

PUBLIC MEETING

before

ASSEMBLY INDEPENDENT AND REGIONAL AUTHORITIES COMMITTEE

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

(Proposed Amendments to The Casino Control Act)

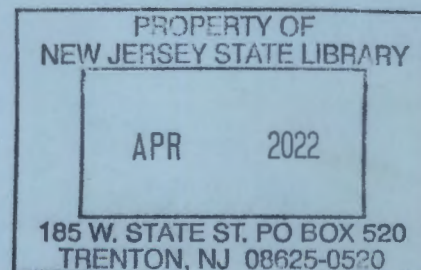
January 12, 1987
Room 341
State House Annex
Trenton, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Assemblyman William P. Schuber, Chairman
Assemblyman Guy F. Muziani, Vice Chairman
Assemblyman Jose O. Arango
Assemblywoman Marion Crecco
Assemblyman Paul DiGaetano
Assemblyman Dennis L. Riley
Assemblyman Jimmy Zangari

ALSO PRESENT:

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



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

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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

December 30, 1986

TO: MEMBERS OF THE ASSEMBLY INDEPENDENT AND REGIONAL
AUTHORITIES COMMITTEE

FROM: ASSEMBLYMAN WILLIAM P. SCHUBER, CHAIRMAN

SUBJECT: COMMITTEE MEETING - MONDAY, JANUARY 12, 1987

(Address comments and questions to Edward Westreich, Committee Aide.)

The Assembly Independent and Regional Authorities Committee will meet on Monday, January 12, 1987 at 9:30 a.m. in Room 341, State House Annex, Trenton, 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-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.

The Committee has requested testimony on these bills from the Casino Control Commission and the Division of Gaming Enforcement beginning promptly at 9:30 a.m.

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. 165 (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

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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. 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-

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is not enacted and is intended to be omitted in the law.

Matter printed in italics thus is new matter.

21 couragement 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.
62 1963, c. 73 (C. 47:1A-1 et seq.).

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-

5 quired to be collected pursuant to the provisions of this act shall
 6 become due and payable, the commission may bring a civil action in
 7 the courts of this State or any other state or of the United States, in
 8 the name of the State of New Jersey, to collect the amount delin-
 9 quent, together with penalties and interest. An action may be
 10 brought whether or not the person owing the amount is at such
 11 time **[a]** *an applicant, licensee or registrant* pursuant to the pro-
 12 visions of this act. If such action is brought in this State, a writ
 13 of attachment may be issued and no bond or affidavit prior to the
 14 issuance thereof shall be required. In all actions in this State, the
 15 records of the commission shall be prima facie evidence of the de-
 16 termination of the *fee or tax or the amount of the delinquency*.

1 7. 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
 8 in 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 file a petition with the commission
 11 requesting the adoption, amendment or repeal of a regulation.
 12 Such petition shall state clearly and concisely:

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

15 (2) The reason for the request; and

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

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

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

24 e. *Notwithstanding any other provision of this act or the "Ad-*
 25 *ministrative Procedure Act," P. L. 1968, c. 410 (C. 52:14B-1 et seq.)*
 26 *to the contrary, the commission may, after notice provided in ac-*
 27 *cordance with this subsection, authorize the temporary adoption,*
 28 *amendment or repeal of any rule concerning the conduct of gaming*
 29 *or the use or design of gaming equipment for an experimental*
 30 *period not to exceed 90 days for the purpose of determining*
 31 *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 8. 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 [resect] *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:S5-5 (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. (embracery);
- 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:115-1 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*

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
 21 three years imprisonment or a fine of \$100,000.00 or both.

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 charges 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.

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

For the purposes of this section, "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).

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

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

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

82. Casino License—Applicant Eligibility. a. No casino shall operate unless all necessary licenses and approvals therefor have 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;

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

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. 20:37-7, 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 [mash] 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 *Laccarat 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
60 licensee for services rendered or otherwise.

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 furnishing 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. **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. licensee or holding or intermediary company, under circumstances

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 h. 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,
 149 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 pre-
 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 complimentaries 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.

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

1 2. Section 139 of P. L. 1977, c. 110 (C. 5:12-139) is amended
 2 to read as follows:

3 139. Casino License Fees. a. The commission shall, by regula-
 4 tion, establish annual fees for the issuance or renewal of casino
 5 licenses. The issuance fee shall be based upon the cost of investi-
 6 gation and consideration of the license application and shall be
 7 not less than \$200,000.00. The renewal fee shall be based upon the
 8 cost of maintaining control and regulatory activities contemplated
 9 by this act and shall be not less than \$100,000.00 [annually] for
 10 a one-year casino license and \$200,000.00 for a two-year casino
 11 license.

