibility of each such
83 licensee or registrant to provide to the regulatory and investiga-
84 tory authorities established by this act any assistance and informa-
85 tion necessary to assure that the policies declared by this act are
86 achieved. Consistent with this policy, it is the intent of this act
87 to preclude the creation of any property right in any license, regis-
88 tration, certificate or reservation permitted by this act, the accrual
89 of any value to the privilege of participation in gaming operations,
90 or the transfer of any license, registration, certificate, or reserva-
91 tion, and to require that participation in gaming be solely con-
92 ditioned upon the individual qualifications of the person seeking
93 such privilege.

94 (9) Since casino operations are especially sensitive and in need
95 of public control and supervision, and since it is vital to the inter-
96 ests of the State to prevent entry, directly or indirectly, into
97 such operations or the ancillary industries regulated by this act of
98 persons who have pursued economic gains in an occupational
99 manner or context which are in violation of the criminal or civil
100 public policies of this State, the regulatory and investigatory
101 powers and duties shall be exercised to the fullest extent consistent
102 with law to avoid entry of such persons into the casino operations
103 or the ancillary industries regulated by this act.

104 (10) Since the development of casino gaming operations in
105 Atlantic City will substantially alter the environment of New
106 Jersey's coastal areas, and since it is necessary to insure that this
107 substantial alteration be beneficial to the overall ecology of the

108 coastal areas, the regulatory and investigatory powers and duties
109 conferred by this act shall include, in cooperation with other public
110 agencies, the power and the duty to monitor and regulate casinos
111 and the growth of casino operations to respond to the needs of the
112 coastal areas.

113 (11) The facilities in which licensed casinos are to be located
114 are of vital law enforcement and social interest to the State, and
115 it is in the public interest that the regulatory and investigatory
116 powers and duties conferred by this act include the power and duty
117 to review architectural and site plans to assure that the proposal
118 is suitable by law enforcement, aesthetic and architectural
119 standards.

120 (12) Since the economic stability of casino operations is in the
121 public interest and competition in the casino operations in Atlantic
122 City is desirable and necessary to assure the residents of Atlantic
123 City and of this State and other visitors to Atlantic City varied
124 attractions and exceptional facilities, the regulatory and investiga-
125 tory powers and duties conferred by this act shall include the power
126 and duty to regulate, control and prevent economic concentration in
127 the casino operations and the ancillary industries regulated by this
128 act, and to encourage and preserve competition.

129 (13) It is in the public interest that the institution of licensed
130 casino establishments in New Jersey be strictly regulated and con-
131 trolled pursuant to the above findings and pursuant to the pro-
132 visions of this act, which provisions are designed to engender and
133 maintain public confidence and trust in the regulation of the licensed
134 enterprises, to provide an effective method of rebuilding and re-
135 developing existing facilities and of encouraging new capital invest-
136 ment in Atlantic City, and to provide a meaningful and permanent
137 contribution to the economic viability of the resort, convention,
138 and tourist industry of New Jersey.

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

143 (15) Continuity and stability in casino gaming operations cannot
144 be achieved at the risk of permitting persons with unacceptable
145 backgrounds and records of behavior to control casino gaming
146 operations contrary to the vital law enforcement interest of the
147 State.

148 (16) The aims of continuity and stability and of law enforcement
149 will best be served by a system in which [applicant entities and
150 investors in those applicant entities can be assured of prompt and]

151 continuous casino operation *can be assured* under certain circum-
 152 stances wherein [the applicant has not yet been fully licensed, or
 153 has had a license suspended or revoked] *there has been a transfer*
 154 *of property or another interest relating to an operating casino and*
 155 *the transferee has not been fully licensed or qualified*, as long as
 156 control of the [applicant's] operation under such circumstances
 157 may be placed in the possession of a person or persons in whom
 158 the public may feel a confidence and a trust.

159 (17) A system whereby the satisfaction of certain appropriate
 160 criteria, including the execution of a voting trust agreement, per-
 161 mits temporary casino operation prior to licensure and whereby the
 162 suspension or revocation of casino operations under certain appro-
 163 priate circumstances causes the imposition of a conservatorship
 164 upon the suspended or revoked casino operation serves both the
 165 economic and law enforcement interests involved in casino gaming
 166 operations.

1 2. Section 73 of P. L. 1977, c. 110 (C. 5:12-73) is amended to
 2 read as follows:

3 73. Meetings and Quorum. a. Meetings of the commission will
 4 be held at the discretion of the chairman at such times and places
 5 as he may deem necessary and convenient, or at the call of three
 6 members of the commission.

7 b. The commission shall in all respects comply with the provi-
 8 sions of the "Open Public Meetings Act" (P. L. 1975, c. 231:
 9 C.10:4-6 et seq.).

10 c. Any other law, rule or regulation to the contrary notwith-
 11 standing, the commission shall take all necessary steps to ensure
 12 that all interested persons are given adequate notice of commission
 13 meetings, and the agenda of such meetings, through the utilization
 14 of all media engaged in the dissemination of information.

15 d. A majority of the full commission shall determine any action
 16 of the commission, except that no casino license *or interim casino*
 17 *authorization* may be issued without the approval of four members.
 18 In the event that a vacancy has existed in the commission for more
 19 than 60 days, a majority of the full commission may act with
 20 respect to any matter, including the issuance of a casino license *or*
 21 *interim casino authorization*.

(New Article) INTERIM CASINO AUTHORIZATION

1 3. (New section) Applicability and Requirements.

2 a. Except as provided in subsection b. of this section, whenever
 3 any person contracts to transfer any property relating to an
 4 ongoing casino operation, including a security holding in a casino
 5 license or holding or intermediary casino operation, the transferor shall

6 which require that the transferee obtain casino licensure under
7 section 82 of the "Casino Control Act," P. L. 1977, c. 110 (C.
8 5:12-82), or qualification under sections 84 or 85 of the "Casino
9 Control Act," P. L. 1977, c. 110 (C. 5:12-84 and 5:12-85), the
10 contract shall not specify a closing or settlement date which is
11 earlier than the 121st day after the submission of a completed
12 application for licensure or qualification, which application shall
13 include a fully executed and approved trust agreement in accor-
14 dance with section 5 of this 1986 amendatory and supplementary
15 act. Any contract provision which specifies an earlier closing or
16 settlement date shall be void for all purposes. Subsequent to the
17 earlier of the report of the division on interim authorization or the
18 90th day after the timely submission of the completed application,
19 but no later than the closing or settlement date, the commission
20 shall hold a hearing and render a decision on the interim authori-
21 zation of the applicant. If the commission grants interim authori-
22 zation, then, subject to the provisions of sections 3 through 7 of
23 this 1986 amendatory and supplementary act, the closing or settle-
24 ment may occur without interruption of casino operations. If the
25 commission denies interim authorization, there shall be no closing
26 or settlement until the commission makes a determination on the
27 qualification of the applicant, and if the commission then denies
28 qualification the contract shall thereby be terminated for all pur-
29 poses without liability on the part of the transferor.

30 b. Whenever any person, as a result of a transfer of publicly-
31 traded securities of a casino licensee or holding or intermediary
32 company, is required to qualify under sections 84 or 85 of the
33 "Casino Control Act," P. L. 1977, c. 110 (C. 5:12-84 and 5:12-85),
34 the person shall, within 30 days after the commission determines
35 that qualification is required under section 84 or declines to waive
36 qualification under paragraph (1) of subsection d. of section 85, or
37 within such additional time as the commission may for good cause
38 allow, file a completed application for such licensure or qualifica-
39 tion, which application shall include a fully executed and approved
40 trust agreement in accordance with section 5 of this 1986 amenda-
41 tory and supplementary act. No extension of the time for filing a
42 completed application shall be granted unless the person submits a
43 written acknowledgement of the jurisdiction of the commission and
44 the obligations imposed by the "Casino Control Act," P. L. 1977,
45 c. 110 (C. 5:12-1 et seq.). If a person required by this section to
46 file an application fails to do so in a timely manner, such failure
47 shall constitute a per se disqualification to continue to act as a
48 security holder, and the commission shall take appropriate action

49 under the "Casino Control Act." If a person required by this
 50 section to file an application does so in a timely manner, then,
 51 subsequent to the earlier of the report of the division on interim
 52 authorization or the 90th day after submission of the completed
 53 application, but not later than the 120th day after such submission,
 54 the commission shall hold a hearing and render a decision on the
 55 interim authorization of such person. The pendency of proceedings
 56 under this subsection shall not prevent the renewal of a casino
 57 license under section 88 of the "Casino Control Act," P. L. 1977,
 58 c. 110 (C. 5:12-88), so long as any person required by this sub-
 59 section to file an application has complied with this subsection and
 60 has otherwise complied with the "Casino Control Act."

1 4. (New section) Commission Consideration of Request for
 2 Interim Casino Authorization. a. The commission may grant
 3 interim authorization where it finds by clear and convincing
 4 evidence (1) that statements of compliance have been issued
 5 pursuant to sections 81, 82c., 82d., 82e., 84e., and 134 of the "Casino
 6 Control Act," P. L. 1977, c. 110 (C. 5:12-81, 5:12-82, 5:12-84, and
 7 5:12-134); (2) that the casino hotel facility is an approved hotel in
 8 accordance with the requirements of section 83 of the "Casino
 9 Control Act," P. L. 1977, c. 110 (C. 5:12-83); (3) that the applicant
 10 has proposed the trustee or trustees required by section 5 of this
 11 1986 amendatory and supplementary act, and that the trustee or
 12 trustees have satisfied the qualification criteria applicable to a
 13 casino key employee, except for residency and casino experience;
 14 and (4) that interim operation will best serve the interests of the
 15 public with particular reference to the policies and purposes
 16 enumerated in section 1 of the "Casino Control Act," P. L. 1977,
 17 c. 110 (C. 5:12-1).

18 b. The commission's consideration of a request for interim
 19 authorization shall include, but not be limited to, consideration of
 20 such relevant information as may be presented to it by the division.
 21 In responding to the request and in determining whether to concur,
 22 the division shall not be required to disclose any information the
 23 disclosure of which, in its judgment, may prejudice or otherwise
 24 compromise any continuing investigation.

1 5. (New section) Provisions and Application of Trust Agreement.

2 a. (1) Where the applicant is not required to obtain a casino
 3 license, the trust agreement filed pursuant to section 3 of this 1986
 4 amendatory and supplementary act shall transfer and convey all of
 5 the applicant's present and future right, title and interest in the
 6 property described in section 3, including all voting rights in
 7 securities, to the trustee.

8 (2) Where the applicant is required to obtain a casino license,
9 the trust agreement filed pursuant to section 3 of this 1986 amenda-
10 tory and supplementary act shall transfer and convey to the trustee,
11 if the applicant is a corporation, all outstanding equity securities
12 of the corporation, and, if the applicant is other than a corporation,
13 all outstanding interest in the applicant.

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

17 (4) The trust agreement filed pursuant to section 3 of this 1986
18 amendatory and supplementary act shall, in all instances, contain
19 such provisions as the commission may deem necessary and
20 desirable.

21 b. With respect to applicants described in subsection b. of section
22 3 of this 1986 amendatory and supplementary act, if the commission
23 denies interim authorization, it shall order that the trust agreement
24 become operative, or take such other action as may be appropriate
25 in accordance with this 1986 amendatory and supplementary act.
26 With respect to all applicants under section 3, if the commission
27 grants interim authorization, it shall thereafter order that the trust
28 agreement become operative at such time as it finds reasonable
29 cause to believe that the applicant or any person required to be
30 qualified in connection with the application may be found un-
31 qualified.

32 c. While the trust agreement remains operative, the trustee shall
33 exercise all rights incident to the ownership of the property subject
34 to the trust, and shall be invested with all powers, authority and
35 duties necessary to the unencumbered exercise of such rights, as
36 provided in sections 31 through 40 of P. L. 1978, c. 7 (C. 5:12-130.1
37 through 5:12-130.11), except that the applicant shall have no right
38 to participate in the earnings of the casino hotel or receive any
39 return on its investment or debt security holdings during the time
40 the trust is operative.

41 d. The trust agreement, once operative, shall remain operative
42 until the commission finds the applicant qualified, or the commission
43 finds the applicant unqualified and the property subject to the trust
44 is disposed of in accordance with subsection e. of section 5 of this
45 1986 amendatory and supplementary act, except that the applicant
46 may request the commission to direct the trustee to dispose of the
47 property subject to the trust, in accordance with that subsection e.,
48 prior to a finding with respect to qualification.

49 e. If the commission denies qualification to a person subject to
50 sections 3 through 7 of this 1986 amendatory and supplementary

51 act, the trustee shall endeavor and be authorized to sell, assign,
 52 convey or otherwise dispose of all property subject to the trust to
 53 such persons as shall be appropriately licensed or qualified or shall
 54 obtain interim authorization in accordance with those sections. The
 55 disposition of trust property by the trustee shall be completed
 56 within 120 days of the denial of qualification, or within such
 57 additional time as the commission may for good cause allow, and
 58 shall be conducted in accordance with sections 31 through 40 of
 59 P. L. 1978, c. 7 (C. 5:12-130.1 through 5:12-130.11), except that the
 60 proceeds of such disposition shall be distributed to the unqualified
 61 applicant only in an amount not exceeding the actual cost of the
 62 assets to such unqualified applicant, and any excess remaining
 63 proceeds shall be paid to the casino revenue fund.

1 6. (New section) Obligations and Responsibilities. During the
 2 period of interim authorization, the commission and the division
 3 shall continue such procedures as are provided by the "Casino
 4 Control Act," P. L. 1977, c. 110 (C. 5:12-1 et seq.) and the regula-
 5 tions promulgated thereunder as may be necessary for a deter-
 6 mination of the qualification of the person granted interim authori-
 7 zation. The obligations and responsibilities incumbent upon an
 8 applicant, licensee or person required to be qualified are in no way
 9 relieved by the granting of interim authorization.

1 7. (New section) Time for Determining Qualification. Within
 2 nine months after a grant or denial of interim authorization, which
 3 period may be extended by the commission for one three-month
 4 period, the commission shall hold a hearing and render a decision
 5 on the qualification of the applicant.

1 8. Section 137 of P. L. 1977, c. 110 (C. 5:12-137) is repealed.

1 9. This act shall take effect immediately.

STATEMENT

This bill establishes an "interim casino authorization" to assure continuous casino operations when there is a transfer of property or other interest relating to an operating casino and the transferee has not been fully licensed or qualified. These provisions replace provisions presently in the "Casino Control Act" (section 137 of P. L. 1977, c. 110) which are inadequate in addressing changes in casino ownership.

GAMBLING—CASINOS

Establishes interim casino authorization.

ASSEMBLY, No. 3570

STATE OF NEW JERSEY

INTRODUCED DECEMBER 18, 1986

By Assemblymen SCHUBER and DiGAETANO

AN ACT concerning casino junkets, complimentary services, and credit, amending P. L. 1977, c. 110, and repealing section 3 of P. L. 1983, c. 41.

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

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

3 29. "Junket"—An arrangement the purpose of which is to induce
4 any person, selected or approved for participation therein on the
5 basis of his ability to satisfy a financial qualification obligation
6 related to his ability or willingness to gamble or on any other
7 basis related to his propensity to gamble, to come to a licensed
8 casino hotel for the purpose of gambling and pursuant to which,
9 and as consideration for which, any or all of the cost of transporta-
10 tion, food, lodging, *and* entertainment **[and other services and**
11 items of value**]** for said person is directly or indirectly paid by a
12 casino licensee or employee or agent thereof.

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

3 101. Credit. a. Except as otherwise provided in this section, no
4 casino licensee or any person licensed under this act, and no person
5 acting on behalf of or under any arrangement with a casino licensee
6 or other person licensed under this act, shall:

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

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

Matter printed in italics *thus* is new matter

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

15 b. No casino licensee or any person licensed under this act, and
16 no person acting on behalf of or under any arrangement with a
17 casino licensee or other person licensed under this act, may accept
18 a check, other than a recognized traveler's check or other cash
19 equivalent from any person to enable such person to take part in
20 gaming activity as a player, or may give cash or cash equivalents
21 in exchange for such check unless:

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

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

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

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

30 Nothing in this subsection shall be deemed to preclude the estab-
31 lishment of an account by any person with a casino licensee by a
32 deposit of cash or recognized traveler's check or other cash equiva-
33 lent, or to preclude the withdrawal, either in whole or in part, of
34 any amount contained in such account.

35 c. When a casino licensee or other person licensed under this
36 act, or any person acting on behalf of or under any arrangement
37 with a casino licensee or other person licensed under this act, cashes
38 a check in conformity with the requirements of subsection b. of this
39 section, the casino licensee shall cause the deposit of such check in
40 a bank for collection **[**or payment within (1) seven banking days
41 of the date of the transaction for a check in an amount less than
42 \$1,000.00; (2) 14 banking days of the date of the transaction for a
43 check of at least \$1,000.00 but less than \$2,500.00; or (3) 90 bank-
44 ing days of the date of the transaction for a check of \$2,500.00 or
45 more**]** *within two banking days after the date of the transaction.*
46 Notwithstanding the foregoing, the drawer of the check may redeem
47 the check by exchanging cash or chips in an amount equal to the
48 amount for which the check is drawn; or he may redeem the check
49 in part by exchanging cash or chips and another check which meets
50 the requirements of subsection b. of this section for the difference
51 between the original check and the cash or chips tendered; or he
52 may issue one check which meets the requirements of subsection b.

53 of this section in an amount sufficient to redeem two or more checks
54 drawn to the order of the casino licensee. If there has been a partial
55 redemption or a consolidation in conformity with the provisions
56 of this subsection, the newly issued check shall be delivered to a
57 bank for collection or payment within the period herein specified.
58 No casino licensee or any person licensed under this act, and no
59 person acting on behalf of or under any arrangement with a casino
60 licensee or other person licensed under this act, shall accept any
61 check or series of checks in redemption or consolidation of another
62 check or checks in accordance with this subsection for the purpose
63 of avoiding or delaying the deposit of a check in a bank for col-
64 lection or payment within the time period prescribed by this sub-
65 section.

66 d. No casino licensee or any other person licensed under this act,
67 or any other person acting on behalf of or under any arrangement
68 with a casino licensee or other person licensed under this act, shall
69 transfer, convey, or give, with or without consideration, a check
70 cashed in conformity with the requirements of this section to any
71 person other than:

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

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

75 (3) A purchaser of the casino license as approved by the com-
76 mission.

77 The limitation on transferability of checks imposed herein shall
78 apply to checks returned by any bank to the casino licensee without
79 full and final payment.

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

85 f. Notwithstanding the provisions of any law to the contrary,
86 checks cashed in conformity with the requirements of this act shall
87 be valid instruments, enforceable at law in the courts of this State.
88 Any check cashed, transferred, conveyed or given in violation of
89 this act shall be invalid and unenforceable.

90 g. Notwithstanding the provisions of subsection b. of this section
91 to the contrary, a casino licensee may accept a check from a person
92 to enable the person to take part in gaming activity as a player,
93 or may give cash or cash equivalents in exchange for the check.
94 provided that:

95 (1) The check is drawn by a casino licensee pursuant to the
 96 provisions of subsection k. of section 100 of P. L. 1977, c. 110 (C.
 97 5:12-100 k.) or upon a withdrawal of funds from an account estab-
 98 lished in accordance with the provisions of subsection b. of this
 99 section;

100 (2) The check is identifiable in a manner approved by the com-
 101 mission as a check issued for a purpose listed in paragraph (1)
 102 of this subsection;

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

104 (4) The check is presented to the cashier or the cashier's repre-
 105 sentative by the original payee and its validity is verified by the
 106 drawer; and

107 (5) The regulations concerning check cashing procedures are ob-
 108 served by the casino licensee and its employees and agents.

109 No casino licensee shall issue a check for the purpose of making
 110 a loan or otherwise providing or allowing any advance or credit
 111 to a person to enable the person to take part in gaming activity
 112 as a player.

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

3 102. Junkets and Complimentary Services. a. No junkets may
 4 be organized or permitted except in accordance with the provisions
 5 of this act. **[No person may act as a junket representative or junket**
 6 **enterprise except in accordance with this section. Notwithstanding**
 7 **any other provisions of this act, junket enterprises engaged in**
 8 **activities governed by this section shall not be subject to the**
 9 **provisions of sections 92 and 104b. of this act (C. 5:12-92 and**
 10 **5:12-104b.) with regard to those activities, unless otherwise**
 11 **directed by the commission pursuant to subsection k. of this sec-**
 12 **tion.] No junket to a licensed casino establishment shall be orga-**
 13 **nized or conducted except by an employee of a casino licensee who**
 14 **holds a current and valid casino key employee license and is em-**
 15 **ployed by the casino licensee in a position directly related to**
 16 **gaming activity and who is authorized by the casino licensee to**
 17 **act as a junket representative. A casino key employee licensed**
 18 **pursuant to this section need not be a resident of this State.**

19 b. **[A junket representative shall be licensed as a casino employee**
 20 **in accordance with the provisions of this act; provided, however,**
 21 **that said licensee need not be a resident of this State. Any person**
 22 **who holds a current and valid casino key employee license or casino**
 23 **employee license in a position directly related to gaming activity**
 24 **may act as a junket representative while employed by a casino**

25 licensee without further endorsement of his license. No casino
 26 licensee or junket enterprise may employ or otherwise engage a
 27 junket representative who is not so licensed.】 (*Deleted by amend-*
 28 *ment, P. L. . . . , c. . . .*)

29 c. 【A junket enterprise shall be licensed in accordance with the
 30 provisions of this section prior to conducting any business what-
 31 soever with a casino licensee, its employees or agents. A junket
 32 enterprise, as well as such of its owners, management and super-
 33 visory personnel and other principal employees as the commission
 34 may consider appropriate for qualification, must qualify under the
 35 standards, except residency, established for qualification of a casino
 36 employee under this act. No casino licensee or junket enterprise
 37 may employ or otherwise engage the services of a junket enterprise
 38 who is not so licensed.

39 Notwithstanding the foregoing, any licensed junket representa-
 40 tive who is the sole owner and operator of a junket enterprise shall
 41 not be required to be licensed as a junket enterprise pursuant to
 42 this section if his junket representative license is endorsed as
 43 such.】 (*Deleted by amendment, P. . . . , c. . . .*)

44 d. Prior to the issuance of any license required by this section,
 45 an applicant for licensure shall submit to the jurisdiction of the
 46 State of New Jersey and shall demonstrate to the satisfaction of
 47 the commission that he is amenable to service of process within
 48 this State. Failure to establish or maintain compliance with the
 49 requirements of this subsection shall constitute sufficient cause for
 50 the denial, suspension or revocation of any license issued pursuant
 51 to this section.

52 e. 【An applicant for junket representative or junket enterprise
 53 licensure may be issued a temporary license by the commission,
 54 provided that:

55 (1) The applicant for licensure has filed a completed application
 56 as required by the commission;

57 (2) The division either certifies to the commission that the com-
 58 pleted application for licensure as specified in paragraph (1) of
 59 this subsection has been in the possession of the division for at least
 60 45 days or agrees to allow the commission to consider the applica-
 61 tion in some lesser time; and

62 (3) The division does not object to the temporary licensure of
 63 the applicant; provided, however, that failure of the division to
 64 object prior to the temporary licensure of the applicant shall not
 65 be construed to reflect in any manner upon the qualifications of
 66 the applicant for licensure.

67 In addition to any other authority granted by this act, the
 68 commission shall have the authority, upon receipt of a representa-
 69 tion by the division that it possesses information which raises a
 70 reasonable possibility that a junket representative or enterprise
 71 does not qualify for licensure, to immediately suspend, limit or
 72 condition any temporary license issued pursuant to this subsection,
 73 pending a hearing on the qualifications of the junket representative
 74 or enterprise, in accordance with the provisions of this act. Unless
 75 otherwise agreed by the commission and the junket representative
 76 or enterprise, such a hearing shall be initiated no later than 60
 77 days after commission receipt of a demand for the hearing from
 78 the junket representative or enterprise.