12 b. The Attorney General shall certify to the commission actual
 13 and prospective costs of the investigative and enforcement func-
 14 tions of the division, which costs shall be the basis, together with
 15 the operating expenses of the commission, for the establishment
 16 of annual license issuance and renewal fees.

17 c. A nonrefundable deposit of at least \$100,000.00 shall be re-
 18 quired to be posted with each application for a casino license and
 19 shall be applied to the initial license fee if the application is
 20 approved.

1 3. This act shall take effect immediately.

STATEMENT

This bill provides that after a casino licensee has received its second one-year renewal of its casino license, subsequent renewals shall be for a period of two years. The bill also provides that the minimum renewal fee for a two-year license shall be \$200,000.00.

GAMBLING—CASINOS

Establishes two-year casino licenses.

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* * * * *

di: 1-42

ASSEMBLYMAN WILLIAM "PAT" SCHUBER (Chairman): Good morning, ladies and gentlemen. Let me call this meeting to order. This is the regularly scheduled meeting of the Assembly Independent and Regional Authorities Committee, and today's subject of today's hearings will be the first of a series of hearings into a series of proposed amendments and new legislation concerning the original Casino Authorization Act on its — really — almost tenth anniversary, I suppose.

Approximately ten years ago the original Casino Authorization Act was established to provide the framework for the control and the regulation of the casino industry in Atlantic City pursuant to the referendum that had been held during that November ten years ago. And over that ten years, those who are charged with the responsibility for regulating the industry, overseeing the industry, and the industry itself have had, obviously, a certain amount of experience with the operation of this particular Act. And, as a result of that experience, there has come about the necessity for a certain amount of amendment to it to bring it into tune with what I think is probably practical, and what has been the experience of all the individuals involved.

And so, what we're doing today is to, in fact, start a series of hearings to see what, in fact, should be done with the fine-tuning, or changing, or amending the original Casino Authorization Act. And, in doing that, we have taken into account the concerns of both the Casino Control Commission, the Division of Gaming Enforcement, and the industry and all other concerned individuals in attempting to come up with a series of bills that we think will bring casino regulation into tune with today's practice.

There are a series of bills on today's list, and I'm going to ask our Committee Aide, Mr. Westreich, if he will just briefly review each bill, and then our first witness will be Mr. Read, the Chairman of the Casino Control Commission.

MR. WESTREICH: Assembly Bill 2870 amends sections 83 and 84 of the Casino Control Act, concerning casino hotel facilities requirements. Assembly Bill number 3431 amends and supplements the Casino Control Act in regard to the definitions of "casino employee" and "casino hotel employee." Assembly Bill number 3566 amends the Casino Control Act to make technical corrections to the law to eliminate outdated references and to make other changes to conform provisions of the law to current practice or interpretation by the courts. Assembly Bill number 3567 amends various sections of the Act concerning certain powers, duties, and employees of the Casino Control Commission and the Division of Gaming Enforcement. Assembly Bill number 3568 amends various sections of the Act concerning licensing and other gaming related requirements. Assembly Bill number 3569 amends and supplements the Casino Control Act in regard to the transfer of property or other interest relating to an operating casino where the transferee has not been fully licensed or qualified. Assembly Bill number 3570 amends the Casino Control Act concerning junkets, complimentary services, and credits. And Senate Bill number 2462 amends section 88 of the Casino Control Act to provide that annual review of casino licenses shall continue for two years after the initial licensing of a casino, and after that two one-year renewal periods. A casino license shall thereafter be renewed for a two-year period.

ASSEMBLYMAN SCHUBER: Thank you. I would point out before the testimony begins that this legislation is not being introduced in a vacuum, but in fact is the result of a considerable amount of work by the members of the Committee and the staff in putting together the legislation that's before you today, as a result of the input of a number of individuals. Of course, as we have indicated before, on the bills that have been here before, nothing is cast in stone. But, I would also indicate that we have been, in fact, in contact with Senator

Codey on the complimentary committee to this in the Senate, so that there will be complimentary action on the legislation that takes place here at the time when the bills — those bills that are approved — are released, so that what is done here is not necessarily done just in this House, but will be done in both Houses, and hopefully will all end up within a short period of time on the Governor's desk.

Therefore, as a result, we will welcome today Chairman Read of the Casino Control Commission, who's been kind enough to come up today during the course of their hearings down in Atlantic City on the Showboat, and to go over the legislation with us and to enlighten the Committee members on some of the motivation and reasoning behind some of the concerns that the Casino Control Commission has with some of the legislation. Welcome, Chairman Read.

CHAIRMAN WALTER N. READ: Thank you, Mr. Chairman. Mr. Chairman and members of the Committee, I welcome this opportunity to come here today to discuss these proposed amendments to the Casino Control Act. As you know, and as you just indicated, we are in the midst of hearings on Showboat's qualification for licensure, but nonetheless I am delighted to be here today because, as important as those hearings are, the issues before the Committee today also demand careful attention.

I would also note with both gratitude and some pride that this hearing today provides a proper forum for consideration of the issues which the Commission has worked on for quite some time. I extend my personal thanks and the thanks of the other Commissioner to you Mr. Chairman and to the members of this Committee who have sponsored the bills before you today.

The complexity of the issues will require some detailed discussion although I will try to limit my remarks.

The Casino Control Commission has a specific statutory obligation to present recommendations for changes to the Casino

Control Act to the Governor and the Legislature. As a part of fulfilling that obligation the Commission presented to the Governor and the Legislature almost a year ago on February 27, 1986, a package of recommendations which I am pleased to note include many of the changes in the bills before you today.

The approach which was used by the Commission to identify issues was quite basic. These are working recommendations; not policy changes. These are designed to make it easier and less expensive for the casino industry to operate. They are designed to allow the State to focus its energies more effectively. These recommendations are not designed to change in any way New Jersey's fundamental approach to legalized gaming, nor will they impact on the integrity and surveillance of the games.

The Commission feels any policy changes should await review until the work of the Governor's Advisory Commission on Gambling is complete.

The list of bills on your agenda today is a long one. I believe that it will be helpful for me to address the bills one at a time, although not necessarily in the order in which they appear on your agenda, if you don't mind.

If I may Mr. Chairman, let me lead off with the one Senate Bill on the agenda today, which is the last item on your agenda. Senate Bill 2462, sponsored by Senator Richard Codey, amends the Act to create a two-year term for casino licenses. Let me state very clearly that the Commission strongly supports the concept of this bill, and as a matter of fact, we recommended such a change in our February presentation. However, I would ask your consideration of several important amendments. For the record, let me stress the importance of the license renewal process. It is the linchpin of the regulatory system. It is a review process which insures that the operation of a casino in New Jersey is run by individuals with honesty, integrity and good character who work to retain

the privilege of remaining in this State. It is a process which requires each licensee to demonstrate affirmatively his right to operate in New Jersey. It's the fundamental concept on which the Casino Control Act is based. I cannot underscore the importance of this enough. With that thought now before you, I suggest that experience has demonstrated that license holders with unblemished records should be granted a two-year license provided, however, that certain conditions exist.

1) The Casino Control Commission must be able to reopen a hearing at any time. The language requiring a demonstration of good cause needs to be removed.

2) The Division of Gaming Enforcement should be able to request that a hearing be opened at any time.

3) The issuance of a one-year license must remain an option.

We want to be able to issue two-year licenses and in most cases will probably do so. But, the regulator burden which would be lifted from the casinos, as well as significant cost savings each house would gain as a result of the change, must not overshadow the statutory obligation of the regulatory agencies to review issues whenever warranted.

Therefore, Mr. Chairman, I would ask your favorable consideration of amendments to this bill before its release.

The next bill I would like to highlight is A-3569, sponsored by Assemblyman Dennis Riley. This bill is a significant one, and a timely one. The bill seeks to improve New Jersey's system for regulating the transfer of interests in casino licensees and affiliated companies.

The regulatory system must be able to accommodate changes in ownership and transfers of interest in existing casino entities without sacrificing the paramount goals of integrity and public trust in the regulatory process.

Existing statutory provisions do not adequately address the reality that casino companies are subject to some

of the same changes facing other business entities. Take-over efforts, mergers, financial difficulties, creditor actions, and ownership changes are a reality we must be prepared to deal with.

The bill before you represents an attempt to develop a regulatory scheme which will allow the casino industry and the regulatory agencies to handle these transactions effectively and efficiently. Failure to address today's economic realities, although understandable at the time the Casino Control Act was drafted, threatens to stifle the growth and development of the industry. We strongly support this bill and urge your favorable consideration.