79 Unless otherwise terminated pursuant to this act, any temporary
 80 license issued pursuant to this subsection shall expire 12 months
 81 from the date of its issuance, and shall be renewable by the com-
 82 mission, in the absence of an objection by the division, as specified
 83 in paragraph (3) of this subsection, for one additional six month
 84 period.】 (*Deleted by amendment, P. L., c. . . .*)

85 f. 【Every agreement concerning junkets entered into by a casino
 86 licensee and a junket representative or junket enterprise shall be
 87 deemed to include a provision for its termination without liability
 88 on the part of the casino licensee, if the commission orders the
 89 termination upon the suspension, limitation, conditioning, denial
 90 or revocation of the licensure of the junket representative or junket
 91 enterprise, in accordance with the provisions of this act. Failure
 92 to expressly include such a condition in the agreement shall not
 93 constitute a defense in any action brought to terminate the agree-
 94 ment.】 (*Deleted by amendment, P. L., c. . . .*)

95 g. A casino licensee shall be responsible for the conduct of any
 96 junket 【representative or junket enterprise】 employee associated
 97 with it and for the terms and conditions of any junket engaged in
 98 on its premises【, regardless of the fact that the junket may involve
 99 persons not employed by such a casino licensee】.

100 h. A casino licensee shall be responsible for any violation or
 101 deviation from the terms of a junket. Notwithstanding any other
 102 provisions of this act, the commission may, after hearings in
 103 accordance with this act, order restitution to junket participants,
 104 assess penalties for such violations or deviations, prohibit future
 105 junkets by the casino licensee, 【junket enterprise or junket repre-
 106 sentative,】 and order such further relief as it deems appropriate.

107 i. The commission shall, by regulation, prescribe methods, pro-
 108 cedures and forms for the delivery and retention of information
 109 concerning the conduct of junkets by casino licensees. Without

112 (1) Maintain on file a report describing the operation of any
 113 junket engaged in on its premises, which report may include
 114 acknowledgments by the participants, signed on the date of arrival.
 115 that they understand the terms of the particular junket;

116 (2) Submit to the commission and division a report on those
 117 arrangements which would be junkets but for the fact that those
 118 arrangements do not include a selection or approval of partici-
 119 pants in accordance with the terms of section 29 of P. L. 1977,
 120 c. 110 (C. 5:12-29); and

121 (3) Submit to the commission and division a list of all its
 122 employees who are **["acting"]** *authorized to act* as junket representa-
 123 tives **["but whose licenses are not endorsed as such"]**.

124 j. Each casino licensee**["**, junket representative or junket enter-
 125 prise**"]** shall, in accordance with the rules of the commission, file a
 126 report with the division with respect to each list of junket patrons
 127 or potential junket patrons purchased directly or indirectly by the
 128 casino licensee**["**, junket representative or enterprise**"]** *or any of its*
 129 *employees authorized to act as junket representatives.*

130 k. The commission shall have the authority to determine, either
 131 by regulation, or upon petition by the holder of a casino license,
 132 that a type of arrangement otherwise included within the definition
 133 of "junket" established by section 29 of P. L. 1977, c. 110 (C.
 134 5:12-29) shall not require compliance with any or all of the re-
 135 quirements of this section. The commission shall seek the opinion
 136 of the division prior to granting any exemption. In granting ex-
 137 emptions, the commission shall consider such factors as the nature,
 138 volume and significance of the particular type of arrangement, and
 139 whether the exemption would be consistent with the public policies
 140 established by this act. In applying the provisions of this subsec-
 141 tion, the commission may condition, limit, or restrict any exemption
 142 as the commission may deem appropriate.

143 l. No **["junket enterprise or junket representative or"]** person
 144 acting as a junket representative may:

145 (1) Engage in efforts to collect upon checks that have been
 146 returned by banks without full and final payment: **["or"]**

147 (2) Exercise approval authority with regard to the authoriza-
 148 tion or issuance of credit pursuant to section 101 of P. L. 1977,
 148A c. 110 (C. 5:12-101); *or*

149 (3) *Individually retain any fee from a patron for the privilege*
 150 *of participating in a junket. Any and all compensation which the*
 151 *junket representative receives for his services is to be reflected on,*
 152 *and received through, the payroll account of a casino licensee.*

153 m. **[Each]** No casino licensee shall offer or provide any com-
 154 plimentary services, gifts, money or other items of value to any
 155 person, except that a casino licensee may offer or provide compli-
 156 mentary lodging, food, beverage and entertainment on the premises
 157 of its approved casino hotel facility, transportation, and food,
 158 beverage and coins, tokens or cash provided through a bus coupon
 159 program approved by the commission. For those complementaries
 160 which are permitted, each casino licensee shall maintain a regu-
 161 lated complimentary service account and shall submit a quarterly
 162 report to the commission based upon such account and covering all
 163 complimentary services offered or engaged in by the licensee during
 164 the immediately preceding quarter. Such reports shall include
 165 identification of the regulated complimentary services and their
 166 respective costs, the number of persons by category of service who
 167 received the same, and such other information as the commission
 168 may require.

169 n. As used in this subsection, "person" means any State officer
 170 or employee subject to financial disclosure by law or executive
 171 order and any other State officer or employee with responsibility
 172 for matters affecting casino activity; any special State officer or
 173 employee with responsibility for matters affecting casino activity;
 174 the Governor; any member of the Legislature or full-time member
 175 of the Judiciary; any full-time professional employee of the Office
 176 of the Governor, or the Legislature; members of the Casino
 177 Reinvestment Development Authority; the head of a principal
 178 department; the assistant or deputy heads of a principal depart-
 179 ment, including all assistant and deputy commissioners; the head
 180 of any division of a principal department; any member of the
 181 governing body, or the municipal judge or the municipal attorney
 182 of a municipality wherein a casino is located; any member of or
 183 attorney for the planning board or zoning board of adjustment of
 184 a municipality wherein a casino is located, or any professional
 185 planner or consultant regularly employed or retained by such
 186 planning board or zoning board of adjustment.

187 No casino applicant or licensee shall provide directly or indi-
 188 rectly to any person any complimentary service or discount which
 189 is other than such service or discount that is offered to members
 190 of the general public in like circumstance.

191 o. **[(1)]** Any person who, on the effective date of this **[1983]**
 192 1986 amendatory and supplementary act, holds a current and valid
 193 junket representative license or a **[casino service industry license]**
 194 pursuant to subsection a. of section 92 of P. L. 1977, c. 110 (C.
 195 5:12-92) **]junket enterprise license** authorizing the conduct of junket

196 activities, shall be considered licensed in accordance with the pro-
 197 visions of this section [as a junket representative or junket enter-
 198 prise, respectively,] for the remaining term of their current license.

199 [(2) Any person who, prior to the effective date of this 1983
 200 amendatory and supplementary act, has filed a completed applica-
 201 tion as required by the commissioner for a junket representative
 202 casino key employee license or a casino service industry license
 203 pursuant to subsection a. of section 92 of P. L. 1977, c. 110 (C.
 204 5:12-92) authorizing the conduct of junket activities, may be issued
 205 a temporary license in accordance with the provisions of this section
 206 as a junket representative or junket enterprise, respectively, if
 207 the commission finds that the requirements of paragraphs (1)
 208 through (3) of subsection e. of this section have been satisfied.

209 (3) Any person who, prior to the effective date of this 1983 amen-
 210 datory and supplementary act, has filed a completed application
 211 as required by the commission for a junket representative casino
 212 employee license or a junket enterprise license, may be issued a
 213 temporary license in accordance with the provisions of this section
 214 as a junket representative or junket enterprise, respectively, if the
 215 commission finds that the requirements of paragraphs (2) and (3)
 216 of subsection e. of this section have been satisfied.]

1 4. Section 3 of P. L. 1983, c. 41 (C. 5:12-29.1) is repealed.

1 5. This act shall take effect immediately.

STATEMENT

This bill changes the present statutory provisions regarding junkets, complimentary services, and credit. It (1) requires all junket agents to be direct employees of a casino, rather than independent contractors, and licensed to casino key employee standards; (2) limits the issuance of complimentary services to on-site room, food, beverage, and entertainment; transportation; and bus coupon-type programs (cash and gift complementaries would thus be prohibited); and (3) eliminates the present hold periods for checks accepted by casinos and requires all checks to be deposited within two business days after the date of the transaction.

Section 3 of P. L. 1983, c. 41 defining "junket enterprise" is repealed.

GAMBLING—CASINOS

Amends "Casino Control Act" concerning junkets, complimentary services, and credit.

SENATE, No. 2462

STATE OF NEW JERSEY

INTRODUCED SEPTEMBER 8, 1986

By Senator CODEY

Referred to Committee on Institutions, Health and Welfare

AN ACT concerning casino licenses and amending P. L. 1977, c. 110.

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. Section 88 of P. L. 1977, c. 110 (C. 5:12-88) is amended to
2 read as follows:

3 88. Renewal of Casino Licenses. a. Subject to the power of the
4 commission to deny, revoke, or suspend licenses, any casino license
5 in force shall be renewed by the commission for the next succeed-
6 ing license period upon proper application for renewal and pay-
7 ment of license fees and taxes as required by law and the regula-
8 tions of the commission. *The license period for a renewed casino*
9 *license shall be one year for the first two renewal periods succeed-*
10 *ing the initial issuance of a casino license pursuant to section 87*
11 *of P. L. 1977, c. 110 (C. 5:12-87). Thereafter, a casino license shall*
12 *be renewed for a period of two years, but the commission may*
13 *reopen licensing hearings at any time during the renewal period*
14 *for good cause shown.* The commission shall act upon **any** such
15 application **[no later than 30 days]** prior to the date of expiration
16 of the current license.

17 b. Application for renewal shall be filed with the commission no
18 later than 90 days prior to the expiration of the current license,
19 and all license fees and taxes as required by law shall be paid
20 to the commission on or before the date of expiration of the cur-
21 rent license.

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

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* * * * *

mjz: 1-101

ASSEMBLYMAN WILLIAM "PAT" SCHUBER (Chairman): Let me call this meeting to order. This will be a special meeting conducted by the State Assembly's Independent and Regional Authorities Committee to consider a series of bills which are intended to amend the original Casino Control Act. This is our third in a series of meetings with regard to that series of bills which are listed on the agenda, and which were posted previously. We are going to hear a series of witnesses who are going to address themselves to the various aspects of those bills, at which time the meeting will be closed, and I think we will be polled. We will probably hold one more Committee meeting in Trenton before final action on the legislative package.

Let me introduce some of the members of the Committee who are sitting with me. On my left is Assemblyman Dennis Riley, who is sitting with Assemblyman Ed Kline. We expect some other members to join us during the course of the day. We will be here, probably, during the course of the entire day.

So, without any further ado, I think our first witness is Senator William Gormley. Senator?

S E N A T O R W I L L I A M L. G O R M L E Y: Thank you, Pat. First of all, I would like to welcome the Committee to Atlantic City. I want to commend the Chairman and the Committee for the manner in which they have conducted these hearings. I think it is refreshing to find when hearings are held that are related to, or involve, casino gaming, that they are handled in a substantive manner, and are not designed merely to get headlines. That is the reputation of this Committee, and we certainly appreciate it.

The matter I would like to discuss with you today is a bill that I have had in. We have a very distinguished Assembly sponsor of the bill, Assemblyman Kline, and the bill is S-2796. I think I have to give you just a little bit of history and background. There is a fine balance in measuring

what is necessary to maintain integrity in the casino industry. When the legislators from this district -- specifically myself -- thought it was appropriate, we introduced and requested Federal legislation that, in effect, expanded the role of licensing in the casino industry for purposes of maintaining that integrity. However, you have to have a balance to regulation. When, in fact, regulation goes too far, or doesn't really serve the ends of maintaining that integrity, I think we should have a balance. If, in fact, this district can recommend exemptions from the National Labor Relations Act, as it has in the past, at the same time, we feel that people who are rank and file employees of the casinos deserve to have certain breaks as they pertain to necessary licensing.

We are not talking about affecting anything that relates, in my opinion, to the integrity of the casino industry. What we are talking about is looking at those categories of individuals and, to a great degree, waiters and waitresses, and the level of licensing which they are now required to have when they are on the casino floor. We have worked with the Commission; we have worked with the Division. We are asking that those employees -- waiters and waitresses specifically -- who are not in areas such as the pit area, not be required to be licensed as casino employees, but, instead, be registered. If, in fact, the purpose of that casino license is to maintain the integrity of the industry by monitoring those who are in or directly around the gaming area, we find it unnecessary to license those people who happen to be in or around the floor. This would go for people who work in the bar areas.

All too often, you find regulation that is an over-reaction; that goes too far. In this particular case, I think we have an over-reaction in terms of the amount of people who have to be licensed. We have wholeheartedly been the ones

in the past to push that from the top down, you have to have licensing. But we are now talking about the person who does not truly affect, nor could affect, the integrity of the industry, but, at the same time, is a person who is not earning that much money, and that extra \$60 or \$70 a year out of their pockets is a substantial sum of money.

So, we would appreciate the Committee reviewing this concept. There are proposed amendments that will be submitted by the Commission, which we have worked out in conjunction with the Commission and with representatives of labor, that we feel are fair. The representatives of this district are the ones most concerned with the maintenance of the integrity of this industry. We feel, as do the members of the industry who are sitting behind me, that we have the most to gain by showing the public that we want to be in the forefront in maintaining the integrity of this industry.

If you compare what has been accomplished in this region over the last decade with other regions of the State, and the quality of people who have come in at the very top positions to head the various gaming institutions, I think we are second to none, not only in gaming, but in terms of the overall integrity, given the amount of people who are involved in the industry. On occasion, you will have charges, you will have problems, but I think we can be very proud of the record of the Commission and the Division, and of the people who run this industry that we know as casino gaming.

I think we have had enough time pass so that those bills, or those actions which were taken which were over-reactions because casino gaming was new and we had to be overly careful-- We can now look to certain provisions such as this and, not relax on integrity, but relax on what I consider to be unneeded regulation.

Thank you.

ASSEMBLYMAN SCHUBER: Senator, we thank you for joining us today. Certainly you have been with us at most of our hearings, and have given us your input with regard to, not only the particular bill which you have addressed, but with regard to a number of the other bills that are in the package, certainly from the point of view of the Committee as we have gone over these bills and listened to the testimony. We will be hearing more on this particular bill today.

You know, there is certain sympathy on our part for a certain flexibility with regard to these particular rules you have mentioned today. Before I get off that topic, Assemblyman Kline, as the cosponsor of this bill, do you have anything you would like to add?

ASSEMBLYMAN KLINE: Well, I would like to hear the testimony today, and then we will discuss any changes or any amendments or anything at that time.

ASSEMBLYMAN SCHUBER: Thank you, Senator.

SENATOR GORMLEY: Thank you.

ASSEMBLYMAN RILEY: Could we--

ASSEMBLYMAN SCHUBER: I'm sorry. Assemblyman Riley?

ASSEMBLYMAN RILEY: Bill, do you agree that-- Obviously, I think everybody now is in agreement that something has to be done regarding the licensing. We have really just gone gaga with people as far as the-- I think we both basically agree on the over-breadth of the statute.

SENATOR GORMLEY: I am not going to ask you to define gaga, but go ahead.

ASSEMBLYMAN RILEY: No, but you did on the train. (laughter) Seriously, I think we obviously agree on the over-breadth. Do you think that while we are maybe taking some people away from the strict licensing requirements, that we should-- Obviously, you are well aware, and we have spoken many times about the problems of the statute, particularly in the Ethics Code, regarding the conflicts between the State

employee and the casino employee. Do you think we should try to remove those people at the same time? In other words, the people we find who should not have the highest licensing.

SENATOR GORMLEY: Dennis, I don't think you were elected at the time, but I remember when I happened to be the only legislator to vote against the State Ethics Code. It was really a highlight of my career, and is sometimes misinterpreted because the only town in the State of New Jersey where a legislator has to report his land holdings, is Atlantic City. It should be all the land holdings in the whole State.

I, as a legislator-- As I said, we cited our request that there be an exemption from the National Labor Relations Act. That didn't win us friends down here, but we thought it was the right thing to do. I agree with you that there are other things I would like to see changed, but in terms of substantively accomplishing something. See, my fear of omnibus bills is that we will become enmeshed in omnibus chaos, and will never get anywhere on anything.

I see this measure as some light at the end of the tunnel. As to the other points you bring up, we have been in agreement for years on those points. I guess, Dennis, this is the foot in the door approach. I think the other things will happen. The fact that there is a restriction against people in the private sector who are casino employees from running for public office-- I have always said that everybody has the right to run and lose, or win. I think that is something that will change in time, as the State gets more familiar with casino gaming. It is legal. That is what the referendum said. But, in terms of these other measures, I think many of them will come in time. I think the suggestions you bring up should be looked at. I agree with you, but what I don't want to do is take something where I think we have finally made some progress, and say, "Here is \$60 or \$70 back a year that we don't think you should be spending." I think we should get this done, and review--

ASSEMBLYMAN RILEY: And hope for the future.

SENATOR GORMLEY: Well, not blind hope, because a few years ago this would not have happened -- the fact that we have a process like this and there is agreement between the Commission and the Division. We realize what we accept from this county and this city because of casino gaming. You look at-- Let me tell you, if you put in the casino ethics bill-- If you put in the legislative ethics bill that people -- executives in the insurance industry-- We vote on insurance bills. Well, those people will have that post-employment restriction. It is not a casino concept. It is the fact that there has been a limitation. There has been precedent set in certain things that we have done limiting people in the private sector. That is the question. I think that some day there might even be a court case on it, or whatever. I think that might come to pass.

But, the reality exists that as of right now, you know, with a person who is working 10 hours on his or her feet serving drinks, or whatever, I would like to be able to say, "While we are dealing with the theory, you are paying \$60 or \$70 less a year." We are trying to accomplish that. But, in terms of-- Dennis, we have been there on all those discussions. We don't disagree. What you have to be very careful about is, it is easy to take a shot at Atlantic City and Atlantic County and gaming in this region. What we don't want to do is go flailing away for everything, and accomplish nothing. I think we have all seen that that approach goes nowhere. This is a substantive, realistic approach, and I am more than happy to compare my legislative record, and this district's legislative record, on being tough in other areas where we thought it would be appropriate.

But, in this particular area, to say to those people in the industry-- They realize this argument. I think it is a breakthrough, and I think other areas, hopefully, will come to

pass. As you know, other measures that you suggest won't move; they won't go anywhere right now.

ASSEMBLYMAN RILEY: We got them through one house, but never got them through both houses.

SENATOR GORMLEY: I think, also, that certain people knew they wouldn't get through the other house, quite frankly. As we all know, it takes three parts of the legislative process.

ASSEMBLYMAN RILEY: Forty-one, 21 and one.

SENATOR GORMLEY: That's right, and certain times people know, "It will die in the other house, so I can be gutsy today and vote for it." And they realize it won't come to pass. But, you're right. We have to deal with perception, because perception is a part of what we deal with as legislators, especially in dealing with casino legislation. But, this Committee's action is a very positive sign. This is the best rapport I have ever seen in terms of a legislative Committee, fairly sitting down, not looking for a press release, but looking to substantively deal with these issues, while at the same time keeping as its number one priority the integrity of the State.

ASSEMBLYMAN RILEY: Thank you.

ASSEMBLYMAN SCHUBER: Thank you, Senator Gormley. Our next series of witnesses will be representatives of the Atlantic City Casino Association, and I think the first witnesses will be Mr. Tom Carver and Mr. Peter Sheridan.

T H O M A S D. C A R V E R: Mr. Chairman, I guess in Atlantic City it is safer to sit further away than we do in Trenton, right? By the way, before I begin, I don't wish to admonish one of your members, but I always thought, and I think most of the people in New Jersey thought, that what happened on the train was off the record. If it ever gets out, we're all in trouble. (laughter)

Mr. Chairman, it is my privilege again to address this Committee. I would also like to -- since you have already

received the official greetings of our number one legislator -- give you the unofficial greetings of the industry on behalf of my colleagues and myself.

Today you are about to consider, as you have been, a most important package of legislation, which is vital to the future of this industry in the State of New Jersey. I think to bring that point home, you will be hearing today from a variety of experts, beginning with Dick Robins of Arthur Andersen & Co., who did a study on our behalf with respect to A-3570. You will be hearing from the President of the Pratt Corporation, Bill Weidner, and also Steve Norton, who is Executive Vice President of Resorts. Brad Stone, President of Sands, will also address you. You will be hearing from Chris Whitney, one of our attorneys, and Senior Vice President of Law and Government at Harrah's and, finally, Ed Suter, Vice President of Finance at Caesar's.

As I said the last time I addressed you before this Committee, it is absolutely imperative that you give every deliberation to these issues. I would like you to consider one thing in your deliberations, however. The casino industry is an entertainment and service industry. The bottom line is the patron. The business decisions that our people reach, based on about 25 years of experience, are based on patron needs, desires, and behavioral patterns. Decisions in this business which are made otherwise are often disastrous.

There is a constant need to improve the product, not to stand still. If you go up and down Atlantic City, the Boardwalk, and also the marina district, you will find that this industry is constantly improving its product. Later this month, a brand-new facility called "Showboat," featuring an entirely new marketing concept based on bowling, will open. Next to that, Resorts is building what I would term an edifice, which is aptly named the Taj Mahal. It is going to be a magnificent property, and will open later this year or early

next year. This is not a commercial, by the way; these are just facts about what is happening.

If you continue down, the Claridge has just expanded. Bally's is about to construct a new tower. It will feature a spa. Sands is constantly upgrading its facilities, and will be opening a garage in the near future. Trump Plaza, as you probably noticed on your way into town, will be opening a garage very shortly. The Tropicana is building an expansion to contain a theme park, and has also recently opened a garage. Harrah's has expanded, and the Trump Castle is brand new. And, there is a sale taking place today, a closing, between the Golden Nugget and Bally's.

I would like to take a moment, if I may, just to express a personal thought. I think Atlantic City is losing a star today, hopefully temporarily. But, Steve Wynn is a unique and dynamic personality, and his kind doesn't come along very often. I think the star of Atlantic City will shine a little less brightly while he is out of town. But we're hoping that he will return. As far as the Association is concerned, my colleague and general counsel, Peter Sheridan, and myself, we hope that Steve Wynn will come back to Atlantic City quite shortly.

I believe that these public companies have demonstrated their faith in New Jersey, and also in the process. But, I must tell you that in 1978, New Jersey entered the big leagues in terms of competing for entertainment and resort dollars. We are competing with some pretty strong competition. We are competing with Las Vegas, competing with Australia, competing with the Caribbean, and we may, in fact, be competing in the future with other major resorts in this area. So, we can't take a step backward. We have to continue to improve our product.

This morning I was talking to Peter Sheridan. I was drawing an analogy between Macys and Gimbels, and he said,

"That is ridiculous. I wouldn't bother." But, Macys and Gimbels used to compete with each other right across the street. Macys continued to improve their product; continued to provide what the public wanted. Gimbels didn't do that. There isn't a Gimbels any more. We are very hopeful -- and I don't mean to stretch a point -- but we are very hopeful that nothing will happen which will turn New Jersey into the Gimbels of casino gaming. We've got to be able to provide the services, the entertainment, the facilities that the public wants. That is the basis of all of the business decisions that you will be hearing about today.

Mr. Chairman, before I close, I have been testifying before legislative committees for about 25 years, both in public life and also in my present capacity. You may not wish to hear this, but I would like to tell you anyway. I have never been before a committee -- in this case, the one which you chair -- that has been more objective, has been more fair, has been more open-minded than this one. It is a privilege to be here, and it is always a privilege to come before you. I know that whatever you decide during these deliberations, that you are going to do what is right for the State of New Jersey. That is really all we, as New Jerseyans, can ask you to do.

So, I want to thank you for the privilege of being here again today. I have no other role than to welcome you. I would submit to you now, a copy of the Arthur Andersen report, which will be submitted to you formally, and testified to formally, following our presentation.

If you would indulge me, I would like to have Mr. Sheridan perhaps return -- if you desire -- to explain the existing credit regulations at some point later in the day, as we get into the credit. But, thank you again for allowing us to be here.

ASSEMBLYMAN SCHUBER: Thank you, Mr. Carver. Certainly, we will give Mr. Sheridan an opportunity to do that.

Tom, did you want to act as sort of the M.C. for your witnesses, please?

MR. CARVER: I would be glad to.

ASSEMBLYMAN RILEY: I got a call yesterday from David Gardner. I understand he is doing very, very well. In fact, we are having dinner.

ASSEMBLYMAN SCHUBER: We understand that Dave Gardner is doing very, very well.

MR. CARVER: Dave Gardner is repairing nicely. It is very nice of you to formally note that.

ASSEMBLYMAN RILEY: I got a call, and I am having dinner with him next week. I am really happy to hear--

MR. CARVER: We miss him in Atlantic City. I have told my colleagues in the industry how important he is and the role he plays in the South Jersey delegation. Dennis, I appreciate your reminding me.

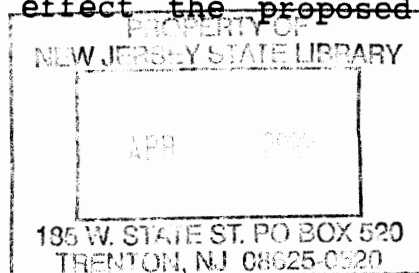
ASSEMBLYMAN SCHUBER: Please convey the best wishes of our Committee to Mr. Gardner on his speedy recovery.

MR. CARVER: Thank you, Mr. Chairman. I would like to introduce to you Mr. Richard Robins from Arthur Andersen & Co., who will discuss the report which I just submitted to you. He will be joined by Bill Weidner, who is President of the Pratt Corporation, and also Steve Norton, who is the Executive Vice President of Resorts International. They will be discussing credit with you. Gentlemen?

ASSEMBLYMAN SCHUBER: Gentlemen, welcome.

MR. CARVER: Mr. Andersen is going to open up -- all right? -- unless you have other desires.

R I C H A R D R O B I N S: Old Art Andersen? Chairman Schuber, members of the Committee, good morning. My name is Dick Robins. I am a partner with Arthur Andersen. Arthur Andersen represents, as their accountants, five of the Atlantic City casinos. We have been requested by the Atlantic City Casino Association to estimate the effect the proposed bill



would have on the financial operations -- on the actual 1986 financial operations -- of the casinos.

Before I present our findings, let me briefly describe the procedures which we followed. We reviewed the proposed bill, specifically restricting our estimate to that section which would require that casino checks be deposited within two banking days, as compared to the 90 days that is permitted under present regulations. We reviewed published data for specific information as to what might be affected by the proposed regulations. We met with selected casino executives and reviewed the proposed bill with them, as well as specific information that is published by the industry, to determine their assessment as to how the proposed bill would affect casino operations.

From these discussions and reviews, we prepared a survey. The survey was distributed to the 11 casinos, and we received responses from nine. We reviewed the data of each casino that was submitted for consistency and reasonableness, both among the information submitted by all of the casinos and as compared to published industry data.

We requested clarification of certain information that was submitted to us, to be satisfied that the casinos understood the survey and responded accordingly. For the two casinos which did not respond, we extrapolated the information that we received from the nine, giving consideration to the nature of their credit play in relationship to total gaming revenues. These two casinos comprise approximately 6% of the total credit drop.

Based upon the information which was received, the Atlantic City casinos have estimated that the proposed bill would have the following effects on the industry, as compared to 1986 actual results. We have a chart here that will illustrate the specific points.

The industry estimates that gaming revenues, based on 1986, have been reduced by approximately \$118 million. This represents a 5% reduction of actual revenues. It also represents approximately a range of 3% to 8% of the individual casinos that reported. In computing this number, we asked the casinos to particularly focus on the net loss in revenues, considering the fact that a portion of the loss credit drop would be converted to cash drop.

With a potential reduction in revenues, the casinos estimated that total expenses would be reduced by approximately \$89,900,000. As you can see, the largest component of that is payroll and payroll-related benefits of \$40 million. This would result in a loss of jobs of approximately 1750. Non-payroll expenditures would be reduced by \$30 million, and include such items as advertising, food, beverage, entertainment, junkets, etc.

The gross revenue tax would be reduced by approximately \$8,900,000, and bad debt expense by approximately \$7 million. For the first nine months of 1986, approximately 2.8% of casino checks were returned for collection. The industry, however, estimates that approximately two-thirds of that amount will subsequently be collected, and that the provision for bad debts would be approximately 1% of total credit issued in 1986.

ASSEMBLYMAN SCHUBER: Was that 1% across-the-board for all the casinos?

MR. ROBINS: No, that does vary.

ASSEMBLYMAN SCHUBER: That is the high to the low? If I said somewhere between 1% and 2%, would I be wrong?

MR. ROBINS: No, you're probably right.

ASSEMBLYMAN SCHUBER: Okay.

MR. ROBINS: It probably is low within 1% for several of them.

ASSEMBLYMAN SCHUBER: Okay, so a high of 2%--

MR. ROBINS: I don't recall any exceeding 2%.

ASSEMBLYMAN SCHUBER: Okay. I think there were one or two that were at 2%; I think everything else was below. So, between 1% and 2% would be a fair estimate?

MR. ROBINS: Yes.

ASSEMBLYMAN SCHUBER: Okay.

MR. ROBINS: As I said, there are some, I'm sure, that were below the 1%, to average out the ones that did exceed -- that were closer to 2%.

ASSEMBLYMAN SCHUBER: I'm sorry. Yeah, I would assume that is the case, too, but the average would be somewhere between 1% and 2%.

MR. ROBINS: Well, it averaged out to 1% for the entire industry. A high would be 2%--

ASSEMBLYMAN SCHUBER: And a low--

MR. ROBINS: --and numbers would have been less than the 1%.

ASSEMBLYMAN SCHUBER: Okay.

MR. ROBINS: The total reduction of other expenses, including management fees and State income taxes, would be approximately \$4 million. This would result in a reduction of income from operations of approximately \$28,100,000. Translating this to total State taxes and related obligations would result in approximately a reduction of \$12,900,000, which is comprised of the following: The gross revenue tax, which was referred to above, as based on casino revenues, would be reduced by approximately \$8,900,000. The casino reinvestment obligation would be reduced by approximately \$1,500,000, and State income taxes would be reduced by approximately \$2,500,000.

It is important to recognize that the information presented represents overall industry averages, and that each of the casinos may be affected to a greater or lesser degree than the information presented, based upon the importance of credit to their total gaming operations.

ASSEMBLYMAN RILEY: It would be my understanding that each of the casinos relies on credit, junkets, or comps differently. Is that correct? There is no uniform policy from casino to casino on this. Is that correct?

MR. ROBINS: That is correct. There were a number of other factors that were raised by the casinos, and we have listed these in our report, even though they have not been quantified. They will be addressed by the speakers who will follow.

Thank you for the opportunity to have presented our report. We will be pleased to answer any additional questions which you may have.

ASSEMBLYMAN SCHUBER: These figures on the sheet over here (demonstrating), are these based on the survey that was done for each casino -- the nine of the 11 casinos?

MR. ROBINS: They are based on all of the nine and the extrapolation of the two. It is the reduction of the 1986-- It is the effect on the 1986 results of operations.

ASSEMBLYMAN SCHUBER: Right. Nine of those were on the surveys that were submitted by the casinos themselves. Correct?

MR. ROBINS: Correct.

ASSEMBLYMAN SCHUBER: The other two you extrapolated from industry data, I assume.

MR. ROBINS: From their operations and from the information we received from the other nine.

ASSEMBLYMAN SCHUBER: These, then, represent estimated figures based on that?

MR. ROBINS: For all 11 casinos.

ASSEMBLYMAN SCHUBER: For all 11 casinos?

MR. ROBINS: That is correct.

ASSEMBLYMAN SCHUBER: Are there any questions?
Assemblyman Riley?

ASSEMBLYMAN RILEY: Through you, Mr. Chairman, these numbers would be for the total impact of the one piece of the package -- A-3570 -- but this is for the whole thing. Do you have anything broken down-- What part of that bill would cost what part?

MR. ROBINS: This is only dealing with the section of the bill requiring that casino checks be deposited within two banking days.

ASSEMBLYMAN RILEY: So, this amount is strictly just because of the check within the two banking days?

MR. ROBINS: That is correct.

ASSEMBLYMAN RILEY: It would cost \$118 million to be required to do this banking?

ASSEMBLYMAN SCHUBER: Yeah, just to extract from 90 days to two days.

MR. ROBINS: That goes from the 90-day present regulation to the two days proposed in the existing bill -- I mean, in the proposed bill.

ASSEMBLYMAN RILEY: You're saying that \$40 million in payroll would be lost because you would have to put the checks in within two days?

MR. ROBINS: The casinos estimate a reduction of \$118 million of revenues that you are going to have to (inaudible; witness not near enough to microphone) productions and expenses. One of those which was identified, of course, was payroll.

ASSEMBLYMAN RILEY: Where is the big expense? I don't understand. Maybe Mr. Norton can answer that later. Why would it cost so much to--

H. S T E V E N N O R T O N: Well, it costs so much because we are going to lose a lot of win at the tables because of the tremendous drop in credit play. Right now, many of the casinos get 30% of their win from credit play. If the win goes down by--

ASSEMBLYMAN RILEY: I was thinking of checks alone. Of course, the credit--

MR. NORTON: No, no, no, no. If the win goes down because of the drop in credit play, then the jobs at the tables, and the looking after the high rollers will commensurably drop.

ASSEMBLYMAN RILEY: I was thinking that the depositing of the checks was the only ramification, but you're talking about the credit. Okay.

MR. ROBINS: I think one other point might be important on that question, and that is, the nature of the personnel that would be eliminated tends to be the higher employee -- the higher paid employees.

ASSEMBLYMAN RILEY: The question has been answered. When you said that was strictly because of the checks being deposited within two days, that was what threw me. Now I understand.

ASSEMBLYMAN SCHUBER: As I indicated, I think, before, and from prior testimony, the fact is, from our point of view, I think the 90-day check-cashing rule has been universally criticized by the law enforcement community in our State which deals with this particular industry. The two-day thing is probably unrealistic. So, you know, we're going from there. I appreciate what you're saying.

I assume these figures would change, depending on whatever-- If we change this rule at all, and we go off the two days to something else, some other type of arrangement with regard to check cashing, or marker cashing, some of these figures would change accordingly. Is that true? (affirmative response from one of the witnesses) Okay, thank you.

ASSEMBLYMAN RILEY: If it was 35 or 45 days, would it be anything close to that dramatic?

MR. ROBINS: We would have to go back and, you know, reevaluate the information, and ask the industry to give us

their estimates as to how they might be impacted by a lesser number of days.

WILLIAM P. WEIDNER: One of the dangers is, we are dealing with items that we really cannot unequivocally come up with an answer for. We are doing pro forma information. We asked Arthur Andersen to test out our theories. The question I have is, if the law enforcement community has a problem with 90 days, are they going to have a problem with 87 days, or 83 days, or 46 days, or 21 days? What we are dealing with is something that we can't absolutely quantify. We realize that a two-day deposit will have a tremendously deleterious effect on us. A 90-day deposit we are not positive of, because right now we are in the middle of going through some changes to the credit regulations that have rather dramatically changed how we do our business. We have only been in that now about 90 days, approximately, so I guess our answer is, we are not positive. We know that a two-day deposit is going to hurt us badly. A 90-day deposit-- We are not sure exactly where we are right now, quite honestly, under the new credit regulations, and I guess part of my offense to that is, if we reduce it to 45 days, will the law enforcement community come back then and say, "Well, 45 days does this or that." That is a difficulty we are always dealing with.

ASSEMBLYMAN SCHUBER: You know, as far as that goes, we are trying to take into account, with regard to these hearings, and the testimony we heard in prior hearings, this hearing, and the one that will come up-- We are trying to take all of that into account. We will try, as a result of that, to make a decision as to what is best, keeping in mind the public interest and, at the same time, not strangling off the business. It is that fine line that we continue to walk on under all of this type of legislation.

Being candid with you, obviously that two-day rule that is in there is probably not the one that we are going to

adopt. Where we are going to go in the end will be based on what we hear today and at the one hearing that will come up after this. But, I think what it would be interesting to do, if you could, please, is address yourself to the issue of why the 90 days is important to you.

MR. NORTON: The 90 days has a lot to do with competition. We are in competition for the high rollers with Vegas. They have much better air service; they have 55,000 hotel rooms, where we only have 12 in the entire county. We are in competition with the Bahamas. Since I have some familiarity with it, I can say that since we have started implementing new credit regulations in Atlantic City, our win on Paradise Island has taken a big jump upward. Now, whether that has any correlation to this, I can't say for certain, but I do know there are a lot of New Jersey players who are coming to Paradise Island now, and our win has gone up substantially since the early part of December.

We've got to compete in New Jersey with these other jurisdictions.

ASSEMBLYMAN RILEY: That is because of the snow.

MR. NORTON: Pardon?

ASSEMBLYMAN RILEY: That is because of the snow.

MR. WEIDNER: Well, the key there, I think-- The essential point is, if you are dealing with the upper echelon player, and that individual is putting at risk tens of thousands, if not hundreds of thousands of dollars, he doesn't have that sitting in his checking account. The reality is-- The reason for the 90-day number there, is that it allows him to move assets from one category to another. If it is CDs, allowing those CDs to mature, and not having a penalty on those CDs by cashing in a CD to cover a particular account question.

So, the reality is, it is a long enough period of time to be able to deal with the movement of assets, if the individual is unlucky. If he is lucky, of course, he can go

back and deposit it into more CDs. But, if he is unlucky, there has to be enough flexibility for the casino to be able to deal with it, and not economically affect an individual, who is not going to have \$100,000 sitting in his checking account.

MR. NORTON: A large player does not want to-- He does not assume he is going to lose when he comes here. He knows the odds are in the house's favor, but for an individual where \$10,000 or \$20,000 is a very insignificant portion of his assets, he is still smart enough that he wants that money to be earning the maximum he can in the interim. He is not going to go draw \$20,000 out to come down here anticipating he is going to lose. But, once he gets here, you know, he certainly has the wherewithal -- the financial ability -- to lose, and he may decide that he wants to play more than he originally brought down in the way of cash.

But, if we have a two-day rule, he is not going to be able to play here the way he does without cashing CDs up in advance or selling assets at maybe a loss in order to bring cash down. We don't want him to have to do that.

ASSEMBLYMAN SCHUBER: What about the moderate credit, whatever that may be? For \$2000, \$3000, \$4000, \$5000, why should there be a 90-day requirement for that? It would seem to me that--

MR. NORTON: Well, the smaller the amount of the check, the less time we really need to deal with it.

ASSEMBLYMAN SCHUBER: Because right now, as I understand it, the 90 days is a carte blanche right across-the-board.

MR. NORTON: No, it isn't.

MR. WEIDNER: It's \$2500.

ASSEMBLYMAN SCHUBER: Oh, I'm sorry, \$2500.

MR. WEIDNER: That is the threshold, \$2500 or more.

MR. NORTON: Yeah, we don't have a problem with the varying degree based on the size of the check.

ASSEMBLYMAN RILEY: Where do you think would be a good breaking point, and what do you think would be the tolerable time period for the high roller?

MR. WEIDNER: Dick, do you want to address that, or should we? (no response) I think what we would do--

ASSEMBLYMAN RILEY: You two seem to be rooting for the players, so I will talk to you.

MR. WEIDNER: I think the best thing to do would be to go back -- if that is the direction the Committee wants us to go -- to take a look at that, and to do a more detailed analysis of that, whether we do that with Dick, or whether we do it among ourselves. I think it is feasible for us. We ought to come up with a couple of thresholds and there might be suggestions that would relate to the amount of money and the length of time. That is something we could put together.

MR. NORTON: I think it is important that you understand our position. We are just as anxious to collect every one of those dollars as the State is. We don't want debts going bad, but we are also in competition with Nevada, the Bahamas, European casinos, Oriental casinos, and we have to recognize what they are doing. Right now, in Australia, they are building the world's largest casino, which will be twice the size of the Taj Mahal. We have to be thinking down the line what impact these new operations are going to have on us.

ASSEMBLYMAN SCHUBER: To put this in perspective, why don't you tell us, if you can, to what degree do the casinos rely on credit? How much of the operation -- what percentage of your operation-- I realize this figure is going to vary from casino to casino, but to what extent does the industry rely on credit?

MR. NORTON: It's in the report you have from Arthur Andersen. It's 29% now and, of course--

ASSEMBLYMAN SCHUBER: On the average?

MR. NORTON: On the average. But, in some casinos, it is up to 40% of the table play.

MR. WEIDNER: Of the total table play.

ASSEMBLYMAN RILEY: At the Golden Nugget, I think--

MR. NORTON: The Nugget and Caesar's are -- and the Sands -- are in the mid to high-30s. Some of the other properties, like Bally, are maybe 20%. Atlantis is 19% or 20%.

ASSEMBLYMAN SCHUBER: Is that based on current play, or what time period are you looking at to average that 29% out? I mean, I realize there has been a change in the credit rules.

MR. NORTON: That is based entirely on people who draw credit down when they go to a table, and draw chips for that.

ASSEMBLYMAN SCHUBER: I appreciate that, but, see, what I'm saying is, what time period are you looking at to get that 29% figure? Is that current? Is it based on the year '85, or maybe '86?

MR. NORTON: That would be '86.

ASSEMBLYMAN SCHUBER: Okay.

MR. WEIDNER: Yeah, '86. I think that has been about the same for the last three or four years, as I recall.

ASSEMBLYMAN SCHUBER: The figure has been constant?

MR. WEIDNER: Yes, relatively. It has reduced somewhat with the new credit regulations in the last few months, but it has been relatively constant. Very early in the game, it was a smaller percentage, but for the last three or four years that is about what it has been.

ASSEMBLYMAN SCHUBER: I realize the new credit regulations are relatively new over the last several months. Have you had an opportunity to gauge the impact of those on the issue of credit?

MR. NORTON: It's down, but it is not a meaningful percentage yet until we get a little more time behind it. You really need to have a longer period to develop some meaningful statistics.

ASSEMBLYMAN SCHUBER: Is credit seasonal? I mean, in the course of the year, is one season better than another for credit?

MR. NORTON: In the summer, generally, because there is more walk-in traffic. It would be lower in the winter, where you are promoting a lot more of your business, and where your occupancy would be lower without that promoted business, it should be higher.

MR. WEINER: As a percentage of play; perhaps not in total number of dollars, because you have a lot more volume in the summertime operational on players, as well as mid-level players.

ASSEMBLYMAN SCHUBER: With regard to the issue of Nevada, as I understand it, they don't have any rules on this at all. Is that correct?

MR. NORTON: They can do pretty much whatever they want. They can negotiate settlements. They can--

ASSEMBLYMAN SCHUBER: To what extent -- if you can tell me; if you can't, it's all right -- does the casino industry, as a whole, in Nevada, rely on credit?

MR. NORTON: Well, it depends on the operation.

ASSEMBLYMAN SCHUBER: Again, I appreciate that it would vary.

MR. NORTON: The grind, or sawdust joints, downtown rely very little on credit. They are mainly slot joints, with thousands and thousands of slot machines. When you get out on the strip to Caesar's, the MGM, the Dunes, the Flamingo, the Hilton, those rely on credit to a much greater degree. A property like Caesar's relies extremely heavily on credit, much more so there than here in New Jersey.

ASSEMBLYMAN SCHUBER: Would it be fair to say that they rely on credit to a greater extent out there than we do here?

MR. NORTON: Yes, they do -- Caesar's.

MR. WEIDNER: Well, I think that within Atlantic City there are differences in the perspective on credit also, and you will see a fairly great variation between different houses in what percentage of their table play is credit play. A good example would be the Sands itself, which our company owns. That property is somewhat restricted from its mass play by not being on the Boardwalk and not being on Pacific Avenue either. We run a higher percentage of total table win than most other casinos because we use it as a marketing tool. That marketing tool relates to how we conduct our business, how the showroom is operated, how many suites we have, how many limousines we bring in, how many airplanes, helicopters, etc. So, it goes to the heart of how it is we compete with the other places in town and, at the very high end, how we compete with Las Vegas, Monte Carlo, and other gaming destinations that have more flexibility as it relates to credit extension.

ASSEMBLYMAN SCHUBER: Of the percentage of your business that relies on credit, what percentage of that, on the average -- if you can tell me -- is dependent on the high roller for credit? And, what is a high roller, as far as dollars go?

MR. NORTON: There are all sorts of levels of that, Pat. It just depends entirely on-- We base our complimentaries on the level of play, but there are all sorts of categories in a casino. Even though you may not be dealing with a lot of people, because of the affluence of some of those, that represents a fairly large-- Maybe half of the casino credit play is the very, very big hitters, who are small in number, but are--

ASSEMBLYMAN SCHUBER: Dollar-wise they are more significant.

MR. WEIDNER: Brad -- President of the Sands -- just whispered to me that 66% of our credit players are \$10,000 lines and above; 33%, approximately, are \$50,000 and above. That will give you a little idea, in the Sands area anyway.

ASSEMBLYMAN KLINE: A good point, though. He just said there are only a select few high rollers, so to speak. All the numbers and all the work you have done, when, in fact, the Showboat opens, and the Taj Mahal opens-- Those select high rollers who visit Atlantic City will now be spread out to two more casinos. You might be competing more among yourselves, and give out more credit to entice those high rollers. Couldn't everything just change again?

MR. WEIDNER: Well, the hope is-- Physically, what has happened here in Atlantic City is, the more product that has come on-line, the broader based the market has become. This is why we have been pushing so hard on infrastructure; why infrastructure is so important, whether it is rail lines, whether it is convention facilities, or whether it is airports. We don't want to be a back yard crap game to Philadelphia. The more narrow we become in competitive focus, particularly as it relates to credit and issuing complimentaries and things of that nature, the more we become dependent on only those markets we have been able to penetrate now. The idea of the rail line, the idea of the convention center, and the idea of developing the airport, are to expand this market. These kinds of legislative initiatives are counterproductive.

We are going to become homogenized casinos, unless, in fact, we are given the parameters to be able to make mistakes in. One of the things that is frustrating for us is, we have done an excellent job of handling credit. Our total credit losses are less than 2%, between 1.5% and 2%. That compares favorably with credit cards; that compares favorably with bank extensions of credit. We have new credit regulations that were to deal with those issues with a limit of 90 days, and here we are revisiting an issue that goes to the heart of why we are here. We are here to develop economic revitalization. We are here to make this experiment work. Government's job is to take

revitalization and turn it into redevelopment. But, if the revitalization impetus is continually narrowed and narrowed and narrowed by regulatory and legislative pressures, we are going to be a back yard crap game, homogenized casinos. The reality is, we are not going to be able to accomplish what we came here for -- the redevelopment of Atlantic City.