A-3431, which is sponsored by Assemblyman J. Edward Kline and Assemblyman Riley, addresses one of the more complex aspects of the regulatory system. It is one of the areas of casino control which forces concerns about integrity and security up against practical realities of life in a casino facility. It is also an issue which directly affects individual casino employees, not just the corporate entities.

At this time Mr. Chairman, let me simply state that there are several outstanding issues which have not yet been resolved. We will work to resolve these issues and I expect to present to you a formal recommendation at your next Committee session.

A-2870 sponsored by Assemblyman Riley, addresses the subject of the regulation of casino hotel facilities.

The Casino Control Commission brought this question to the fore when Commissioner Carl Zeitz addressed the subject before a gaming conference in Atlantic City several years ago. For too long this Commission has been accused of dictating the color of the tile in the hotel bathroom. The controversy generated over that exaggeration overshadowed the fact that we have been involved in determining that the casino/hotel met the standards of the Act. Today the Commission has embraced the

spirit of this bill and the concepts it proposes which give the licensees more freedom in the design of their facilities. The bill would permit tennis facilities to be included as indoor and outdoor qualifying space; eliminate the present requirements for a mix of indoor space and remove the pre-approval requirements for all modifications to approved hotel space, replacing this system with a certification system. I do, however, suggest that certain technical amendments be developed. We will continue to work with Assemblyman Riley to develop those changes.

A-3567 is the next bill on my agenda. This bill, sponsored by you Mr. Chairman and Assemblyman DiGaetano, incorporates recommendations presented by the Casino Control Commission and other amendments proposed by the Division of Gaming Enforcement. Amendments include language to:

Permit investigative subpoenas to be returnable before the Division of Gaming Enforcement rather than having them only returnable before the Commission;

Permit the Casino Control Commission to adopt temporary rules concerning the conduct of gaming or the use or design of gaming equipment for an experimental period; and

Allow the Casino Control to waive pre-employment restrictions when hiring secretarial clerical employees.

Pending a final technical review of this bill, the Commission supports these amendments as well as the others it incorporates.

A-3568, also sponsored by you Mr. Chairman and Assemblywoman Crecco, incorporates some recommendations presented by the Casino Control Commission but most originated from the Division of Gaming Enforcement. The amendments eliminate minimum space requirements for craps, roulette and blackjack tables and allows minibaccarat tables to satisfy the space requirement for baccarat tables. It does not change the limit of the number of Big Six Wheels. The Commission requests

more time for technical review of the issues contained in this bill which originated with the Division of Gaming Enforcement. At this time, however, we have no objections to the bill.

A-3566, sponsored by Assemblyman Arango and Assemblyman Muziani, represents the most technical aspects of the package of recommendations. These proposed amendments to the Act eliminate outdated references in the Act, such as: the temporary casino permits were eliminated in 1980 but not all sections of the Act were amended to reflect those changes; correct technical flaws and reflect court decisions. We encourage your support of this bill.

Mr. Chairman, the next bill I will comment on effects change in three important areas of casino regulation and casino industry activities. A-3570 requires all junket agents to be direct employees of a casino, rather than independent contractors, and licenses casino key employee standards; limits the issuance of complimentary services to on-site room, food, beverage, and entertainment, transportation and bus coupon-type programs -- cash and gift complimentaries would thus be prohibited -- and it 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.

The net effect of the check deposit proposal is to eliminate of casino credit as it now exists. Credit play represents approximately 16% of the casinos' gross revenues. The casinos in Atlantic City each have a different level of credit play. These issues affecting the economic implications of the elimination of casino credit should be balanced by the reality that some casino patrons have overextended themselves using casino credit. It would be helpful to hear direct comments on this subject from the casino industry and the Division of Gaming Enforcement, as well as comment on the other issues raised in this bill before the Casino Control Commission presents final recommendations to you.

Mr. Chairman, I would therefore ask for another opportunity to meet with you to address these issues in more specific terms.

One bill not listed for consideration today, but which is critical at this time, is A-3499. That bill amends the sections of the Casino Control Act which give the Casino Control Commission the authority to require that equal opportunity exists for minority-owned and women-owned business entities to do business with casinos in Atlantic City. The importance of this issue is underscored by two important points. First, the creation of a new office in the Department of Commerce to certify business entities owned by women and minorities, and second, past allegations of discriminatory practices. I am reminded of President Eisenhower's words that "no man is discharging his duty if he does nothing in the presence of injustice." We fully support the changes presented in A-3499 and I ask for your consideration of it at this time.

Mr. Chairman, that concludes my formal remarks this morning, but I hope I have conveyed to you some strong sense of the significance of the bills which are before you.

Our goal in presenting these amendments is to streamline the regulation of this highly sensitive industry in a manner which best serves the interests of the people of New Jersey.

In urging you to adopt these measures I would like to recall for you the words of the German poet Heinrich Heine, who wrote, and I quote, "Follow the good path or the evil one, to stand at the crossroads requires more strength than you possess." I'm confident, Mr. Chairman, that you will follow the good path and approve these changes.

Thank you.

ASSEMBLYMAN SCHUBER: Thank you, Mr. Chairman. I would indicate to you two things. Number one, it is the desire of the Committee to ask you to come back again during the

course of these hearings for the further update with regard to that legislation which is pending review, and to solicit your comments -- or elicit your comments -- with regard to some of the testimony or evidence that we will be adducing as we go along. So, yes that invitation stands open, and we will be prepared to have you back again. And, at one point -- I think on the first Monday in February -- I think, we're planning to be in Atlantic City to continue testimony on this anyway, which would probably make it more convenient for everybody within the area to come to testify.

Second of all, of course, it's the intent of our Committee, in its deliberations here, that I think it's probably appropo that, being almost the tenth anniversary of the original legislation, that we look at it at the present time and the line that we're trying to do is, number one, our obvious goal is to protect the public interest, and the State's interest with regard to Atlantic City. And to walk that line to not undo the fine regulations that have been set up as a result of the work of many other individuals some time ago. But at the same time to recognize that was a practical application of some of it, which I think that experience has shown that's what the-- That's, I think, the thrust of most of the legislation today.

Let me ask, does any member of the Committee have any questions with regard to Mr. Read's testimony?

ASSEMBLYMAN RILEY: Just-- The amendments we've discussed, and Bud mentioned, we'll hold up until we get to the real hearings on the bills. Eisenhower? (laughter)

CHAIRMAN READ: Definitely.

ASSEMBLYMAN MUZIANI: May I just ask a question?

ASSEMBLYMAN SCHUBER: Mr. Muziani?

ASSEMBLYMAN MUZIANI: I would like to have a definition of junket agent. How do you define a junket agent?

CHAIRMAN READ: Junket agent? I'm not sure if it's defined in the Act or not. Actually--

ASSEMBLYMAN MUZIANI: I couldn't find it anywhere.

CHAIRMAN READ: What's a junket and what's just sponsoring a trip is not an easy thing to define, but I think it's relatively easy to recognize. One of the differences is, if you just sell a bunch of bus tickets to whoever may come along, that's not a junket. The standard junket that runs out of Philadelphia or Newark or wherever is not a junket. So, there's nothing we're talking about here that would change those trips.

Actually, what we're considering primarily is where you have pre-selected patrons who are selected or sent along because of their standard of play. And I'm speaking they're rated players. People like that really come along to be sent on a junket.

ASSEMBLYMAN MUZIANI: You're suggesting than an outfit that is going into the business of transporting patrons to the casinos from wherever by bus that's a private operation, is not a junket?

CHAIRMAN READ: Usually no. But if, for example, you had 15 people, or 10, or however many, but a relatively small number of people who were pre-selected because of the standard of their play, that could be a junket. Most bus trips are not.

ASSEMBLYMAN MUZIANI: Mr. Chairman, do you think it might be advisable if we were to clarify that in the bill itself by defining a junket, so we know what we're dealing with?

ASSEMBLYMAN SCHUBER: You mean for further clarification?

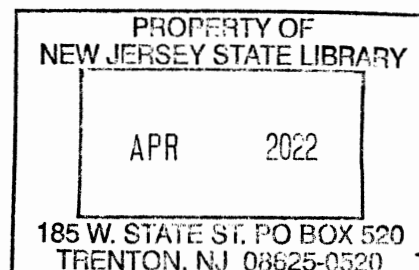
ASSEMBLYMAN MUZIANI: Yes.

ASSEMBLYMAN SCHUBER: Yeah, we'll see as we go along on it.

ASSEMBLYMAN RILEY: Through you, Pat?

ASSEMBLYMAN SCHUBER: Go ahead.