We are striking at the heart of that issue as we are dealing with this today. Sure, we are going to let \$10,000 players-- A \$10,000 person coming to Atlantic City in 1976 was totally nonexistent. We are talking about 66% of our credit players being that level of individual. A \$10,000 person is welcome in the Bahamas. He certainly is welcome in Aruba where we operate. Now, if he has the decision of going there or coming here, the reality is this is a nice convenience buy, but if we can't deal with him in at least a competitive environment, as it relates to credit extension, the deposit of checks, and so forth, his decision is going to be to go there. What happens? We have to reduce staff, and this whole thing comes tumbling down to a certain extent.

So, we are dealing with a very important issue, as we are talking about these things today.

MR. NORTON: You mentioned the two new properties. Showboat is not really in the high roller marketplace. They really don't want to go after that kind of business. Their facility is designed to being in bowlers, to bring in families, which is great. We need those facilities in Atlantic City. The Taj Mahal, on the other hand, is now going after the Midwestern market, and the markets that don't currently come to Atlantic City because there is no air service. We are negotiating with airlines. We are basically saying, "You can have a couple a hundred rooms on a Saturday night" -- which have not been available here in Atlantic City prior to this-- "if you will bring service to Atlantic City."

We realize that we have to expand our marketplace, but our market is so much larger than Vegas, if we had air service, and if we had hotel rooms to accommodate people coming from our secondary market-- They are not going to come if they don't have an overnight, unless there is a jet service that will take them back the same evening. But a good many people from Pittsburgh and further west would drive here if there was a place to stay on a Saturday night. Right now, that is a real problem. You cannot get accommodations on a Saturday night. The Taj Mahal and Showboat are adding another close to 2000 rooms to Atlantic City, and there are still other hotels being built and opened daily. We just had another hotel open last week on the White Horse Pike. That accommodation influx and increase is making it possible for us to now market to the Midwest, and promise rooms when people want to come.

ASSEMBLYMAN RILEY: Steve, I think the rail line is going to be a reality, which should be helpful. If I may, through you, Mr. Chairman, two things. One, to sort of put things in perspective, because I know Pat wants to get into the comps, but I think it is all interrelated-- I heard a number last week. In Vegas, for as low as \$2500, you can get everything, carte blanche. An old gang from my neighborhood -- some of us have to be excluded, much to my chagrin-- A \$2500 line -- air fare, hotel, all meals, just for \$2500. I am just showing the difference.

To develop the question I asked earlier, how long would it take-- The Chairman and I will be staying at a casino in China next month, but how long would it take to develop the numbers that we are talking about, the levels -- the check level and the--

MR. NORTON: We will never be able to compete with Vegas even though it is further away, because the cost of operations here in Atlantic City are at least 50% higher than Vegas. Our tax rates are much higher. We carry the cost of

the Division and Gaming Enforcement, which are not carried in Vegas. Our real estate taxes here are infinitely higher than real estate taxes in Las Vegas, and the wage rates are higher. So, when you get down to the final analysis, our staffing mandates are much more difficult here, which means we've got to have more people watching a table than in Vegas. We don't have the same flexibility of management. You will never see the same kinds of programs work here--

ASSEMBLYMAN RILEY: Oh, no, I realize that.

MR. NORTON: --because of the tremendous costs of doing business in New Jersey.

ASSEMBLYMAN SCHUBER: I would just indicate, before we move on to comps, simply this: You know, to answer your question, or to give our philosophy based on your philosophy, we are not here in a vacuum. We have not created these bills just to occupy our time for the next couple of months, but rather they are meant to address problems which have been brought to our attention through the law enforcement community, whether it be the Attorney General or the State Commission of Investigation. It is as a result of their studies which have come up over the last two years that this package has been developed. It is our responsibility now to find out to what extent the practices here mirror the problems that were brought to our attention by them. I think we all have -- both the State of New Jersey and the industry -- a common bond to the extent of protecting the integrity of the industry. If, in fact, something happens that we could have avoided by our policies, that strikes to the very heart of that integrity, we are all going to be losers on this.

So, the question comes out to whether, in fact, there are some changes that are necessary to prevent some problems from happening. I am not sure whether there is or there isn't. That is the purpose of all of these hearings. We are not here to bludgeon the industry -- that certainly is not our

point -- but rather to try to find out if there are some changes that have to be made, based on 10 years of experience.

As I prefaced-- I didn't preface my remarks today about this, but at past hearings-- You know, this is a little past the tenth anniversary of the implementation of the Act, and it is time that we reviewed it to determine how it is going to meet the -- you know, how current practice is keeping in line with the way the statute was originally enacted. That is what all this series of bills-- That is the other way the rest of these bills came about.

I can assure you of this: We are not here to strangle the industry, or bludgeon it. We recognize that the State has an integral relationship and an integral stake -- to use the vernacular -- in the success of what goes on here, and we are just trying to make sure that mutual dependence on our part is continued on the basis of public interest.

So, I appreciate what you have indicated to us on that. Certainly, your testimony and the Arthur Andersen report will become part of our analysis, and will be taken into account. That is why we have moved along with these bills very slowly and deliberately, to make sure that what we do in the end is based on the best possible information that we can have.

MR. WEIDNER: I think this represents kind of an interesting templet. The "original bills" were couched and communicated a number of years ago as simplifying the Act and, quite honestly, what was originally intended to be a simplification of regulatory action, ends up being, quite honestly, a direct attack on some of the fundamentals of the business. I just want to take a second to say that I believe that by the time the regulator, or the law enforcement community, delivers a perspective to you, we would ask that they look at putting that into a context, because it is too bad, quite honestly, to be dealing with these kinds of fundamental economic issues at this level after legislation has been introduced.

I think every action has an equal and opposite reaction. I think it is important that those things be put into context before they are laid in front of you. I don't know how to be able to get to that particular issue, but the regulator and the law enforcement community have to be just as mindful of the income to the State of New Jersey as they are mindful of how the places operate. I think that is something that is very important. To have the industry sitting here defending itself on fundamentally economic issues that may be based on less than total information for you, as a Committee, is something that I find, personally, to be less than, I guess you would say, professional in dealing with these issues.

ASSEMBLYMAN SCHUBER: Well, to you who deal with the industry on a daily basis, that is one thing. But to us who do not, and who do not come from the basis of the industry, it is a matter of education, too--

MR. WEIDNER: Correct.

ASSEMBLYMAN SCHUBER: --so that we understand that what we are doing is on the basis of, not for just this particular city, but takes into account the public good, which is the entire State of New Jersey and its impact. The whole State now has a stake down here.

That is what we are doing here. Again, it is something where if we just wanted to be precipitous in our action, we would have just introduced the bills and put them right out, and that has happened in the past. We recognize the delicate nature of the experiment here, and we are trying to feel our way around to make sure that what we do is in the best interest of the public in keeping everything going here, but, at the same time, maintaining its integrity.

But, enough said. I think we have the picture on credit. What I would like to do, if I could, please, absent any questions from the members, is hear from Mr. Stone with regard to complimentaries and Mr. Ross on junkets.

We appreciate your testimony. Thank you.

MR. CARVER: Mr. Chairman, before Mr. Stone begins his testimony, Mr. Ross will not be here. Mr. Stone will speak on both topics.

ASSEMBLYMAN SCHUBER: Oh, okay. That's fine.

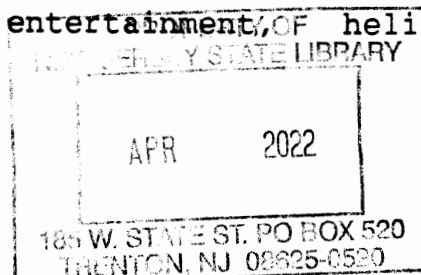
MR. CARVER: But, before he begins his testimony, I would like to reiterate one point which is a common thread that you just heard; that is that there are different perspectives with respect to legislative initiatives. From the standpoint of the law enforcement community, for example, the legislative package is a uniform application of a rule or a law. From our perspective in the industry, it could be disastrous in terms of anti-competitiveness. That is what we are very deeply concerned about. I think when Mr. Stone describes the complimentaries and how they are issued, why they are issued, and when they are issued to you, you will get a deeper reflection on our concern in that area.

ASSEMBLYMAN SCHUBER: We are trying to strike that practical balance. We recognize that all of these rules have some practical effect, and we are trying to figure out what that is and how detrimental that may be. Mr. Stone?

B R A D L E Y H. S T O N E: Thank you, and thank you for allowing me to appear before you today. One note, if I may, on the credit issue, which wasn't touched and which I feel is important to put into play; that is what we call the "multiplier effect--"

ASSEMBLYMAN RILEY: Put into play, oh, bad. (laughter)

MR. STONE: A pun, huh? Arthur Andersen presented testimony in numbers based on findings of the industry regarding the amount of jobs that would be affected within the industry should we go to a two-day type of credit situation, as we discussed. But, additionally, there are a lot of jobs outside the industry that are affected by this type of action, specifically limo companies, entertainment, OF helicopter



companies, and the like. There have been studies done on this -- I think we could further supply this Committee with that information -- by the New Jersey Office of Economic Policy, an independent department. In their study -- in 1983 I believe it was -- we have the '86 numbers as well, but not available today -- they came up with a multiplier effect that for every job created in the casino industry, there is an effect of 2.14 jobs created throughout the State. That number, when you look at 1750 jobs that could perhaps be lost as a result of a two-day credit policy, could possibly affect up to 3800 jobs throughout the State of New Jersey and ancillary industries, such as food suppliers, limo suppliers, things that would affect the overall economics of the State, and probably, to a greater degree, the economics of Atlantic County, where a lot of those suppliers are located.

So, pardon the digression there, but I think it is an important point to make. We would be happy to give the Committee more information with regard to the overall economic impact, not just the impact simply felt by the casino properties themselves.

We did have an opportunity to discuss complementaries and gifts and issuance and the like in some detail. As an Association and as an industry, our first concern was the bill itself and the wording of the bill as to what the bill intended to limit us to. The bill itself spoke specifically to RFB, or what is known as room, food, and beverage complementaries, and certain forms of transportation, as to what would be the limit. That was our original understanding. We had concerns about items such as gifts and how they would be treated under this bill. I think it is important to note that gifts can range from anything -- from the giveaways we give to people coming off the Boardwalk, to perhaps prizes that we have in slot tournaments, to perhaps prizes for a golf tournament.

Additionally, gifts can be items such as watches, the much-publicized car-- I think we probably gave away six cars in the history of the Atlantic City industry, but when anybody ever talks, we always-- It seems like we should have our own dealership and buy in volume. But, quite frankly, that is not the case. I can speak for my casino. We have never actually done that, but we do talk about gifts in terms of that, and how they would be affected by the bill.

Additionally, entertainment off the property-- The bill doesn't address itself specifically to that; for instance, taking a guest out to dinner in New York City, or perhaps entertaining a patron at a sporting event. We are concerned about the inclusion or noninclusion of that, because, quite often, while a bill may come out-- There may be a different intention in the legislation than what is interpreted by the regulators in the end result. So, we are concerned about how deep the intent of that bill is.

It also addresses the issue of cash complimentaries. Cash complimentaries, again, are a wide range, from the bus coins we give out to our patrons -- and I am sure that was not the intention of the bill, to eliminate the issuance of bus coins to the masses -- to travel reimbursement -- when someone comes in by plane and we reimburse their ticket in cash. Sometimes we actually give customers walking around money. A customer may lose his money and be in for the weekend, and rather than have him have no funds available, we may issue money to that individual. In a very rare circumstance -- it has happened in the industry -- it doesn't happen at my specific property, so I am not well-versed on it -- cash is actually issued as a type of gift to a customer.

All of the above which I am speaking about are truly key marketing tools to our industry, whether it be that coin that we give away, whether it be the complimentary beverages we give away on the casino floor, the comp to the gift shop or to

the showroom, or the suite we give to the high roller and the gift we may individually give to that top customer. Being businessmen, we look at a complimentary as a marketing investment. In line with any business decision, we expect to receive some type of return for that investment in the terms of play. We personally don't think there is anything inherently wrong with giving a customer who may lose \$25,000 a \$1000 watch, no more than we have an objection to giving a \$50 bus customer \$15 in coin.

ASSEMBLYMAN SCHUBER: If I might, let me ask you this: At the present time, if you give out a complimentary, no matter what it is, what do you have to do as far as reporting that to the regulators, if at all -- if you have to?

MR. STONE: Well, we have, in all of our submissions which are approved by the Casino Control Commission and the Division of Gaming Enforcement, complimentary reporting systems. In those complimentary reporting systems, we go into great detail. We specify the patron who received the complimentary and what that complimentary was -- whether it was a room comp, or a piece of crystal, or cash reimbursement for travel. Whatever that is, we put the information on the computer report. Also, what the value was of that particular complimentary, whether it be \$100 for a room or \$50 for a piece of crystal for the customer's wife, as well as the person who issued that complimentary; who made that decision to give that complimentary to that specific patron.

It is a rather all-encompassing report, and it is supplied daily to the Division of Gaming Enforcement and the Casino Control Commission. It is also kept in our files on the property, on either microfiche or computer tape.

ASSEMBLYMAN SCHUBER: What about the coins for the bus patrons? Are they reported that way, too.

MR. STONE: We report the coins in terms of the amount of dollars given out. We have bus coupons. We have internal

control systems which we submit to the State, which are a proof to the State as far as our coin -- internal control submissions which account for the validity of the coin that is given away.

ASSEMBLYMAN SCHUBER: Because it is certainly not the intent of-- This bill is not intended to be involved with that coin issue at all. But, let me ask you this: How much are we talking about in comps? What is the total value of comps?

MR. STONE: For the industry?

ASSEMBLYMAN SCHUBER: Yeah, for the industry. I assume, again, that this goes back to the fact that each casino is different as far as this goes.

MR. STONE: It is, and I do want to touch on that in a moment. Mr. Norton, I believe is--

MR. NORTON (speaking from audience): The bigger casinos give out comps of about \$60 million a year.

ASSEMBLYMAN SCHUBER: Each?

MR. NORTON: Resorts, Caesar's, Golden Nugget.

ASSEMBLYMAN SCHUBER: Each?

MR. NORTON: Each. A casino like Bally's, which does not go after the high roller to the same degree as the rest of us, has a number about half of that. Now, that includes the RFB comps, transportation comps, and the quarters. That is the total cost of all comps. You do not see it on our reports the same way, because some are internal comps and some are comps that we pay for to outside agencies. So, they are at different places on the report.

MR. STONE: To give you an idea of the mix, about \$60 million would perhaps be 50% in terms of internal room, food, and beverage complimentaries; probably another 25%, or another \$15 to \$20 million, would be in terms of complimentaries given out in bus coin for the typical casino; and the remaining 10% would be reimbursements for travel, limosines, and giveaways -- promotional types of giveaways. So, it is an all-encompassing number. However, the majority, probably about 75%, is related

to the coin we give on our bus programs and the complimentaries we issue as far as room, food, and beverages on the property.

ASSEMBLYMAN SCHUBER: That is 75% of all complimentaries?

MR. STONE: Of the complimentaries.

ASSEMBLYMAN RILEY: If I may--

ASSEMBLYMAN SCHUBER: Yes.

ASSEMBLYMAN RILEY: Just on that same subject, if I average it out, \$40 million per house would be about \$440 million. What does it cost for you to tabulate those numbers, and how often are you called upon to do that? I mean, are you spending millions of dollars, and once every year somebody comes along and says "Ha-ha, ha-ha, look at this"? Is this economic nonsense to be doing this to the extent we are doing it?

MR. STONE: I think there is--

ASSEMBLYMAN RILEY: How much does it cost you to tabulate this, and how often does someone come along and say, "You should not have given Carmen Boom-Boom a hotel room"? What is the cost factor? I mean, is this an economic thing? I think we sometimes overdo things. In order to be safe, sometimes we act a little ridiculous.

MR. STONE: Well, I don't have the specific cost, but I can tell you the components of that cost. I mean, we all have individual departments whose primary responsibility is to load information into the computers, taking comp slips -- taking those comp slips and inputting them into the computer so that there is a report against that; additionally, actually microfiching and keeping the records we need to keep. That is the Microfilming Department. We certainly have a lot of data processing time that is dedicated to the processing of this information. It has been my experience that while we issue these reports, it doesn't seem they are used objectively by the State very often.

ASSEMBLYMAN RILEY: How often have you been questioned? How often has the DGE or the CCC done anything but have those people -- who they seem to want to employ all over the place looking at things-- How often do they say, "Here is a problem"? How often do they say that, compared to the millions you are spending?

MR. STONE: In the last year, I know of once at my particular property. I know one time that that was looked at. I know that presently the State is looking through some transfiles. I guess we are arguing right now that if they are looking through transfiles since 1980, at 42 customers, who is going to pay that bill.

ASSEMBLYMAN RILEY: So, you're talking about millions of dollars at your house alone for data processing and people doing all these slips and everything, for one--

MR. STONE: Well, what I can testify to is the one where we went into any detail, which I have knowledge of, in the last year. That information is provided to the State. I can't testify as to what they use that information for once they receive it. I can tell you that more often than not if there is any kind of a request for additional information, we generally have to provide it, despite the fact that we have already provided it, because-- Again, understand -- perhaps in defense of the State -- the information we give them is voluminous, and it certainly is not easy if they are looking for something. We wonder if it is just paper. We're killing trees, and--

ASSEMBLYMAN RILEY: Maybe we should -- or maybe not -- try to limit what you really have to report. It seems like this system of economic balance was invented by Winnie the Pooh.

MR. STONE: Well, there are two sides to it. One thing is, we do want to know internally, ourselves. It is a business decision. We generate some reports which are management summary level reports that speak of comps issued by

individuals, because we don't want it to get out of control. It is an expense to us. We want to generate some of that information ourselves.

ASSEMBLYMAN RILEY: What about a comp, for instance, that is not in excess of \$500 -- only comps of \$500 or more? How would it be reported? How much paperwork could be eliminated?

MR. STONE: That would be fairly minimal -- fairly minimal -- because, you know, right now, if we report if we send someone up for two hot dogs at one of our food court outlets, we issue that into a comp slip. That comp slip then gets put into a complimentary reporting system.

ASSEMBLYMAN RILEY: But, if they made it \$500 -- if it had to be \$500 or more to one individual, within a period of a month or so, you would eliminate a substantial amount of paperwork?

MR. STONE: Very much so, yes.

MR. NORTON: Dennis, I think there is another point which should be made. We had a study done on that at individual casinos to see what the cost was for all of the paperwork we handled. But, it is not only a cost to them. We also, since we pay the regulatory agencies as well, have to pay their staffs to deal with those same amounts of paper. So, we are paying twice. We are paying for our employees to generate that enormous amount of paperwork -- and it would fill a room like this-- In fact, we all run out of space. We've got warehouses of 10,000, 20,000 square feet, which aren't enough. We are having to find other warehouse space just to handle the amount of records and paperwork we generate. But, we are not only paying for our own employees to generate that paperwork; we are paying for people on the Commission and the Division to review that paperwork.

ASSEMBLYMAN RILEY: Now I know why you employ so many people.

MR. STONE: One point I would make on the comment of the aggregate up to \$500 is simply, then you would have to track everything until you hit that boundary. So, on an individual item, if there was a -- let's say a point where over 250 were over \$500 -- an individual weekend or comp, a stay or whatever -- that would be practical. As far as if I had to track 50 food court coupons to find out whether I got to the aggregate, we would have the same type of situation.

ASSEMBLYMAN SCHUBER: It is my understanding with regard to the issue of complimentaries, that you have those which I guess are promotional expenses, and those which are promotional allowances, I assume.

MR. STONE: Correct.

ASSEMBLYMAN SCHUBER: The promotional allowances are what? What are those?

MR. STONE: Promotional allowances are things that we generate ourselves, that we hold out to the general public. In other words, a coffee shop comp--

ASSEMBLYMAN SCHUBER: In-house?

MR. STONE: --is something that isn't a hard dollar cost.

ASSEMBLYMAN SCHUBER: Correct. It is an in-house thing.

MR. STONE: In other words, if I go out and buy a key chain, I don't make key chains, so that is a hard dollar cost. That becomes a promotional expense. A limousine bill becomes a promotional expense.

ASSEMBLYMAN SCHUBER: What percentage of the credit is either a promotional expense or a promotional allowance, do you know?

MR. STONE: I would say probably 25%. I'm sorry. Promotional allowance would be room, food, and beverage comps. That would represent approximately 50% of all complimentary expenses within that universe.

ASSEMBLYMAN SCHUBER: Right.

MR. STONE: About 25 would be the bus coin.

ASSEMBLYMAN SCHUBER: Right.

MR. STONE: And about 25% would be what I would consider promotional expense, which is--

ASSEMBLYMAN SCHUBER: Those are things you would have to pay for out of your own pocket, is that correct?

MR. STONE: Correct, whether it is a limousine, whether it is a key chain, whether it is a gift to a customer.

ASSEMBLYMAN SCHUBER: I would assume-- Let's concentrate on that 25% -- the promotional expense -- for a second. I would assume then that in doing that, obviously by the very nature of the definition, you are going out into the community, or communities, and purchasing these items from other businesses that are not owned by you. Is that correct?

MR. STONE: That is correct.

ASSEMBLYMAN SCHUBER: Okay. So, in fact, that has a direct correlation to the economy of those particular different businesses in this particular area, or wherever you are purchasing these things.

MR. STONE: Well, quite frankly, so do the promotional allowances, in that my restaurant-- My gourmet restaurant is 70% comp. My food that I buy-- I may hold that out to the public, but to generate that sale-- If it is a guest room and somebody is staying overnight, I buy the soap, I buy the sheets, I have the laundries do them. I mean, it is all-encompassing, specifically--

ASSEMBLYMAN SCHUBER: Okay. At the present time, you are reporting all of those to the State anyway. Is that correct?

MR. STONE: That is correct.

ASSEMBLYMAN SCHUBER: Okay. Why don't you give us something on the junket? I think we have the picture on the comps.

MR. STONE: The only point I would make on comps -- one further one -- is simply -- and it really carries over into the junkets-- All facilities are not exactly the same. I have to make that point because some properties are more dependent on complimentaries, just as they are more dependent on credit, just as they are more dependent on junkets. Some facilities have the luxury of being \$450 million facilities located on the Boardwalk. Very powerful properties, very high visitation just of their own in the synergy of their investment, the synergy of their location, creates business for them. Other poor guys like me, who have \$150 million facilities off the Boardwalk, may have to be more dependent on marketing type costs, such as comps; may be more dependent on a junket type of operation, in order to survive.

Quite frankly, I look at this policy as something that on my individual property outside of the macro Atlantic City situation, could have a detrimental effect. I am not alone on that. I think when we look at a decision, it can't be looked at in sum. We have to look at the individual components. These bills are going to affect properties differently. In fact, I can say that we are not all in agreement at the Association level about how we should position ourselves against each particular one of these bills. We are common, though, in that we believe that many of these deal with economic issues and business prerogative, and we don't fully understand why State regulators feel they have to have more involvement in these.

But, going on to junkets--

MR. WEIDNER: Brad, one second.

MR. STONE: Yes.

MR. WEIDNER: I would just like to make one quick comment, and that is that the issue has become so emotionalized when those numbers are communicated as so big -- a half a billion dollars worth of complimentaries given. Now, in

people's minds, people say, "A half a billion dollars. Something has to be wrong here." The reality is, that is our cost of good soul. We're selling an experience; that's all. People can't walk away from our tables with a suit of clothes to be able to say, "I have something tangible from it."

"What this business is about is the creation of an entertainment experience, and part and parcel of an entertainment experience are the kinds of things you get when you walk away. They are more psychological. Perhaps they are consumable as far as foods and sweets and things of that nature. They are, in fact, more fungible, I guess, than taking hard goods like a suit of clothes, but the reality is, that is business. If you are going to generate \$3 billion worth of revenue between casino win, income from rooms, food, beverages, etc., etc., that is just a cost of doing business. No matter how big that number is, or no matter how socially exciting that number is, it is the reality of doing this business.

If we are going to be in this business, that is where we are going to be. If we are going to change the parameters of the business, we have to downsize the facilities and change the direction of the business. I just wanted to make that point.

ASSEMBLYMAN SCHUBER: It domes down to the old adage, "You have to spend money to make money," I guess.

MR. WEIDNER: Absolutely, whether you are General Motors selling automobiles, or whether you are someone selling a suit of clothes.

MR. STONE: Our comps are General Motors' engine parts. Our junkets are their tires, so to speak.

First of all, I do want to apologize for Jeff Ross, our Senior Vice President. He is ill, so I will be talking on the area of junkets, and specifically why the hiring of junket reps as employees is detrimental to the industry. I should note, again, that not all casinos have the same type of junket

program. Some have none at all; some are fairly heavy into it. Not to be redundant, but a lot of that has to do with the luxury of location, the luxury of facility.

But, we certainly look at junkets as a tool to expand the marketplace in Atlantic City. We are all painfully familiar with our infrastructure problems here, particularly as they relate to air transportation, since we don't have regularly scheduled air junkets, and the organization of junkets allows us to reach out to areas of the marketplace that we are not able to get to on a drive-time basis or where there isn't commercial air bringing them in.

They are an effective tool for developing new customers into the Atlantic City marketplace. One thing I do want to clear up at the beginning is the misconception that junkets are strictly high-roller, top-end customers. Quite frankly, most of the junkets are represented by middle-market types of players. The player may come in and play anywhere from \$500 to \$5000. That is the majority of at least our junket program, because, quite frankly, the top-end customer would be given a private jet to come in by himself, or a helicopter, or whatever he needed for transportation. So, this is a tool to expand out into the middle market, into markets that are not available at this point in time.

There is a lot of misunderstanding on how we evaluate and how we actually bring junkets in. We go out into the marketplace -- if I may just talk for a few minutes on how we structure our junket programs -- and we reach out to junket reps, people who are licensed by the State -- that is, number two licenses -- who basically become our travel agents out in the field. We reach out to them because they specialize in people who enjoy the gaming experience. We sign a contract with them. We actually get a plane for them, and we bring their customers into Atlantic City on an organized type of travel group.

When they get here, we offer them certain complimentaries. We notify the State of junkets through various reporting methods. First of all, when we organize a junket, five days before the junket actually arrives, we submit to the Division of Gaming Enforcement a listing of that junket, who is bringing that junket in, where it is coming in from, and what that junket is to receive in terms of complimentaries. Will they receive a \$15 meal credit; will they receive a comp room; whatever? We make the Division of Gaming Enforcement aware of that in advance.

Once the junket actually arrives at the property, our customers are required to sign their names, print their names, and print their addresses, and a listing of all people on that junket is again supplied to the Division of Gaming Enforcement so they know who is in-house, what they received, and an acknowledgement that they are on a junket and they are going to receive this type of information.

ASSEMBLYMAN SCHUBER: How many people come in on an average junket, by the way?

MR. STONE: The average junket is probably about 85 people.

ASSEMBLYMAN SCHUBER: Eighty-five people?

MR. STONE: Yeah. We then -- after that junket leaves -- are required, within seven days, to generate a report that is available to the Division -- we do not supply them with it, because they do not require that -- which lists the customer, what type of complimentaries he received, and what type of dollar values that customer received as well. So, we do have a rather substantial pre-arrival, arrival, and post-departure type of reporting process in place to allow the State regulators to know who was here, what they got, and how it was done.

Additionally, we subsidize, or we remunerate the junket reps -- the travel agents -- with various methods of

payment. At our particular property, we work on a commission basis, almost similar to what a travel agent does. Our commissions at the Sands are based upon a customer being rated, us tabulating his play -- not his winnings -- but basically we work on what we call a theoretical or statistical house advantage. We look at how much betting took place with that customer, at what type of average bet. We calculate out a theoretical percentage that we should win off of that, and we come up with a theoretical win.

We subtract from that theoretical win any expenses incurred by that junket, whether it be the airplane itself, the cost of the RFB, any ancillary type of costs, such as a bus from the airport in, and we end up with a potential or theoretical profit. Based on that theoretical profit, we give a commission -- a percentage of that as a commission to the junket rep.

Many times a junket may lose money, and they get a commission. There may be times that we actually win on an actual basis, but the theoretical is below break-even so the junket rep gets nothing. We tend to like that type of process, simply because up front we don't have to make an investment and pay somebody for an unknown product. It forces that rep to produce more because his salary -- his compensation -- is going to be based upon putting profitable people on that airplane which I am spending significant dollars on. So, we do believe in a commission type of basis. Additionally, we are able to create splinter programs, and that is identifying new patrons in the market who may qualify for individual travel.

Our key concern, as part of this, is not the higher standard of licensing for a junket rep. There are really two components we are speaking of here; one is whether we license that employee as a key license -- which is a higher standard by the State -- and the second component is whether that junket rep has to be an employee of the property. The higher standard

of licensing-- We have always been an advocate of high integrity, and we have always stood behind that. We have never found fault with regulatory or legislative issues that relate to the integrity of gaming. We are strong believers in that. We have a big investment here, and we would like to think that that investment carries a value to it because of that integrity. Basically, we are not opposed, if it so desired, to licensing them to a higher standard. A difficulty we do have is actually making them employees of the property.

Very simply -- and I will make the analogy back to a travel agent again because I think that is the best way of explaining it -- we do business--

ASSEMBLYMAN SCHUBER: Your average junket agent-- Is he a travel agent?

MR. STONE: Some are. Some actually do this as a sideline. They have a travel agency; they may send people to Hawaii or to San Francisco, and they may, as a sideline, send people to Atlantic City on a different basis than 10% of rooms revenue. They may do it on a gaming aspect, instead of an actual traditional way that travel agents receive their remuneration, although it is consistent on-- Whatever that generates for the facility, they get a percentage of that.

ASSEMBLYMAN SCHUBER: But, who is the average agent? I mean, what is he? What does he do as a--

MR. STONE: There are some of these junket reps who exclusively do casinos; who do nothing else but bring groups into casinos, whether here in Atlantic City-- They may be taking them to the islands, to the Bahamas, to Puerto Rico, Aruba. They may go to Vegas.

ASSEMBLYMAN SCHUBER: And, would it be fair to say that these agents, whoever they are, who bring the junkets in here, are all across the country?

MR. STONE: Yes, around the world. We have people who bring people in from Hong Kong, from Asia, from the Middle

East. But, basically, getting to the point of our concern over the issue of a junket rep being associated directly and under the employ of a property, we can't afford to-- For example, we have junkets run out of Birmingham, Alabama. We run that junket five times a year. It is an expensive plane price. We couldn't get as good a return on a (indiscernible) basis if we ran it 30 times a year as we can out of Boston, where the air fare is cheaper. Therefore, if this employee, who is in Birmingham -- this junket rep who is in Birmingham -- were to have to work exclusively for my property, I couldn't afford to pay him what he can make by working the islands, Nevada, and Atlantic City. I would have to eliminate that marketplace from Atlantic City because I couldn't bring up the 30 trips a year. I wouldn't get the return on my investment.

So, what happens is, by making them employees, we get to an economic decision: Can that person, who now has to work exclusively for your property, or properties, generate enough revenue to overcome what we have to pay that individual, who is getting paid, perhaps, by several different casinos -- some in the islands, some in Nevada, and, of course, some here in Atlantic City? Additionally, there does become a situation of unfair competition even within our sister casinos here in Atlantic City. If I am a casino in Atlantic City that has a property in Nevada, I may be able to have that Birmingham junket rep and afford it, because I can amortize it over several different properties -- his cost. If I am a stand-alone property here in Atlantic City and not able to run those junkets to other jurisdictions I own, then I won't be able to be in that marketplace; I won't be able to attract individuals, and I am going to suffer in terms of my play at my casino.

ASSEMBLYMAN SCHUBER: Are there any questions? (no response) I am just reviewing something here with regard-- Let me ask you something as a sideline. I think I have, and I

think the staff has a picture on the junkets and the comps and the credit. Let me just switch a little bit to an ancillary issue that relies on some figure with regard to your bus business.

We have a bill in here that has gotten very little play and we have had very little testimony on it. It is on the small business and minority set-aside. I have no reason to hold it any longer, and it will probably move out. The issue there is establishing goals for small business and women set-asides for businesses here in the casino industry. Part of the bill requires establishing goals of expending at least 5% of the dollar value of your bus business toward that goal.

Now, my understanding is that you have a problem establishing what the dollar value of your bus business is. Is that true? Again, it is an ancillary issue now. It is not what you came to testify about.

MR. STONE: I am not sure I understand the question.

MR. CARVER (not speaking near mike; difficult to hear): Is it a question of what each house spends annually on bus costs alone?

ASSEMBLYMAN SCHUBER: Correct.

MR. CARVER: Well, I think, very frankly, one of the problems we had initially with the legislation as it was first drafted, was an across-the-board by category requirement, whether it be goal, or quota, or whatever it was.

ASSEMBLYMAN SCHUBER: Right.

MR. CARVER: We pointed out to the Senate Committee, Mr. Chairman, that that was difficult in each category. We will send you a report which was contained in The Atlantic City Press -- a synopsis was in The Atlantic City Press the other day -- that the minority bus interests have increased tenfold, I believe, since casino gaming began. I think, if I am not mistaken -- and I wish you wouldn't hold me to this -- but I think we improved by 131% in the fourth quarter of last year.

So, I think we are reaching the goal, or the quota, or however you want to describe it, that people have sought. I am not going to suggest to you that we have reached it yet. I don't honestly know, frankly, but we are heading in that direction.

ASSEMBLYMAN SCHUBER: Does the Association have a problem with the 5% on the dollar value of the bus business for a set-aside?

MR. WEIDNER: What is a dollar value? The question is, is that in coin, given away? We don't have any control over who it is on comes on the bus -- a particular operator. Additionally, I would say it is a noble goal. I would support 5% for every business in this entire State, and I would applaud that.

MR. CARVER: Can we reserve--

MR. WEIDNER: (tries to continue)

MR. CARVER: I'm sorry, Bill. I didn't mean to interrupt you. But, can we reserve that answer until we have a better view of exactly what that question means to us? Is it a direct cost, or is it--

ASSEMBLYMAN SCHUBER: I think it should--

P E T E R G. S H E R I D A N (no microphone): Pat, if I may, I am not certain if this is your question, but I think I can explain how the bus business works. At the present time, through a plan through ACTA -- which is the Atlantic County Transportation Authority -- only a certain amount of spots wind up in front of each casino hotel. What happens is, the casino assigns the spots to that number of buses.

ASSEMBLYMAN SCHUBER: Right.

MR. SHERIDAN: We don't actually have a contractual relationship with that bus. He drops off his people. The people pay the bus company themselves for their trip down. The only thing we do is, when they come off the bus we have greeters, and we give them their bus coins, and things of that nature. So, there is no contractual relationship between the

bus company and the casino hotel, but to assign the spot where they park.

ASSEMBLYMAN SCHUBER: Thank you.

MR. STONE: If I may, on that overall issue, I think that if the Committee were to look at the statistics provided to the Casino Control Commission on overall purchasing, with both minority and women enterprises, you would see a pretty substantial improvement from 1985 to 1986. As far as the busing issue goes, it is tough to put a dollar on because we don't actually pay directly, as Mr. Sheridan stated, to the operators, but rather bring customers in, and the customers pay to those operators.

However, I would like to add my personal experience with that, and that is I, myself, called three different minority bus operators -- some of the more vocal ones at the hearings that took place several years ago. I spoke to them and made numerous phone calls, but did not get the results of having them bring people in, after I had dedicated spots to those individual groups. I would add that those were people who actually testified that they were not available, but when made available, they failed to materialize.

MR. WEIDNER: I think it is also important to point out that there are only a certain number of finite arrival slots at any particular point in time. So, what happens is, at your very busy times -- on holidays, weekends, summertime, etc. -- you know, those slots are primarily reserved for those operators who bring you the volume of business. So, one of the difficulties the minority busing companies were having, was that they wanted slots at the prime time, and they found that those slots were being held for those operators who were bringing volumes of business.

We have addressed ourselves to that issue, and have attempted to take even those prime time slots and reserve a number of them, so that the smaller operator might have a shot

at a prime time slot. That has really been responded to from that regard, but it is a difficult issue because it is a competitive issue, too.

MR. CARVER: Mr. Chairman, on this issue, I can tell you from personal knowledge from working with the bus operators and taking them individually to the casinos around the city, that we have made a significant impact on black and other minority bus operators in New Jersey with respect to their access and their service to this industry. I would point out that George Jiggetts, one of the largest black operators, from Paterson, New Jersey, is a classic example. But, it is a very, very difficult thing. You have to do it on an individual basis.

ASSEMBLYMAN SCHUBER: Thank you, Tom. Thank you, Mr. Stone. I appreciate it very much.

MR. STONE: Thank you for allowing me to testify.

MR. CARVER: Mr. Chairman, I wonder-- We gave you a quantitative analysis before on the credit issue. We did have some testimony which we thought was very important with respect to the qualitative results that we see from the bill as it was written. I wonder if you could give Mr. Norton five minutes to address -- to share his thoughts with you and to put them on the record.

ASSEMBLYMAN SCHUBER: Sure.

MR. NORTON: We have some examples here in Atlantic City that we should really be looking at, but the question of the reduction in credit play which would impact the win and impact the higher level player would have impacts in a number of other areas as well, and I think it is important that we understand those.

If we look at Atlantis, which over the last few years, because of financial difficulty, has had to change its type of operation, it is a pretty good example for us. Atlantis, four years ago, was a high roller property. It was competing with all of us for the most expensive players, and was offering the

entertainment and all of the other services that are required of a high roller operation.

If you look at their financial results, and if you look at their employment results, they have actually dropped their employee counts from over 3600 employees four years ago, to 2600 today -- that is a drop of 950 employees -- as the casino has changed its type of operation. That 950 employees represents a payroll of something in the neighborhood of \$10 million a year.

During that time, their win has dropped better than \$30M million a year. That \$30 million a year drop is taking taxes away from senior citizens and the disabled.

Yet, the bottom line of the Atlantis, because they have tightened their operation dramatically-- They are actually losing a lot less money today than they were three or four years ago. In fact, in the first nine months of this year, their losses have dropped over \$10 million. They have \$10 million less in losses than they had before, and that has made a tremendous impact on their ability to stay open, while still in bankruptcy.

But, the significant thing is the cutback in the number of employees at that one property. I mean, we are projecting a loss of jobs of 1750 for the entire industry. Here is an example of one property that changed the nature of its operation from a strict kind of casino to more of a grind operation, losing 950 employees itself, on the December year-end for the last four years. It has been dropping every year by about 300 employees.

The impacts, if we have to eliminate credit and the kind of players that would come from credit, go all the way from the superstar entertainers, where we employ lots of musicians, live musicians-- Caesar's, Resorts, Golden Nugget, Trump Boardwalk, and Harrah's periodically, all bring in superstars. If we have to change the nature of our operation,

you are going to see a lot more mini revues, with recorded music in the background, and you are going to see a tremendous change and drop in the number of name acts that are coming to Atlantic City.

Brad mentioned the cutback in the airlines that we support, the limousine companies that we support and, further than that, in our own case, we subsidize the RIA Helicopter Service, which comes from Manhattan to Atlantic City. If we are not able to go after the high roller, I can see a question in our minds, "Should we continue to subsidize this commercial airlines to the tune of \$2 million a year? Would we be better off to eliminate it altogether?"

The employment, the casino hosts, the casino table employees-- You know, we are going to be cutting back dramatically in those kinds of jobs if we can't go after the high roller. I also look at what happened recently with Steve Wynn selling the Golden Nugget to Bally. In addition to the fact that he got \$439 million, which is a pretty good reason to make the sale, I also wonder whether bills like this didn't bring his frustration level up dramatically, because he was totally reliant -- or to a great extent reliant -- on the high roller play. His taking Frank Sinatra away from Resorts, Diana Ross-- Even though he only had 450 seats in his theatre, he justified the hiring of those acts entirely on his ability to bring in the high roller. That was part of his marketing strategy, bringing those entertainers in to fill his rooms with high rollers. Without the credit that is needed to carry that policy onward, I am sure we will see a totally different picture at Golden Nugget in the future. Of course, I think we are going to see it whether we get a cutback in credit or not, just by the nature of the new owner.

Bally's, which is one of the casinos in town that has not historically gone after high rollers, and has changed its policy over the last four years to downgrade the high roller

impact on the property, has cut about 300 employees during the last four years, and has increased its profitability dramatically. It is now the most profitable casino in Atlantic City.

Thank you.

ASSEMBLYMAN SCHUBER: Thank you, Steve. We appreciate it.

MR. CARVER: By the way, Mr. Chairman, just for the record, any comment which one of our members makes in reference to another member does not necessarily carry the endorsement of the staff of the Association. For the record, he also left out the (indiscernible).

MR. NORTON: That's already gone.

MR. CARVER: Thank you, Mr. Chairman.

ASSEMBLYMAN SCHUBER: Thank you. Mr. Chris Whitney, with regard to the issue of electronic devices.

C H R I S T O P H E R D. W H I T N E Y: Mr. Chairman, how are you?

ASSEMBLYMAN SCHUBER: Well, thanks.

MR. WHITNEY: Mr. Chairman and members of the Committee, thank you very much. We have spoken about this briefly before, and I will be brief again this time. On my right is Mr. Leon Drew, whom you have met before. Mr. Drew is in our Games Department, and he will assist in what -- if this were not so serious a subject -- might be called the "show and tell" portion of this morning's testimony.

What is at issue, and what we want to talk to you briefly about, notwithstanding the fact that it is not addressed in the proposed legislation and, therefore, is outside the bounds of our discussion thus far, has been our concern with the increasing appearance and use in New Jersey of what I will call the "hand-held computers" or "hand-held devices," which play, in particular, the blackjack game for the holder. These are devices which have been outlawed, and there is a criminal penalty for their use in Nevada.

ASSEMBLYMAN SCHUBER: What is the criminal penalty in Nevada, by the way?

MR. WHITNEY: What is the penalty?

ASSEMBLYMAN SCHUBER: What is the penalty?

MR. WHITNEY: It is a felony, if I am not mistaken.

L E O N D R E W: It is a felony, and there is also up to a \$10,000 fine, and one to ten years imprisonment; you have to serve at least one year.

MR. WHITNEY: That is for possession, not just use; possession on the floor, as I recall.

ASSEMBLYMAN SCHUBER: Correct.

MR. WHITNEY: It is difficult to say how widespread the problem is here, although as I mentioned to the Chairman before, this past summer we began to notice -- Leon and our Surveillance Department began to notice -- some unusual betting patterns in our blackjack games. After viewing hundreds of hours of surveillance tapes and otherwise observing the games, we were able to determine that we felt that people utilizing those devices to play the games for them, probably beat the property for in excess of \$700,000 over a three- or four-month period.

If you just, on a very liberal basis, say it is somewhere between \$1 million and \$2 million per house per year that could be lost to these devices. Multiply that by the 11, 12, or 13 houses we will have in town, and take 8% of that, you are talking, among other things, about a significant loss in tax revenue. Perhaps as important, or more important, you are talking about the question, it seems to me, of the integrity of the games, both in a regulatory context and in the context of the people who come to Atlantic City and come to the casinos, who want to play the house and who want to have the same chance that everybody else has to win.

Our concern is not that we are getting beaten. We are in a risk business, and we understand that there are players

who will be better than us or luckier than us on occasion. That would be all right. The problem is not that there are players who are beating us. The problem is that there are people who are handling machines which are playing the games for them. The people who have these machines are functioning, for all practical purposes, as hosts. All they do is carry it around, and the machine takes care of the rest.

ASSEMBLYMAN SCHUBER: As I understand it, these hand-held computers can only be utilized on a blackjack table. Is that correct? Or possibly roulette.

MR. WHITNEY: There are also, as I recall, Mr. Chairman, roulette devices as well.

If I may, I am going to have Leon demonstrate one, or show one to the Committee, so you can get some feel for the sophistication. As Leon is pulling this out, let me say that this equipment Leon has is antiquated. With the explosion in technology, there is no reason to believe that there aren't more sophisticated devices than this.

Finally, I would tell you that in Nevada, the situation apparently has been, or had been, that these are sophisticated groups -- professional syndicates, in effect -- who use these, because this is not inexpensive equipment. The equipment is purchased, and an investment is made in using this equipment to cheat the casinos and to cheat the other people who are there to play. Some of those people are known in Nevada, and here in New Jersey and, to the extent we are talking about syndicates of professional players like that, those people's identities are reasonably well known.

ASSEMBLYMAN SCHUBER: What is the rule here in New Jersey with regard to the utilization of this type of equipment?

MR. WHITNEY: They are prohibited, and we may, therefore, eject someone we catch using the equipment. But, since there is no criminal or other penalty, there is nothing stopping that person from either trying to come back on the

floor and then being ejected again, or passing the equipment to someone else who can come on the floor.

ASSEMBLYMAN SCHUBER: There is no rule that you can confiscate the device?

MR. WHITNEY: I believe not.

MR. DREW: No.

ASSEMBLYMAN SCHUBER: Does Nevada allow confiscation?

MR. WHITNEY: Well, with a criminal penalty, the answer is yes.

If I may, let's do the interesting piece, which is Leon.

MR. DREW: Thank you. I'll run through the mechanical operation of the computer known as David. I'll take you through the different parts. This is the computer board itself. It has the computer program right inside. It is made of epoxy, so if you try to get inside to see the program or how it is made, it will self-destruct.

ASSEMBLYMAN SCHUBER: So, it's like a small pocket calculator basically?

MR. DREW: Right. It is completely sealed. It has the computer chip on the outside. It also has another place for another computer chip for shuffle tracking. What is inside the computer itself is the program for the different variations of the game, such as Atlantic City rules, Las Vegas rules, downtown strip rules, northern Nevada rules. When you go into a casino to play these, you put in what set of rules you are playing by, how many decks of cards you are playing against -- one through eight -- are you playing by yourself, or are you playing with multiple players.

If you are playing by yourself, the computer will tell you the decision immediately after you put in the dealer's up card. If you are playing with multiple players, the computer will wait for you to ask it, to give the answer on how to play your hand at that time. The input switches can be in the toes

of the boot or they can be in a hand-held unit such as this. It has four switches on it. They represent one, two, four, and eight. By using that combination, you can put any number in between one and 15.

As the cards are put in (witness demonstrates the sound of the device) the output comes to the tappers. The tappers output -- Morse code type signals--

ASSEMBLYMAN SCHUBER: The computer, as a result of the information that is put in and what is going on at the table -- the input of the material -- then signifies to the individual holding the machine on his body, by the means of that tapping, as to what to bet, or how to bet anyway.

MR. DREW: On how to bet and on how to play the hand.

ASSEMBLYMAN SCHUBER: Right.

MR. WHITNEY: It tells you what to do. You are simply holding it and inputting it.

MR. DREW: The tappers give out three types of signals. The long buzz is a zero; the click is a one; and the short buzz is a three. Using those combinations, it outputs in a Morse code type signal. A nine would be three short buzzes. (demonstrates sounds) A six would be two short buzzes. A 10 would be a click and a long buzz. By using this information, it gives the exact playing strategy on how to play the hand. It can make 100,000 calculations in a second. In some betting strategies it takes up to two seconds to make 200,000 calculations per one play, and gives you the ultimate play for that particular hand.

ASSEMBLYMAN SCHUBER: What is the success rate? I mean, for the person utilizing that, what is the success rate on betting on an individual hand?

MR. DREW: It is very high. It runs at 100% efficiency. It gives them a 5% to 7% advantage over the house, which is probably two to three times higher than the ultimate card counter. An ultimate card counter, the best -- 2%, 2-1/2%.

ASSEMBLYMAN SCHUBER: Two or three times what the ultimate card counter could have had?

MR. DREW: Right. It gives you the information. After you play the round, if you input that you are going to deal another round, it tells you the exact type of bet to make for the next round, so you will get the maximum out of the playing strategy and the betting strategy.

ASSEMBLYMAN SCHUBER: What does this equipment cost?

MR. DREW: This unit costs \$4000.

ASSEMBLYMAN SCHUBER: Four thousand dollars?

MR. DREW: Four thousand, right.

ASSEMBLYMAN SCHUBER: Is this readily available on the open market?

MR. DREW: They are advertised in gambling magazines, such as "Blackjack Forum," and you can get hooked up with different teams that advertise for players. They are made in California by a guy by the name of Keith Taff (phonetic spelling). He was also the inventor.

ASSEMBLYMAN SCHUBER: My understanding is that these things, obviously because of their small size, can be secreted on the body. But my understanding is also that the way these are worked, it is not always just one individual involved, but sometimes, obviously, more than one -- teams. Is that correct?

MR. DREW: Right. It has a plug-in for a transmitter.

ASSEMBLYMAN SCHUBER: Right.

MR. DREW: When equipped with a transmitter, a player standing behind the game can input the information, and the player sitting at the game can receive the output from the tappers on his person. That was made to circumvent the law in Nevada, to try to get around it. The computer player wasn't sitting in the game, but he was receiving the information. They made up the team-play concept, so that the man with the equipment, when they felt the heat, could get out the door.

ASSEMBLYMAN SCHUBER: How prevalent is this-- From your review of the statistics and what you have seen down here over the last year or so, how prevalent is this?

MR. DREW: Very prevalent. They seem to run in cycles. They seem to work the Las Vegas areas; they go down to the islands; then they come up through here. But they seem to be running in a cycle. Over the Christmas holiday, we detected five different groups in our casino.

ASSEMBLYMAN SCHUBER: In your casino?

MR. DREW: Right.

MR. WHITNEY: Mr. Chairman, as I think I mentioned to you before, Leon has worked with the games and security and surveillance people in other casinos in town. They talk among themselves on this subject and others.

ASSEMBLYMAN SCHUBER: Is their experience the same?

MR. DREW: Yes.

ASSEMBLYMAN SCHUBER: What is it you are asking this Committee to do for you with regard to this?

MR. DREW: Actually, I am responding to what I understood was a request to give you some information. We are aware that the New Jersey regulatory authorities are aware of this issue and looking at it, so there is not a suggestion that they are not. Rather, the purpose of this was to underscore what we believe to be a serious situation, in the context of the games' integrity and in the context of lost revenues and the cheating of businesses and other players.

In the absence of a deterrent in New Jersey, my concern is that there is no reason to believe that we won't have more, rather than less of this activity.

ASSEMBLYMAN SCHUBER: Let me see if I have this correct now. It would appear to me that the only types of games you could probably utilize this in would be roulette and blackjack, with blackjack probably more prevalent than roulette. At the present time, our regulations do not provide

any penalty for this, other than that you can escort the person off the floor.

MR. WHITNEY: Correct.

ASSEMBLYMAN SCHUBER: Between those two particular types of games, I guess the damage is done to the house, more than to the other patrons, because it is not-- Everyone bets independently on those things. But, I assume it is very unfair to the other people who are sitting there, with one person having that tremendous advantage, which appears to have a high success rate on betting.

This is something I think we would want to look into from the point of view of making some type of -- of promulgating something with regard to it. We will take it into account.

MR. DREW: Thank you, Mr. Chairman.

ASSEMBLYMAN SCHUBER: I would caution you this way: I am not so sure that I want to go as far as Nevada did in this regard. A felony on that, to me, seems to be a high penalty, you know, with the mandatory jail sentence for that type of thing. What I would do with that, I don't know, but I recognize that there is a problem there. I think it is unfair to everyone concerned, and we will take it up seriously.

MR. WHITNEY: Thank you, Mr. Chairman.

ASSEMBLYMAN KLINE: I was unaware of it, but I want to buy one. Thank you.

ASSEMBLYMAN SCHUBER: Now, folks, for scheduling purposes-- Peter, is Ed Sutor here?

MR. SHERIDAN: Yes, he is.

ASSEMBLYMAN SCHUBER: Oh, I see him, okay. We'll take Mr. Sutor now. He will be the last witness for this morning. Then we are going to break for lunch for one hour. I anticipate that we will be back here at 1:30. All of the other witnesses will be heard today. I know I see Jack Williams over here. We have missed him a couple of times at prior hearings.

We will be taking everybody today. I know we have some of our friends from labor here who want to testify.

We are going to have everybody up, but this will be the last witness for this morning. I anticipate we will be back here -- after a break for lunch -- at 1:30. That is for everyone's scheduling purposes, okay? Pete?

MR. SHERIDAN: Pat, just for the record, Ed Sutor and Bob Reilert of Caesar's will be addressing you on the number two license.

ASSEMBLYMAN SCHUBER: Correct. Welcome.

E D W A R D S U T O R: Good afternoon, Mr. Chairman, Committee members. You saved the best until last; if not the best, certainly the biggest. My topic of conversation is certainly not as glamorous or sexy as the ones which have preceded me, but I can tell you it is certainly serious.

We do have a problem in our industry, a problem that is easily solvable, and one that the State should be very interested in solving, and the industry also. We have a shortage of licensed personnel, specifically on our casino floor, with regard to slot operations; and more specifically in the area of handling change, making change for our slot customers.

Currently, Caesar's has 60 positions available, and when Showboat opens, we have information from the Commission that our shortage will go over 100. If you times that by the 11 casinos -- soon to be 12 -- you are talking about a shortage of over 1000 individuals for this particular position.

ASSEMBLYMAN SCHUBER: Ed, why don't you, for the record, because the issue here is the number two license, I think-- Is that correct?

MR. SUTOR: Exactly.

ASSEMBLYMAN SCHUBER: Why don't you define, for the record, what the number two license is.

MR. SUTOR: Okay. A number two license is a license that is required currently of anyone who works on the casino floor. That covers the spectrum from a dealer or a floor person all the way to a cocktail waitress or someone sweeping the floor -- anyone connected with the casino floor itself. There are two types of number two licenses: There are gaming-related licenses, which, again, are those individuals specifically involved with handling patrons and funds; and those which are non-gaming-related, again, the cocktail waitress or the cleaner.

Early this morning, you heard from our esteemed Senator Gormley about his package. I know that Assemblyman Kline is also involved with that. We ask, at this point in time, that you also consider another job classification in your deliberation on that bill. Specifically, again, we are talking about casino change people and booth cashiers. I would like to try to point out an important difference between them and other casino employees.

Our change people -- the people who walk around the casino floor with, sometimes, \$150 to \$300 on them, have an impressed balance. In other words, we know exactly what they have on them at all times. Currently, they are classified as a gaming-related employee, much like a dealer. However, I can tell you there is a big difference. In the game of dealing, we rely on the integrity of the individual to make sure he or she is dealing an honest game. We readily accept the high standards that were required to make sure that individual is good and honest. However, in the change person area, and the booth cashiers, their activities are just incidental. They have absolutely nothing to do, directly, with gaming activity. They make change, and are no different than our food and beverage restaurants. In fact, to some degree, it is harder in the food and beverage restaurant, because we are relying there on a person's integrity to make sure they ring up sales.

We know exactly what these individuals carry in their possession at all times. It is relatively insignificant in the scheme of things. We have a situation where there are plenty of unemployed people in Camden and the other surrounding counties, who would love to have a job because they are out of work. But, they cannot wait the three to six months that it takes to get a license. They want to work; we need them.

Also, it could have a detrimental impact on the operation, specifically at Atlantis. As you know, Atlantis is working very hard to come out of Chapter 11. When Showboat opens, they have already been informed that they will lose over 30 cage cashiers. The only way they can possibly fill that is by taking more change people and booth cashiers off the floor, which is going to hamper their operations further.

I don't know if our regulators would entirely agree with some of our assessment, but I think, being reasonable individuals, we could convince them to carve out change people and booth cashiers out of the definition of a casino gaming-related individual. We ask you to consider making these individuals, at best, number four licensed individuals, where they can go to work within a few days or, at the very least, make a position where we can get a temporary license for them, put them on the floor, allow them to work, and let the State do its investigation some time subsequent to that. That sort of licensing requirement is available under number ones and, in certain instances, number two non-gaming-related individuals.

Again, not a sexy topic, not a controversial topic, but something that is sorely needed. We need people to service our patrons. We need those people to generate additional casino revenues, to generate additional casino taxes.

I won't take up a lot of time, but it is a very, very important problem in our industry, and I respectfully request that you consider Mr. Kline's bill.

ASSEMBLYMAN SCHUBER: Thank you, Ed. I appreciate it. I know you brought this to my attention previously, as an area that is kind of outside the scope of the package, but yet is related to it. We appreciate that being brought to our attention. We would like to take it up as part of this review. I will be working with Assemblyman Kline with regard to that.

ASSEMBLYMAN KLINE: I will put an amendment with my bill through the Casino Control Commission. Are these individuals represented by any -- like Local 54?

MR. SUTOR: No. The change people are not with any union at this point in time. It is the entry level into our casino. It is a training ground, believe it or not, once you get in there. We pay roughly \$15,000 a year to these individuals. There are a lot of people who would like to come to work for us. Once they get in there, if they are good and they aspire to a better job, that is where we look for our supervisory talent, our dealers, our people in the cages.

Again, I may add, we are not talking about cashiers in a cage who handle millions of dollars. We want the highest licenses there, and will respectfully say to keep that. What we are talking about are those individuals with small amounts of money -- defined amounts of money -- on the casino floor, where if the worst comes to worst, and they walk down the Boardwalk, it is not going to impair the casino fun at all. So, it is just carving those individuals out, taking them out of the definition as gaming-related, because we don't really believe they are. That would give a tremendous benefit to the city and to the State.

ASSEMBLYMAN KLINE: I'll work with staff, Pat, and I will agree to amend my bill to include -- or to try to correct this problem. So, I will look to staff.

ASSEMBLYMAN SCHUBER: Because Mr. Kline's bill is peripherally related to this particular topic, he will be

working on something, and he will be talking to the Casino Control Commission, too, to see if we can develop a dialogue to work out something here.

MR. SUTOR: We would be more than happy to.

ASSEMBLYMAN SCHUBER: Okay.

MR. SUTOR: Thank you for your time and consideration. I appreciate it.

ASSEMBLYMAN SCHUBER: Thank you, Ed; I appreciate it. Thanks for coming down.

Ladies and gentlemen, that will conclude our morning session. We will be back in session here at 1:30.

(RECESS)

AFTER RECESS:

ASSEMBLYMAN SCHUBER: I call the meeting to order. We are a little bit overdue from our-- We got over on time at 12:30, but we didn't come back on time. This is the afternoon session of the Assembly Independent and Regional Authorities Committee meeting concerning the issue -- the update and amendments to the Casino Control Act.

This afternoon, our first witness will be from CAGE, Mr. Jack Williams.

J A C K W I L L I A M S: Good afternoon, Mr. Chairman and members of the Committee.

ASSEMBLYMAN SCHUBER: Good afternoon.

MR. WILLIAMS: I have a brief statement I would like to read first. My name is Jack Williams. I am a casino employee; also President of a nonprofit association called Casino and Gaming Employees of New Jersey. We would like to represent the employees, on the lobbying level, on bills we think are of importance to the casino employees.

A review of the Casino Control Act has been a top priority to the casino employees in Atlantic City. We readily understand that when the gaming industry was in its infancy, the laws were made overly strict, overly regulated and, in some cases, even unconstitutional. We are pleased to see that at last some of these regulations have a chance to be scrutinized.

The employees have high hopes that you will keep us in mind when you select the regulations to be reviewed. We are not asking for anything but the basic rights of an American citizen that are now being denied us. There are many regulations in the Casino Control Act that are of prime interest to the casino employees. I wish to bring just two to your attention today.

First is the prohibition of casino employees from participating in casino games. You have Assembly Bill 1983 in committee at the present time. This bill -- a bipartisan bill -- allows casino employees to participate in casino games at all casinos, except for their place of employment or its subsidiaries. We urge you to release and pass this legislation.

When casino gaming was initiated in Atlantic City, the reason for this prohibition was the possibility of collusion. That is not so today. The casino employee looks at casino games as an amusement, which they are. All casino employees must be of good moral character and ethical standards. The majority would not jeopardize a good financial position by any kind of theft or collusion. That is ridiculous.

The only entertainment and bright spots in Atlantic City are in the casinos. If friends or relatives visit the casino employees, they fear entering a casino lest they be accused of gambling, a violation which carries a heavy fine and loss of license.

Our legal representative, Mr. Robert Martinez, who was the first head of the Division of Gaming Enforcement, has stated: "I see no reason why the employees should be

prohibited from gambling. If there is a question of collusion, let the employees declare themselves at the table." We agree with this reasoning, and suggest that either Assemblyman Dennis L. Riley, or this Committee, add this suggestion in the form of an amendment to Assembly Bill 1983.

In reality, the employee is stating: "I wish to participate in the games. If you have any skepticism, put the cameras on me. Have surveillance, the Casino Control Inspector, the floor person, and the pit boss watch me. I have nothing to hide." There are alcoholics, but we do not ban alcohol. Cigarettes cause cancer, heart disease, and death, but we do not ban them either. Why? Because the public has been warned, and they have a choice. That is what we want -- a choice.

We are not asking you to let us gamble, per se. Many employees would not gamble if it were legal. But they do think the choice should be the employees' decision. We have been told that we can beat this regulation by taking it to court, at a cost of between \$20,000 and \$40,000. We cannot see spending this kind of money for a change in this law. It should be done in our legislative system, not in a court. We should not have to pay for our rights.

The second subject I wish to bring to your attention we believe to be of tremendous importance to both the casino employee and the credibility of the Casino Control Act itself -- the billing procedures the Division of Gaming Enforcement uses in its investigation of casino employees. If you were to compare the investigation procedures of the Division of Gaming Enforcement with those of the Nevada Gaming Control Board, you would find a world of difference. In Nevada, an applicant for a pit license is first quoted a ball park figure as to what the Board thinks the investigation will cost. Then, with the applicant's approval, the investigation begins.

Upon completion of the investigation, the applicant receives a detailed breakdown of all hours and costs incurred, travel accommodations, etc., a complete, honest disclosure of all time and money spent. In New Jersey, you get nothing. No wonder, when an applicant receives a bill for \$1200, 1800, or 2000, he is curious about how his money is being spent.

A casino employee receives a bill for his or her investigation that is simply hours times \$40 equals what you owe. There is no explanation given. How easy it would be for the Division of Gaming Enforcement to add an extra 20 or 30 hours to the investigation. After all, they have no one to answer to. The employee either pays up or loses his license and job. No wonder the employees wonder if they are helping to pay for a day at the beach in the Bahamas, or a night of relaxation at the Inn of the Dove.

Last year, CAGE took Assembly Bill 344, a bill that had lingered in the New Jersey Senate for over a year, and lobbied for its passage. This bill required the Casino Control Commission and the Division of Gaming Enforcement to make a more detailed annual report. Within just a few weeks of correspondence with our State Senators and the State Government, Federal and Interstate Relations and Veterans' Affairs Committee -- this Committee at the time handled all casino-related bills -- CAGE convinced them that the bill was a necessity. Chairwoman, Senator Wynona Lipman, Senator Stockman, Senator Codey, Senator Cardinale, and Senator Haines not only approved this bill unanimously, but also listened to our examples of the outrageous charges by the Division of Gaming Enforcement to the casino employees seeking an upgrade to a key licence, with no breakdown of costs to the applicant.

The Committee went one step further than A-344, and added an amendment that would require the Division of Gaming Enforcement to give more details on their investigation procedures. As you know, when a bill leaves a Senate committee

with an amendment, it must go back to the Assembly for a re-vote. It went back to the Assembly in November, 1985, and passed by a vote of 61 to nothing. It went to the Senate, where it passed also by a vote of 36 to nothing. It went to the Governor's desk in January, 1986, and he vetoed it, his reason being that he thought the report presently being made by the Casino Control Commission at the Division of Gaming Enforcement was sufficient. He also stated that passage of this bill would cost the Casino Control Commission and the Division of Gaming Enforcement an additional \$280,000 to enforce; plus, there was also an \$80,000 a year maintenance charge.

Can you imagine? The CCC and DGE operated on a budget of over \$50 million, with a work force of over 1100 regulators -- that is one regulator for every 40 casino employees in the industry -- and the Governor wanted us to believe it would cost more money simply to itemize the enormous bills sent to key license applicants. CAGE finds this hard to believe. Ironically, some months after the veto, the Governor approved a 50% wage increase for the Casino Control Commissioners and the Division of Gaming Enforcement Chairman. Yes, their salaries rose from \$60,000 to \$90,000 per year. We wonder how this raise is being funded.

Mr. Chairman and members of the Committee, this is only the tip of the iceberg. If the employees are being billed thousands of dollars without any explanation, think of the casinos themselves that are being billed in the millions. I am sure you have not heard much from the employees of the casinos on this matter, because they fear intimidation from the DGE would result. I have said it before, and will say it again, if the New Jersey taxpayers had to pay for the budgets of the CCC and the DGE without a proper breakdown, they would not stand for it.

Mr. Chairman, we wonder: Is it not time to investigate the investigators? Perhaps an audit similar to the one Touche Ross & Co. performed on Atlantic City's budget would be in order for the CCC's budget and the DGE's budget. Could such an audit possibly send shock waves through the offices of the Governor and the Attorney General? The bill we are talking about -- A-344 -- is now in your Committee with a new number, A-1984. We urge you to bring it out of Committee to a hearing and a vote.

I have a very brief statement on some of the bills you have under discussion today, Mr. Chairman. May I comment, please?

ASSEMBLYMAN SCHUBER: Sure.

MR. WILLIAMS: Assembly Bill 1983, naturally, is our gaming bill. We are proponents of that.

ASSEMBLYMAN SCHUBER: I didn't catch it. Which one is that, Jack?

MR. WILLIAMS: A-1983 is our gaming bill--

ASSEMBLYMAN SCHUBER: Okay.

MR. WILLIAMS: --just for the record, and A-1984 is the new number for A-344.

ASSEMBLYMAN SCHUBER: Okay.

MR. WILLIAMS: Assembly Bill 2870: This bill CAGE is very familiar with, because in the summer of last year, while I was working at the Golden Nugget as a dealer, the Casino Control Commission turned down a request by the Nugget to expand its casino floor space. They wanted to expand into the area of our showroom. It was turned down because in the Casino Control Act there is a percentage of floor space allotted for casino space, as compared to room for conventions, etc.

I called Assemblyman Riley on this, and asked him to check into it. I'm sure he checked with Ed Kline. He thought-- It didn't sound right to him, but like something that should be obsolete. Within a week, this bill was drawn

up. So, quite naturally, I feel as though we were the-- Obviously, I am a proponent of this bill.

Assembly Bill 3569, also by Assemblyman Riley, has mainly to do with the exchange -- with a casino going into new hands. Of course, we are into that right now. Our interest is the welfare of the employees who are caught in the middle of this exchange, whether we are still going to be held on, or what have you. This bill seems to cover that, so naturally I am a proponent for it.

Assemblyman Ed Kline's bill -- A-3431 -- has to do with licensing. I agree with Assemblyman Kline on this. This is true. I mean, a lot of these employees are being hit \$70, \$80, as high as \$275 a year for the licensing, which could probably be a registration fee of about \$20. I think it would greatly help to increase employment in the area. But I would like you and the Committee to bear in mind, that it is also a loss of revenue to the budgets of the Casino Control Commission and the Division of Gaming. You know, if this is lost, it isn't going to be built up by higher investigation fees.

Mr. Chairman and members of the Committee, I thank you for your time. That is all I have to say. I would be glad to answer any questions you may have.

ASSEMBLYMAN SCHUBER: Ed, do you have any questions for Mr. Williams?

ASSEMBLYMAN KLINE: No, not at this time. We talk frequently.

MR. WILLIAMS: Yes. I will say one thing, Mr. Chairman, Ed Kline, Dennis Riley, Dolores Cooper -- all from our South Jersey area-- Their doors and phones are always open to the employees. There hasn't been a time when I called any of them with a question that they didn't get right back to me with an answer. I can say the same thing for yourself when I called you. So, I know our legislators are interested in the employees' interests. I believe that our association, even

though we are non-union, nonprofit, what have you, is not only a benefit to the employees, but also to the casino industry itself. I think some of our points will benefit both, but on the laws that I brought up, I tried to give you the employees' viewpoint on a couple of these bills.

ASSEMBLYMAN SCHUBER: Jack, thank you very much. We appreciate your testimony today.

MR. WILLIAMS: Thank you, sir.

ASSEMBLYMAN SCHUBER: We were able to get you in on the same day we scheduled you, too. Thank you.

Is Mr. Silbert here, from Local 54? (affirmative response) Roy Silbert, right?

ROY SILBERT: Yes. Good afternoon.

ASSEMBLYMAN SCHUBER: Will you please identify yourself for the record?

MR. SILBERT: I am Roy Silbert, President of Local 54.

ASSEMBLYMAN SCHUBER: Okay.

MR. SILBERT: I want to bring to the Committee's attention a few of the problems on the Schubert/Crecco bill from an empirical point of view as a labor leader. There is some language contained in the bill that was in the original Act that Local 54-- In the State vs. Gerace and Local 54, before the Supreme Court, the decision was handed down that the Commission has the right to disqualify certain individuals under the Act. It also stated that they may not involve themselves or discourage the collective bargaining process. The language is still contained in this bill which states that the Commission would have the right to discontinue the collection of dues, which, in turn, very intimately affects the collective bargaining process.

I could present, if I had more time, the necessary data to show that within a two-month period the union would be effectively closed to dues processing, health and welfare benefits, and other benefits that the bargaining unit people

that I represent enjoy. I represent approximately 15,000 bargaining unit workers in the casino industry in Atlantic City. Those people would be denied on a recommendation -- or an enforcement by the Commission -- their rights to collective bargaining and representation with the disqualification of the dues. I believe that language should be deleted from this bill.

The second issue is, it appears that there is an attempt to impose criminal penalties on what is a civil document. There seems to be language in the Act that contains the right for enforcement, rather than a fourth degree criminal penalty automatically imposed on labor leaders that is not imposed on other members who are registrants or licensees of the bill.

The last thing I would like to elaborate on is the language that pertains to a summary court appearance, rather than your right, as other licensures for labor leaders under the Act to a full testimony before the Casino Control Commission. It appears that it contains in the language -- and I don't pretend to have any legal background, or to be able to defend any legal statements that I may make concerning this-- It appears in that language, from a layman's point of view reading it, that a charge or an allegation against a labor leader will immediately be placed into a courtroom, rather than what other licensees enjoy, which is to come before the full Commission to testify and present their case.

ASSEMBLYMAN SCHUBER: With regard to the issue of the collection of dues, as I understand it, Roy-- Assemblyman Foy spoke to me and raised the issue with me also. There is a valid point to be made here. You know, under the procedures, I understand from the Gerace case and the way the situation stands now, a trustee could be appointed to basically run the union anyway. I guess the issue is, why shouldn't the trustee be allowed to continue to collect the dues? I suppose that is really the issue. I understand that. I will see what we can

do with regard to it. I appreciate the failings. The other two I will have to look into and see.

MR. SILBERT: Okay. Thank you very much.

ASSEMBLYMAN SCHUBER: Any questions?

ASSEMBLYMAN KLINE: On those issues, no.

ASSEMBLYMAN SCHUBER: Do you want to ask him about anything else?

ASSEMBLYMAN KLINE: What about-- Are there any comments on my bill, A-3431? Any amendments?

MR. SILBERT: I think there may be, in my opinion, some amendments concerning the language that states-- It is fine up until it states "all other areas" when we are talking about defining what would be critical licensing areas; for example, the pits in which the games are played. Then I believe the last sentence says, "and all other areas." What we are looking for-- I agree with Senator Gormley 100%, and your bill, Ed, that says that people who historically work in a classification in the hotel and restaurant industry -- that by serving a drink on the casino floor obligates them to be scrutinized and investigated, and costs them anywhere from \$100 to \$200 a year-- I think that is unfair. If you serve a drink in a cocktail lounge 20 feet away, you are not obligated for either the investigation or that fee.

I think what has to be amended is the language that states "all other areas." That would then include the same people who are now obligated to be licensed. There is a staffing problem that is currently being observed by the industry, and one of the reasons for the problem in staffing, I believe, is that when a request comes to the union hall for dispatch for bar porters, or casino cleaners with a number two license, they are not available. Most of the bar porters, cleaners, and cocktail waitresses are anywhere from 18 to 22 years old. They either don't have the money, or they are only looking for perhaps a summer job, and they don't want to waste

the time and the money to get involved in filling out the license form.

So, there is a penalty on this hand for the industry if we can't eliminate, and as a self-serving issue, it also streamlines the seniority problems we have concerning who can go to the casino floor with licensing. But, I support the bill 100%.

ASSEMBLYMAN KLINE: Okay. There have been some questions on certain amendments and certain wording. I think Debbie Bozarth, who represents the Casino Control Commission, yourself, and myself, ought to try to organize a meeting in my office to try to iron some of these things out, so we can get this thing done rapidly. Okay? Rather than go into detail now, we will have a meeting. I am going to call that so we can get it ironed out, because I agree with you on certain amendments.

ASSEMBLYMAN SCHUBER: From our point of view, we are looking to build in some flexibility there. I think the parties are so close to a final resolution of this issue, that what Ed has suggested will probably put the issue to bed for the benefit of everybody. So, I think we can work something out and have something ready within the next couple of weeks.

ASSEMBLYMAN KLINE: If not sooner.

ASSEMBLYMAN SCHUBER: Thank you, Roy. I appreciate it.

MR. SILBERT: Thank you very much.

ASSEMBLYMAN SCHUBER: Is Mr. McGee here, from Local 14? (affirmative response) Please join us up here.

J O S E P H M c G E E: If I may introduce myself--

ASSEMBLYMAN SCHUBER: Please.

MR. McGEE: I am Joe McGee. I am Business Agent for Asbestos Workers Local 14.

ASSEMBLYMAN SCHUBER: Welcome.

MR. McGEE: I am also a member of the Atlantic City Building Trades Council. I would like to read a prepared statement from my boss, Pat Eiding, who is the Business Manager.

ASSEMBLYMAN SCHUBER: Certainly.

MR. McGEE: "Gentlemen: We have been advised that you are contemplating expanding the regulatory scope of the Casino Control Act. It is our understanding that this expansion may include registration and disclosure requirements affecting craft unions and their memberships involved in the construction and renovation of casino properties.

"Please accept this letter as our absolute opposition to any new requirements, registration, red tape, bureaucratic involvement, etc., etc. We have worked in construction and maintenance in the casino industry since 1978, when the industry was born. We participated in the Atlantic City construction scene for decades prior to that time. At no point, in any way, shape, or form, has there been any development which would justify an attempt, so many years later, to place our organization and its members under the regulatory scheme of the Casino Control Act. The only object that would be accomplished would be the increase in unproductive, needless State jobs, spending money that would be better directed to real social ills.

"Moreover, such regulatory details would overburden an already overburdened trade union officialdom in complying with duplicating laws. As you know, we are stringently regulated by various Federal and State departments, including the Department of Labor and various of its sub-agencies. We work in conformity with the reporting requirements of the Labor Management Relations Act, the Labor Management Reporting and Disclosure Act, the Occupational Self Safety and Health Act, the Employee Retirement Income Security Act, and a host of other laws. Imposing the intrusion of unwarranted further activities is contrary to the public interest and the social good.

"We are also advised that you are raising some serious questions which may warrant legal action if the statute of the

law is changed. In our view, it would be more helpful if they would deliver in person a (indiscernible). We would be happy to provide you with an experienced witness from our craft and its industry to expand at length on the question of avoiding further intrusion by the State. Very truly yours, Patrick J. Eiding, Business Manager."

Thank you.

ASSEMBLYMAN SCHUBER: Thank you very much. Ed, do you have anything?

ASSEMBLYMAN KLINE: I believe the law was introduced because of certain problems within the industry. I think that those problems have to be addressed, but we also don't want to infringe or overregulate something again. I am a great believer in -- myself, I don't want to speak for you, Mr. Chairman-- I think the entire State of New Jersey, to a point, sometimes, is overregulated. Now, if there is a problem in a certain area, then we should address that certain problem, not penalize all involved. So, I think there is some merit in what you're saying. We will have to review that.

ASSEMBLYMAN SCHUBER: Thank you, sir. We appreciate it very, very much.

MR. McGEE: All right. Thank you, Mr. Chairman and Committee.

ASSEMBLYMAN SCHUBER: Mr. David Selliger (phonetic spelling), who represents the Building Trades Council for South Jersey, had indicated he would like to testify on Thursday, the fifth, in Trenton, and he will. Is there anyone else here from the labor movement who wants to testify on any of these bills? (affirmative response) Susan King?

S U S A N K I N G: Yes.

ASSEMBLYMAN SCHUBER: Okay. We are ready for the next witness, but I just want to check. Is there anyone else? (no response) Our next witness then will be Susan King from the Eastern Workers Service Association. Is that correct?

MS. KING: No, it's Eastern Service Workers Association.

ASSEMBLYMAN SCHUBER: Oh, okay. I'm sorry, I thought that was what I said.

MS. KING: No, you said Eastern Workers Service Association. You had it backwards.

ASSEMBLYMAN SCHUBER: Oh, okay.

MS. KING: My name is Susan King, and I represent the Eastern Service Workers Association, which is an organization that represents the interests of service workers, domestic, and attendant care workers who are not covered by the National Labor Relations Laws and, therefore, have historically been denied the right to organize under traditional means.

We would like to add here today our unwillingness to accept the present data with its present proposals and its present modifications in specific, and in general, the debauched theory and practice that has ended up as the source of so-called establishment recommendations to be placed before the people, and which serve as a basis for these public hearings as boondoggery used to satiate the legal requirements of measurements, which demonstratively have not been used to gain advantage for many of the groupings for which the Casino Control Act, the legislation of organized gambling, and the judicial and legislative modifications that have been taking place since this parade of pernicious (sic) participation, nor the refusal to include elements of the deprived economic population the Act purported to benefit.

All this has been set aside by those who at one time or another have been promised participation and who await the results of the early State-financed efforts to influence State-financed bureaucrats and officials into changing the destination of funds, supervision, or direction.

I would like to direct your attention to the fact that it has been ESWA's role to support the positions put forth on

this matter by the New Jersey Labor Defense Committee. In so doing, I would like to refer to a group of facts that seemed to have been challenged by everybody and everything except history and the statistics surrounding history.

The first is the basic law of bureaucracy, and that is that a bureaucracy is physically unable, prohibited by its own interior fellowship and figures, from moving in a direction where the strength, size, and scope of the bureaucracy are not directly advanced by the path of action chosen by the bureaucracy, regardless of the poignancy.

Second, I should like to point out that everything here, from gambling houses to labor unions, came into being and becoming, work under the regulations, investigation, and instigation of the Casino Control Commission itself, under the rules for a Casino Control Commission that the voter and the Executive, Legislative, and Judicial Branches of State government saw to be fairest and best for a Casino Control Commission, and that under those stipulations, the general public, which includes the lower income brackets of our social order here, and the more politically and economically advanced of our social order here, have not exactly been left in a position of being inspired either to complacency or awe by the workings of the Commission to date.

Those in charge of the casinos are complaining, those who desire fiscal relief and tax relief in the upper economic brackets are complaining, and those in the lower income brackets who look toward the casinos as economic relief for a broad sector of the low-income strata of our State are complaining.

Point three of the historical fact and reference is that the times gamblers have controlled the places of gambling marks the times when gambling has had less charges of corruption. Similarly, the high-water mark of honesty and correctness of labor existed under labor's control. In short,

whatever the arena, its success, with the sole exception of the Casino Control Commission, has been achieved under the most direct control of those responsible to a constituency.

We stand in favor of the proposals on the matter made by the New Jersey Labor Defense Committee, and ask that restructuring of the Casino Control Commission, and restructuring of the regulations governing private employment agencies in the State of New Jersey, as set forth by former Assistant Attorney General Leonard Peduto of record in 1979, claim precedent of interest at this time, since from that time the Casino Control Commission has been totally inadequate in living up to its own proposals, programs, and protocols. They have not even approached their own programmatic goals, when public attention is focused on unsatisfactory conditions involving the very fundamental questions of why the unsatisfactory set of circumstances exist.

The Commission's sole practice has been to ask for more power, more license, and less leniency toward groups retaining any administrative autonomy. The outcome of our attending here will be a minority white paper on these and other relevant facts. We wish to go on record as claiming the condition existing here today has been repeated in one form or another to the point of pretense and parody, obscuring the true record and the two questions.

Thank you very much.

ASSEMBLYMAN SCHUBER: I am not familiar with the Eastern Service Workers Association. What is that organization?

MS. KING: As I explained in the beginning of this statement, we represent service workers, domestic and attendant care workers who are excluded from the protections of national labor law -- unrecognized workers.

ASSEMBLYMAN SCHUBER: But, how does that fit into Atlantic City?

MS. KING: How does it fit into Atlantic City? Because there are thousands of those workers here in Atlantic City right now, who are not protected under those laws, and are part of the labor situation here in Atlantic County. They are affected by some of the bills that are being discussed here today, specifically the bill that deals with the regulation of unions by the Casino Control Commission. I mentioned the New Jersey Labor Defense Committee, which is an organization that has not supported the notion of that regulation by the Casino Control Commission since it was first discussed and the initial Supreme Court decisions were taken.

We see that as an attack on the right to organize here, and do not support it. Thank you.

ASSEMBLYMAN SCHUBER: Okay. Thank you very, very much. Stan?

S T A N: This is a first for me. I never spoke in a room like this before.

ASSEMBLYMAN SCHUBER: That's all right.

STAN: So, if I start falling all over myself, you will have to bear with me.

ASSEMBLYMAN SCHUBER: That's all right. Hold on for one second. (Chairman consults with Aide)

ASSEMBLYMAN KLINE: Just sit there and get nervous for a few minutes.

UNIDENTIFIED SPEAKER FROM AUDIENCE: This man wants to be protected by anonymity, so I don't think the record should contain his second name. He has no problem using his first name.

ASSEMBLYMAN SCHUBER: All right, fine. I understand. You can sit there with him, if you would like.

UNIDENTIFIED SPEAKER FROM AUDIENCE: That's okay.

ASSEMBLYMAN SCHUBER: Okay.

UNIDENTIFIED SPEAKER FROM AUDIENCE: I'm sure he can handle himself.

ASSEMBLYMAN SCHUBER: All right, fine. Do you have an opening statement you want to make, or would you prefer us to ask you some questions? As I understand it, your testimony is directed to the issue of casino credit. Is that correct?

STAN: Right, credit, and comping, and junkets.

ASSEMBLYMAN SCHUBER: And comps, from the point of view of someone who has been involved in compulsive gambling. Is that correct?

STAN: Right. I am a recovering gambler.

ASSEMBLYMAN SCHUBER: A recovering gambler, okay.

STAN: Well, I heard some testimony this morning from the casino executives, or people in the higher echelon there. I really feel sorry for them with the 8% they have to pay to the State. It is known that Resorts is paying 40% in the Bahamas. I don't know why they are having a tough time.

As far as credit, I can only speak for myself. I know I was overextended credit. I owe the casinos \$135,000.

ASSEMBLYMAN SCHUBER: How many casinos?

STAN: A total of eight.

ASSEMBLYMAN SCHUBER: A total of eight casinos, and you owe them \$135,000?

STAN: Right. I know on half of my applications I put down retired, you know, and they just-- As each casino was opening, if I had \$5000 in one place, and another one was opening, they would say, "Well, come over here and we will give you \$10,000." You know, the enticement was just--

ASSEMBLYMAN SCHUBER: What time frame are we talking about?

STAN: I would say between 1979 and 1983.

ASSEMBLYMAN SCHUBER: And, how long have you been under treatment?

STAN: Since Thanksgiving of '85. It just got progressively worse and worse. I had in one particular casino a \$30,000 credit line, and when that was gone, they had what

they called the TTO sysem, which meant "This Trip Only." They were able to give you more money. On that particular day alone, they pushed me up another \$12,500. So, by the time I left there, I owed \$42,500.

ASSEMBLYMAN SCHUBER: What were you employed as at the time?

STAN: I was in the used car business.

ASSEMBLYMAN SCHUBER: What were you making per year?

STAN: In 1983, I showed \$98,000 in income for seven months, and then I was involved in an accident on my way to town here in August of that year. I haven't been able to work since.

ASSEMBLYMAN SCHUBER: But at the time you were showing income of \$98,000?

STAN: Right. I showed \$98,000 in the first seven months of that year.

ASSEMBLYMAN SCHUBER: When you went to apply for credit at the time, what was required of you?

STAN: Basically nothing -- a signature and a checking account. I mean, they were not interested in any kind of assets or anything along those lines. It was just, "Where are you living? Sign Here," and that was it. "Come back in 15 minutes and go to the table. Give us 15 minutes, and your money will be available."

ASSEMBLYMAN KLINE: What was the balance in your account at the time?

STAN: The checking account was \$580.

ASSEMBLYMAN KLINE: Not much.

STAN: Not much; not much.

ASSEMBLYMAN KLINE: They just asked for the account number?

STAN: Just checking, right. They weren't interested in savings or anything like that.

ASSEMBLYMAN SCHUBER: When was the last time you sought credit from the casinos?

STAN: Oh, probably in 1984; either the end of '83 or the beginning of '84.

ASSEMBLYMAN SCHUBER: So, the \$135,000 you owe the casinos -- which I assume is still outstanding--

STAN: Right.

ASSEMBLYMAN SCHUBER: --is as of -- is the total amount over the time period that you borrowed from them, or borrowed credit against, right?

STAN: Well, I have been playing in town for five or six years, you know, and back in the early days they had what they called FIFO and LIFO, you know, first one in, first one out; last one in. Then they would change it to last one in, first one out, and you were able to roll your markers. I had a 30-day disposition, which meant that my markers had to be paid within 30 days.

Now, from what I gathered this morning, I think this two-day system would be very good, because it is just giving people more money to get into more trouble -- more time to get into more trouble -- the longer time they give you.

When I had the money, I came in if I wanted to gamble; I paid my markers, and that was it. But as it got rough getting more and more cash, you know, you had to look to buy the time. Then they are complaining about these two days. I remember there were occasions when I couldn't even pay in the 30 days, and they would say, "Well, we are going to send the marker to the bank." I would say, "Can't we say I'm sick, you know, and give me another two weeks?" and that was no problem. They just put it on the side for another two weeks, or whatever, for as long as they needed.

I've got some notes here that I can't read. I also made a suggestion at one point, "How come the player doesn't get a copy of his marker?" I had one situation where a casino came to me with a marker that I had never signed. It just so happened that I used to look at my markers and check. I said,

"I'm not paying this; I never signed for it." They tried passing it off to me on three or four different occasions, and then it finally disappeared, and I haven't seen or heard of it since.

Then they start with their legal stuff. As far as I was concerned, these were unsecured loans. They were giving me money based upon my signature. Then they started, well, with judgments and liens and all that kind of stuff. The next thing they want, they want you out of your house. Then when they get through with you down the road with the lawyers, then they go to the collection agencies. I had phone calls where they threatened to back trucks up to the house to clean out the house. I went to see Mr. Flanagan in Trenton at the time, who was Assistant Deputy for the DGE. He wanted to know who it was, and I told him, because at one point I got a call that went like this: "Well, Mr. So and So, the casino is going to collect one way or another." I told him what I was going to do, and he said, "Well, now you are really making a mistake -- a big mistake." Mr. Flanagan made a phone call to somebody at the casino, and since that point I haven't heard anything about that.

Right now I am living on disability as a result of the accident. My mortgage payment is twice what I receive from disability. It is just totally outrageous. I understand-- I gathered this morning that this is considered an industry. Mr. Weidner brought out a point, something about clothing, you know, how you buy a piece of clothing, or whatever. This is not clothing we are dealing with. I can't go to the Better Business Bureau and say, "I was drunk yesterday and they took all my money. How do I get it back now?" There is no such thing. Once they have you, they have you.

To my way of thinking, it all seems to be one way. When I was in my prime down here and, you know, bringing in the cash-- In 1984, I had to make a bar mitzvah for my son. I

approached one of the casinos, and they say, "Oh, sure, we will take care of it." They gave me what I considered a nice package. Then, they fought me on the band. They wanted me to pay for the band. I said, "That's ridiculous." I said, "You're going to charge me \$1000 for a band? That's one bet." I said, "How petty can you be?" It was just the principle of the thing. He stood strong, and I stood strong, and I went to another casino. And they said, "Stan, whatever they can do, we will certainly match, if not do better." They picked up the entire affair. They gave me 42 complimentary rooms for the whole weekend, including food for guests.

So, with all the money you hear about them losing-- I feel sorry for them, but they have money for all these reconstructions, and--

ASSEMBLYMAN SCHUBER: Stan, what year was that?

STAN: It was 1984; May of 1984. It seems as though everything they do is interpreted as a business decision.

ASSEMBLYMAN SCHUBER: The party you are talking about -- the bar mitzvah -- was in the nature of a complimentary. Is that correct?

STAN: That's right.

ASSEMBLYMAN SCHUBER: You were never charged for that. Is that correct?

STAN: I had two ballrooms. There was a ballroom for the kids, with a DJ. There was a ballroom for the adults with a seven-piece band. There was filet mignon, there were rolling bars -- you name it, and it was there.

ASSEMBLYMAN SCHUBER: Did you continue to gamble after that time period?

STAN: What's that?

ASSEMBLYMAN SCHUBER: Did you continue to gamble after that time period?

STAN: Well, I guess for a short time after that; I guess about a year or so after that.

ASSEMBLYMAN SCHUBER: In that particular casino?

STAN: Well, I spread it around. I have a piece of carpet in a lot of places -- a lot of different places.

ASSEMBLYMAN SCHUBER: Okay.

STAN: Like I say, everything was considered a business decision, but when they make a bad business decision as far as extending the credit, that they are not involved with. I mean, you sign for it, you take it, and that's it.

ASSEMBLYMAN SCHUBER: When you had problems with making your payments-- When did you first develop problems making payments on your markers?

STAN: Oh, I would say probably around the summer of '84 is when it really reached bottom.

ASSEMBLYMAN SCHUBER: At that point, did you ever apply for more credit and get turned down?

STAN: Well, I wasn't allowed to get any more credit because I was already overextended.

ASSEMBLYMAN SCHUBER: That is what I was going to say. Did you apply for more credit at that point?

STAN: No, I wasn't that stupid. I had a \$30,000 line in one particular place, where they pushed me up to \$42,500, and when I lost the \$42,500 I had no more money. As a matter of fact, one of the fellows who testified this morning from a casino gave me \$20 to get home. He said, "We are not allowed to give you this so-called walking money because you are over your limit." So he sent his secretary down to take \$20 out of the cash advance, to give me to get home, which I gave him back a week later. I didn't want to be obligated to him for 20 bucks.

ASSEMBLYMAN SCHUBER: Given the nature of your experience, then, in dealing in those years, what would you tell this Committee should be done with regard to the issue of casino credit?

STAN: I think that if the casinos need the credit end of the business, and the State needs the casinos to finance whatever projects they have, I think casinos should be taxed separately upon a cash drop and a credit drop. Like I say, if they can pay 40% in the Bahamas -- okay? -- where the Bahamian people are not even allowed to gamble, they could certainly do something for the people of this State.

ASSEMBLYMAN SCHUBER: In essence, you're saying then--

STAN: In essence, I'm saying that the 8% they're paying is a steal.

ASSEMBLYMAN SCHUBER: They should be paying more to the fund. Is that what you're saying?

STAN: Definitely.

ASSEMBLYMAN SCHUBER: Do you have any recommendations with regard to the issue of credit?

STAN: I think it should be tighter. There should be more controls. They should be watched closely. I mean, if you went to a bank, and you put down retired and showed nothing, they wouldn't give you a loan. But they are giving you a piece of plastic which, if you broke it down, or melted it down, or whatever, would be worth three pennies. They want to interpret that into cash that they can spend all over the world, where you can only spend their chip in their house. I can't even go from one casino to another with that same chip and try to use it. It has no value in another casino. My opinion is-- I just think it is outrageous.

ASSEMBLYMAN KLINE: You state you have a piece of carpet in -- you indicated earlier -- about eight casinos. Were all eight leaning on you equally, or giving you credit easily or, in your mind, were one or two casinos this way? Were all of them this way? That is what I am trying to say.

STAN: All eight presently have judgments against me. Were all eight -- as you said -- leaning on me, yes, I believe they were, because they were investigating, and, seeing that I

had "X" amounts of a credit line there-- I mean, how could they give me more? They were just giving, you know.

ASSEMBLYMAN KLINE: Were all eight as easy to give you that credit, or to entice you, or was one enticing you and building your line of credit up more than another? I am trying to see if we can blame all eight. You know, after a period of time, all eight would come to you for the money you owed, but did one or two lean on you -- and I don't want to know names; I am just trying to put the numbers together in my head-- Was the whole industry enticing you, or were there one or two that enticed you more than the others?

STAN: Do you mean as far as collecting the debt?

ASSEMBLYMAN KLINE: No, getting you in there to get that line of credit and get that debt built up, with the comps, and the--

STAN: No, it was only a few which, you know--

ASSEMBLYMAN KLINE: Hung the carrot in front of your nose?

STAN: Yeah, right.

ASSEMBLYMAN KLINE: Was it all of them that did that?

STAN: No. As I needed the money, you know, as a diabetic needs sugar -- okay? -- as the gambler needs the money-- I mean, when I was getting near bottom, I knew I had to reach out, and I showed my face in different places to try to get it.

ASSEMBLYMAN KLINE: I am trying to see if all of them are bad, or one or two are bad. I am trying to see if the whole industry is bad, or if you have a line of credit in one or two, and the other ones find out about it, then they bring you in with the carrot and the comps and--

STAN: No, I can't say all, because there was one particular house -- or property, as they would say -- in town where I, at the time, had a zero balance. I applied for credit, and they came back to me and said, "Stan, you have enough. You have enough."

ASSEMBLYMAN KLINE: That's what I mean.

STAN: And I had a zero balance in town. But then there were times where I might have owed, like, 85, and asked for an extension, and they just gave it to me. You know, sit down at the table, and in 15 minutes they would bring it to you. You know, it was just that type of thing.

ASSEMBLYMAN SCHUBER: The issue of the tax is really beyond the purview of these bills. But, the issue with regard to casino credit-- I guess one of the concerns we would have with regard to that, is that the casinos themselves are obviously very competitive. That is the nature of the business. Each one of them has its own relationship to credit as a reliance factor for its economy. My concern, I think, on the issue -- from the point of view of looking towards the industry -- is probably the fact that I don't think there is any provision at the present time whereby they can cross check each other, because of the nature of the competition, to find out who has a credit and for how much, and whether he is at a limit at a particular house, before another casino starts to grant that limit -- you know, grant the new limit.

In essence, there appears to be no sharing of information on credit from casino to casino, to the extent that -- I don't think there is anyway -- to the extent that you can get-- If there are 11 casinos in Atlantic City, you could get -- it would appear to me -- about 11 different credit lines.

STAN: It is my understanding that if you are past due, you are not allowed to get credit from another casino. In other words, let's say I had \$10,000 here and I have \$10,000 available there, and my 30 days ran out here, and then I went to get credit there-- It is my understanding that they are not supposed to give it.

ASSEMBLYMAN SCHUBER: Well, that is the issue: Do they share that information or not? I don't know if they do, but I don't think they do, because it is a competitive edge

between the casinos as to whether-- I just don't think they share that type of information, nor is there the ability to do that at the present time. That is one of the problems I see with the issue of credit.

STAN: I think they are supposed to. I am not saying--

ASSEMBLYMAN SCHUBER: Well, I am not so sure that is the case. You have certainly run up casino markers at other places, and it didn't stop you from getting it elsewhere. Is that true?

STAN: They weren't giving me anything. They gave me a piece of plastic that they were interpreting into money. Obviously, my thinking wasn't there any more, and they were just going through me at that point.

ASSEMBLYMAN KLINE: I don't want to know what town you live in, but in approximate hours or time, how far do you live in from here?

STAN: An hour and a half.

ASSEMBLYMAN KLINE: An hour and a half. You came down every day, every other day?

STAN: I used to come to town for maybe two or three days. It was always whatever you wanted, you know. I used to tell my wife, "Why are we paying a mortgage? We could live here for nothing. Take the kids to school in a limo. They'll give us a suite; they'll cook for us; they'll clean for us, and whatever." But, now I know why I had to pay a mortgage, because when your last dollar is gone, they don't want to know you. But, that's a business decision; that's great.

ASSEMBLYMAN KLINE: Did you ever go to Las Vegas or the Bahamas or any other casino area, or did you go just strictly to Atlantic City?

STAN: No, just Atlantic City. I have been to the Bahamas once, through Resorts. They sent me to the casino there. They sent me as a guest. I mean, there was no obligation. They picked up the tab, and that was that.

ASSEMBLYMAN KLINE: I have no more questions.

ASSEMBLYMAN SCHUBER: Thank you, Stan.

STAN: Thank you.

ASSEMBLYMAN SCHUBER: Mr. Arnie Wexler, please.

A R N I E W E X L E R: I had no intention of testifying today. I basically just came to listen. But, what I heard this morning, and what I heard now--

ASSEMBLYMAN SCHUBER: For the record, Arnie, you better give us your name.

MR. WEXLER: I am Arnie Wexler. I am the Executive Director of the Council on Compulsive Gambling.

Some of the things I heard this morning from the casino executives were disturbing -- some of the things they said, and some of the ways they phrased some of the things they said -- and I think at this point I have to make some kind of a statement.

Stan is not an isolated case. I have seen five to ten people a week with similar problems. I could bring you a lot of people. Some people will not testify. There is still a very big stigma attached to compulsive gambling, and compulsive gamblers are not going to come out in the open, as Stanley did. Maybe I could bring you a half a dozen to a dozen people who would testify, but most of them wouldn't testify because of the shame that falls upon compulsive gamblers.

If someone is a vice president in a bank, he is afraid to come out in the open and talk like that. He is going to lose his job. If he is an alcoholic, that is not going to happen. If he is a State legislator, he surely isn't going to say it, because the people are not going to elect him. If he is a fall-down alcoholic, he has a shot to be elected. We know there are some State legislators who are admitted alcoholics, who are on the job today, but that is not happening with compulsive gamblers. They are really afraid.

As far as the sharing of information is concerned, I have made deals with casinos for recovering compulsive gamblers who have had problems. The casinos are readily available to work out a problem. I don't find that they clobber people on the head when I go to them and say, "Hey, I have somebody who has a problem. He is into recovery." If we have a crook who gambles, that is a different thing than having a compulsive gambler, who, because of his or her addiction, has to do something to support the gambling. If they are into recovery and want to go to a self-help group for help, we believe very strongly that every compulsive gambler must make restitution, but they have to make restitution where they take care of their families first, and then make restitution second, on a basis where you break it up.

Any time I went to a casino to try to work something out, I never had a problem. Let's clarify that right away. They have been real good about that. But, as far as sharing information is concerned, I had a case where a lady owed five casinos some money. She made a deal for whatever the money was, and somehow a casino pressed her, and she increased it from \$10 a month to \$25 a month. The other four casinos were on the phone with this lady by the end of the day. So, I believe there is a very strong sharing of information. I am convinced of that. I have seen it a few times already.

I had a man who committed suicide, who had a very good business in the State. He owed a million and a half dollars in gambling debts. I called one casino owner to check out what would happen with the \$27,000 he owed that casino. Would they attach the estate? The casino owner assured me that they wouldn't. By the time I got to the second casino, they already told me the person who killed himself, and they knew everything about it. And when I got to the second, the third, the fourth, the fifth, it was all the same. So, I am convinced that there is a very good pipe line of sharing of information.

I know compulsive gamblers who have had markers bouncing and still were able to get credit in other casinos, and even in that casino. Now, I hoped that by this point it would have changed and would be a little tighter, but it's not. Very strongly, I recommend -- or believe -- that the 120 lag date on credit is a killer for compulsive gamblers. I think if somebody goes down there and signs a marker-- Carl Zeitz, the Casino Control Commissioner, has told me a few times -- and the first time I heard it I thought he was a little crazy, but now I firmly believe he is right -- "Anybody who has to take a marker in a casino is either a compulsive gambler or will eventually have some kind of a problem in a casino." I am thoroughly convinced of that at this point.

I think if you need to sign a marker, then you have a problem. I heard some conversation even this morning about people coming down, the changing of CDs, waiting for the money to float, and all that. If somebody has to worry about their money staying in a 90-day certificate, or a six-month certificate, and they go down and lose that type of money, then they are losing money they shouldn't be losing. My firm conviction is, if somebody goes down and loses \$100,000 and he has the cash, that's different than having it in a CD or having it in a mortgage, and needing time to go out and change the mortgage or get their CD cashed. That person, to me, has a problem.

Now, I am a recovering compulsive gambler, and I can tell you, thank God the casinos were not in existence when I was gambling, or I would be in jail today. There is no question in my mind about that. And, thank God I did not work in a bank at that period of my life. I surely would be in jail. So, you know, I'm grateful that I stopped gambling eight years before the casinos came into existence here.

I firmly believe that a two-day lag on putting in a marker is too long. I believe that when you go into a

department store and you give them a check, they deposit that check at the end of the working day period. I think that is how it should be in a casino. I think it is a crying shame that we allow 120 days for somebody to sign a marker and tag it off. God forbid if you are a compulsive gambler. I know what I would do. If I had a 120-day lag time, and I had a \$10,000 credit line, I would hit every casino that I could get into and get credit. Then I would sign a second mortgage, even if I had to sign my wife's name. I would do something illegal to get that money if there were no other sources.

You know, when I started gambling, I said I would never take money from a finance company, because I knew in my mind that that was a ripoff. I did it. I said I would never take money from a Shylock, because I knew that wasn't the way to go; there was too much interest. I did it. I ran around the last couple of years looking at gas stations, saying, "That would be a good place to rob and go with the money." That is what a compulsive gambler does. If I owed a house, you can be sure I would have taken an equity loan. There weren't any in those days, but I would have taken a second mortgage. If I had to sign my wife's name, there is no question but that I would have done it. And I can tell you many compulsive gamblers -- hundreds, maybe thousands of compulsive gamblers -- who have done that.

So, I think we are giving the compulsive gamblers enough rope to kill themselves. God knows how many people have committed suicide because of the problem of compulsive gambling. I personally know six in the last 18 months. I think it is imperative that the State work something out where we don't have a lag time. I think if a compulsive gambler comes in -- and I am talking strictly compulsive gamblers-- If a compulsive gambler comes in and signs a marker today, if in two days he knows he has to come up with the money, even if he can't, at least at that point, hopefully, he is not going to

get any more credit in a casino. At least you are shutting him off and blocking him out, rather than letting him run up a bill, as Stan talked about this morning, and it's not unusual.

ASSEMBLYMAN SCHUBER: What you are saying then-- Following your scenario out -- your reasoning out -- to its ultimate conclusion, aren't you saying there shouldn't be any credit for casinos? I mean, if you don't like the two-day rule-- If you think the 90-day rule is too long, and you think the two-day rule is too long, aren't you really saying there shouldn't be any casino credit?

MR. WEXLER: Well, then we are going to see a chart up there that the casinos are all going to go broke.

ASSEMBLYMAN SCHUBER: Regardless of the chart--

MR. WEXLER: I mean, we just saw a chart-- I believe the figure showed \$89 million in losses if we go to a two-day rule.

ASSEMBLYMAN SCHUBER: Well, no. I'm asking you, is that what you're saying?

MR. WEXLER: I wish somehow-- I don't want to say, "Hey, tell them they can't run their business the way they want to run it," but I think that two days is much more than we need. I am convinced that if you-- You know, when I went to buy a house a couple of years ago, I had to fill out about 30 pages of paperwork. I went crazy for a whole weekend trying to figure that thing out. Before I went to the State Criminal Investigation (sic) hearings to talk about credit, I wanted to come down here to see what the story was. So, I came down here with a State legislator. We walked around through a casino. At one point, the man in the credit cage said to me-- I said to the man in the credit cage, "How do I get credit here?" and he said, "Well, it's Saturday. I can't give you credit today, but if you come back Monday, you can get \$5000 or \$10,000. But, we have to see how you play, so we can see how much credit we can really give you." I mean, it was that easy. All you had to do was have a checking account.

Now, I know of a particular case, a man who was a recovering gambler. The checking account was in his wife's name. It happened in a casino here a couple of years ago. The guy got a \$3000 credit line. I called up the casino and said, "How could you give the man a credit line? He can't even sign for a check." That was the only thing they were requiring at that time, that you were able to have a checking account and sign for a check. The casino said, "Well, we checked with the bank, and he can sign for a check." They called me back 10 minutes later, and said, "That was verbally. We got a letter the day after we gave him a \$3000 credit line." The man lost \$3000. The casino was fined in this particular case, and the debt was reneged on.

ASSEMBLYMAN SCHUBER: There are new rules now on casino credit, though.

MR. WEXLER: Excuse me?

ASSEMBLYMAN SCHUBER: There are new rules now on casino credit.

MR. WEXLER: It's still-- You know, one of the rules I would like to see is that-- A spouse can be charged with a gambling debt if the husband dies. A spouse can also be responsible if, God forbid, they are getting a divorce, or there is a problem. I'm sure Stanley's wife is responsible for Stanley's gambling debts at this point. I think if that is the case, then the spouse should also have to sign for the gambling credit when it is given.

ASSEMBLYMAN SCHUBER: Ed, anything?

ASSEMBLYMAN KLINE: I'm taking it all in.

MR. WEXLER: You know, when I was gambling, I used to go to the bank. I used to tell the bank-- I would tell them my name, and then I would say, "My boss is so and so," and they would call up my place of business and say, "Does John Jones work there? How is his credit?" Then I would say, "Wonderful." I would say I was the other guy. And, it is

going on with compulsive gamblers. They call a business to check it out. I think everything should be forced to go to the house, not to businesses, not to post office boxes. That doesn't always help either, because I know many compulsive gamblers who pay the postman money to give them the particular stuff they want, and send the junk mail home to the wife. That goes on every day.

It sound funny. There are a lot of funny things when you are gambling.

ASSEMBLYMAN KLINE: I haven't tried that trick yet.

MR. WEXLER: No, it is funny. You know, Assemblyman Kline, there is a lot of funniness. I could tell you stories that would make you roll. Now they are funny; they weren't funny when I was doing them.

ASSEMBLYMAN SCHUBER: Thank you, Mr. Wexler. We appreciate it very much.

MR. WEXLER: Thank you.

ASSEMBLYMAN SCHUBER: That will--

MR. SHERIDAN (speaking from audience): I just want to set the record straight with regard to the status of the credit regulations.

ASSEMBLYMAN SCHUBER: Okay. If you wish to, go ahead.

MR. SHERIDAN: It will only take a minute.

ASSEMBLYMAN SCHUBER: That's fine. Yes, we did say that; go ahead.

MR. SHERIDAN: I can answer in one minute. You can clock me.

ASSEMBLYMAN SCHUBER: I am.

MR. SHERIDAN: All right. With regard to credit regulations as they presently stand, as you know, they fully went into implementation as of December 1, 1986. The important things to recognize are threefold: a) With regard to TTOs -- or This Trip Only -- that Stan talked about, they have been severely limited. You can now only issue up to 10% of a

person's credit line on a TTO. That has reduced the amount of credit through that arrangement substantially, and right now they are a very little used item within casino credit. Before, they were a very major portion of the marketing program.

With regard to information that is obtained, now you have to get the name and address. You have to do a net worth statement, as Stan said you didn't have to do before. You also have to get a Consumer Credit Bureau check, a bank report, and a casino credit check before the issuance of credit. All of those steps together have substantially changed the way -- the method and the decision-making process with regard to casino credit.

The last issue dealt with whether we share information. The regulations require that casinos share information if it is requested from another casino. So I think, from a broad spectrum, those rules have been changed.

ASSEMBLYMAN SCHUBER: The question is, do they request it?

MR. SHERIDAN: Yes, they do, on a very regular basis, for numerous reasons. If someone comes up who wants a credit increase during the middle of the night, or, you know, it is two o'clock in the morning -- we are open during that time -- the only way to get any decent information is to call around. So, there is, as Arnie said, a very sophisticated methodology to obtaining credit information between the houses, and they do it on a regular and ongoing basis. They do.

ASSEMBLYMAN SCHUBER: Okay, thank you.

MR. WEXLER: Would it be irregular for me to ask a question as a point of information? I mean, could I do that?

ASSEMBLYMAN SCHUBER: You can ask him outside, if you wish.

MR. WEXLER: (asking his question anyway) If somebody has a bounced marker, can he still get more credit from either that casino, or another casino, while the marker is, you know, a bad one?

MR. SHERIDAN: If there is a returned check, what occurs is, that information has to be placed in the credit file, and all the information we talked about before has to be reverified. Then, there has to be a written statement in the credit file as to why you are still granting additional credit, or extending credit again, to that player.

MR. WEXLER: That's good.

ASSEMBLYMAN SCHUBER: Ladies and gentlemen, I want to thank everybody for their participation today. We thank the Casino Control Commission for the courtesies extended to us during our stay today.

The hearings on this package of bills will continue on Thursday, March 5, at 9:30, in Trenton.

(MEETING CONCLUDED)

APPENDIX





ATLANTIC CITY CASINO INDUSTRY

ESTIMATE OF FINANCIAL EFFECTS OF BILL A-3570 WITH REGARD
TO CREDIT CHANGES BASED UPON 1986 FINANCIAL RESULTS

FEBRUARY, 1987

ARTHUR ANDERSEN & Co.

101 EISENHOWER PARKWAY
ROSELAND, NEW JERSEY 07068
(201) 226-7900

February 25, 1987

Peter Sheridan, Esq.
Atlantic City Casino Association
1325 Boardwalk
Atlantic City, New Jersey 08401

Dear Mr. Sheridan:

At the request of the Atlantic City Casino Association, we have performed the following agreed-upon procedures with respect to Bill A-3570 which amends Section 101 of P.L. 1977, C.110 (C.5:12-101) (the Bill) whereby casino checks will be deposited "within two banking days after the date of the transaction":

1. We have reviewed the Bill in order to identify specific areas which may be significantly impacted if the Bill was enacted.
2. We have reviewed selected published industry data to identify specific financial operations which may be affected by the Bill.
3. We have reviewed the Bill and the selected published industry data with selected casino representatives to identify those areas which they believe could be financially impacted by the Bill.
4. A survey was developed and distributed to each of the eleven operating hotel/casinos to obtain their estimate of the effect on 1986 financial results if the Bill was enacted.
5. Responses were received from nine of the eleven operating hotel/casinos. We reviewed the individual responses to the survey and compared the responses given to specific historical financial data for reasonableness. We requested clarification of certain responses to ensure that the information requested by the survey was understood and that the information was provided by each of the respondents on a consistent basis.
6. For the two hotel/casinos which did not reply to our survey, we extrapolated the average results of the respondents to their operations, giving consideration to the amount of credit drop to total table games drop of each as compared to the industry. The credit drop for the two hotel/casinos which did not respond to the survey aggregated 6% of the industry's 1986 total credit drop.

7. We developed assumptions based on the procedures discussed above and estimated the effect in 1986 that the Bill would have had on gaming revenues, various tax revenues to the state and other governmental jurisdictions, casino employment and other areas identified through our discussions with casino executives.

The scope of our work did not include procedures considered necessary under generally accepted auditing standards for the purpose of expressing an opinion on any financial statements or on the individual amounts included in our analysis. Accordingly, we do not express any such opinion. In addition, even if the Bill is enacted, there may be differences between the actual results and the estimated results included in this report which could be significant, because events and circumstances frequently do not occur as expected.

Comments and Findings

Based upon the financial information and assessments of the hotel/casinos which we received, our findings with respect to the financial effects of the Bill have been determined. Using actual 1986 financial results, the industry estimates that, on an overall basis, if the Bill was in effect in 1986 there would have been:

1. Loss of revenues	\$118,000,000
	=====
2. Loss of jobs-	
a. People	1,750
	=====
b. Payroll costs	\$40,000,000
	=====
3. Loss of operating income	\$28,100,000
	=====
4. Loss of taxes to governmental agencies (excluding hospitality and real estate taxes)	\$12,900,000
	=====

(See Exhibits I and II for details of these estimates.)

Our report presents these findings for the Atlantic City casino industry; however, it should be noted that the effect on individual hotel/casinos could vary significantly from the industry averages due to the size of the facility, percentage of credit play and the operating strategy of each casino.

Further, in December 1986 new credit regulations were implemented by the Atlantic City casino industry which require additional financial information for credit patrons. Such information allows the casinos to better assess the credit worthiness of their patrons and, although the results of these regulations have not yet been determined, industry representatives do believe that they present additional controls over the risk of overextension of credit to individual players.

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A description of our findings follows:

Revenues

Revenues from table games amounted to \$1,096,000,000 and represented 48% of total gaming revenues in Atlantic City during 1986. Credit extended to patrons amounted to 29% of the total table games drop in 1986.

Current regulations permit casinos to hold patron checks up to 90 banking days from the transaction date for checks greater than \$2,500 and it is thus considered that those patrons with large credit lines would be most affected by the Bill. For various reasons, such as greater financial resources and perceived better knowledge of gaming strategies, the hold percentages relating to players with large credit lines is considered lower than the overall 16.5% average for table games in 1986. Our survey asked the casinos to consider this factor when computing lost revenues. In addition, we asked that "net" lost revenues be estimated, whereby the effect on cash drop would also be considered. Based upon the information submitted, we calculated the hold percentage to be 13.9% on the estimated reduction in total table games drop.

The responses indicated an overall reduction in 1986 gaming revenues of \$118,000,000 or 5% of casino revenues, with individual casinos estimating an effect ranging from 3% to 8%. As complimentary services are included and deducted at retail values from revenues, there would be no net effect on revenues relating to complimentaries.

Costs and Expenses

The estimated reduction in revenues could have a significant affect on the operations of the hotel/casinos. The estimated reduction in the number of premium players (those patrons with large credit lines) would not only impact casino operations (i.e., credit representatives, casino costs) but could also affect areas such as gourmet restaurants and rooms departments. In addition, administrative personnel and other areas such as the marketing and special events would be reduced.

Our survey asked the casinos to estimate the expenditures which would be affected. The respondents indicated that payroll would be most significantly affected, with an estimated reduction of approximately 1,750 employees throughout the industry. The total payroll expense associated with those employees was estimated to be \$40,000,000 or 5% of the actual 1986 payroll costs. A reduction of nonpayroll expenditures was also estimated and included such items as advertising, food and beverage purchases, entertainment and airline and junket commissions. The reduction in these expenditures was estimated to be \$30,000,000 of 1986 actual expenditures.

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The estimated reduction in credit issuance is anticipated to also have an effect on the level of uncollectible accounts experienced by the casinos. For the nine months ended September 30, 1986, total returned gaming checks approximated 2.8% of credit issued. For the same period, the provision for bad debts approximated 1% of credit issued, reflecting the industry estimate that almost two-thirds of returned checks would be ultimately collected. For the year ended December 31, 1986, total bad debt expense for the Atlantic City casino industry was approximately \$18,000,000 and based upon the estimated reduction in credit issued, was estimated to be reduced by \$7,000,000.

Certain of the casinos operate under management agreements or other similar arrangements whereby fees are incurred based on revenues and/or profits. The reduction in these costs was estimated to be approximately \$1,500,000.

Taxes

Various state taxes and obligations are based on hotel/casinos revenues or profits. With an estimated reduction in revenues and profits, a proportionate reduction in related taxes and obligations was estimated. These taxes and obligations include the gross revenue tax, the New Jersey state income tax and the casino reinvestment obligation. The total estimated reduction in these tax revenues and obligations is \$12,500,000. Our report does not include any potential effect of the Bill on real estate taxes or on the reduction, if any, of luxury taxes, sales taxes and use taxes.

Other Considerations

There are many additional issues that should be considered when evaluating the effect of the Bill. The financial effects of these issues cannot be readily quantified and were therefore not measured in this report. A listing of the issues identified by the responding hotel/casinos follows:

1. Competitive effect on the Atlantic City casino industry if gaming is approved in other jurisdictions without comparable limitations on credit play.
2. Effect on businesses (both revenues and related employment) providing services to the hotel/casinos. This has been defined as the "Multiplier Effect" by the New Jersey Office of Economic Policy.
3. Safety and convenience of casino patrons who may find it necessary to carry cash.
4. Potential for expansion of existing properties and new casino development.

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5. Quality of services provided by the hotel/casinos, particularly in the areas of entertainment and gourmet restaurants.

Our report is furnished to you solely for your information and the related governmental bodies in connection with the Bill. It is not to be used for any other purpose.

Very truly yours,

Arthur Andersen & Co.

ATLANTIC CITY CASINO INDUSTRYESTIMATE OF FINANCIAL EFFECTS OF BILL A-3570 WITH REGARD
TO CREDIT CHANGES BASED UPON 1986 FINANCIAL RESULTS

Industry impact:

Reduction in gaming revenues	\$118,000,000

Reduction in expenses-	
Payroll and payroll benefits	40,000,000
Nonpayroll expenditures	30,000,000
Gross revenue tax	8,900,000
Bad debt expense	7,000,000
Other expenses, consisting of management fees and state income taxes	4,000,000

	89,900,000

Reduction in income from operations	\$ 28,100,000
	=====

Reduction in number of employees	1,750
	=====

State impact:

Reduction in gross revenue tax	\$ 8,900,000
Reduction in casino reinvestment obligation	1,500,000
Reduction in state income tax	2,500,000

	\$ 12,900,000
	=====

The accompanying agreed-upon procedures report, dated February 25, 1987, should be read in connection with this Exhibit.

ATLANTIC CITY CASINO INDUSTRYESTIMATE OF REDUCTION IN 1986 ACTUAL TABLE GAMES DROP AND
REVENUES RESULTING FROM CREDIT CHANGES IN BILL A-3570

	<u>1986 Actual</u>	<u>Estimate of Reduction</u>
Total table games drop	\$6,640,000,000 =====	\$848,000,000 =====
Total table games revenues	\$1,095,000,000 =====	\$118,000,000 =====
Hold percentage	16.5% =====	13.9% =====

The accompanying agreed-upon procedures report, dated February 25, 1987, should be read in connection with this Exhibit.