ASSEMBLYMAN RILEY: Bud, could you maybe--



CHAIRMAN READ: Let me just say one thing. The fact that a casino patron is given coins — you know, however many dollars worth of quarters to play — that doesn't make it a junket. That's not the sort of play that I would conceive to be a junket — one where there's a problem.

ASSEMBLYMAN RILEY: Through you, Mr. Chairman.

ASSEMBLYMAN SCHUBER: Yes, go ahead, Mr. Riley.

ASSEMBLYMAN RILEY: Isn't it really, Bud, a matter of degree?

CHAIRMAN READ: Degree?

ASSEMBLYMAN RILEY: Isn't it really — anything like that — a matter of degree? Could you work up a good definition? I mean, because let's face it, the little old lady that stands in front of my office—

CHAIRMAN READ: I'm not sure you could. It's not unlike that—

ASSEMBLYMAN RILEY: --and picks up the casino bus, literally every single day---

CHAIRMAN READ: Sure.

ASSEMBLYMAN RILEY: --and literally, the same people every single day are going. Could you work up maybe even an expansion -- I think that Guy may be right -- to really define it clearer.

CHAIRMAN READ: Well, we'll give it a try. I feel it's something like the Supreme Court definition of obscenity. I don't know what it is, but when I see it I know it.

ASSEMBLYMAN RILEY: You're probably right.

CHAIRMAN READ: Junket, itself is defined in section 29 of the Act, where it says under junket: "An arrangement, the purpose of which is to induce any person selected or approved for participation therein on the basis of his ability to satisfy a financial qualification obligation related to his ability or willingness to gamble, or in any other basis related to his propensity to gamble, to come to a licensed casino hotel

for the purpose of gambling and pursuant to which, and in consideration for which..." -- originally it said over \$200, now it says: "any or all the costs of transportation, food, lodging, entertainment, and other services and items of value for said person is directly or indirectly paid by a casino licensee or employee, or agent thereof." I don't know whether that gives you much help. Maybe that could be fine tuned and would help, certainly.

ASSEMBLYMAN SCHUBER: The concept, if I might Mr. Chairman, with regard to the casino credit, junket, comps legislation, we talked about the issue of credit and the fact that credit represents 16% of the gross revenues of the casinos. On this particular bill, are you supportive generally of the concepts that are in the bill at the present time?

CHAIRMAN READ: Well, I think we can certainly support the concepts. These particular suggestions came from the Division of Gaming Enforcement. I'm sure you'll want to hear from them even further with respect to it.

With respect to the change in the time period, that is a feature that we suggested several years ago. Cutting down the time period within which checks had to be put through for collection. That never got very far as far as actual legislation to implement that. Whether it's two days or whatever period of time is a matter, I think, to be worked out. But, the concept is a solid one.

ASSEMBLYMAN SCHUBER: Do you find two days to be realistic?

CHAIRMAN READ: Well, you know, in England they don't allow any credit.

ASSEMBLYMAN SCHUBER: I know.

CHAIRMAN READ: They do it entirely on the (inaudible) A different atmosphere totally, but it could work, certainly.

ASSEMBLYMAN SCHUBER: Mr. Kline is here. On his particular bill you had indicated that you might have some technical amendments. Could you give us an idea in the area -- and I appreciate you don't have that with you, but could you give us an idea in what area you're looking at on that particular bill?

CHAIRMAN READ: Well, the problems involved there were the definitional requirements as to what is a restricted area or what is not. And, also what employees would go in at what time. You know, there are problems as to whether the floor is open or closed, whether the pit is open or closed. And the pit may be closed even though the floor is open. And so what would be the question is as to who could enter those areas at a given time.

Balancing those things out, I think that could be worked out.

ASSEMBLYMAN SCHUBER: All right, so you have no problem with the concept of this legislation, and it is a matter of if we can work out the technical arrangements on it.

CHAIRMAN READ: We originally suggested changes in that area. I think it's just a question of working out how it's properly defined.

ASSEMBLYMAN SCHUBER: Any other questions from members of the Committee?

ASSEMBLYWOMAN CRECCO: Yeah.

ASSEMBLYMAN SCHUBER: Mrs. Crecco?

ASSEMBLYWOMAN CRECCO: In so far as a junket, would that be analogous to the same concept as the casinos in the west, in Las Vegas, where they do give businessmen free airfare and hotel when they go there, people who frequent their establishment. Is that the same concept?

CHAIRMAN READ: Well, of course they've always done that here. It's a question of whether or not it goes too far, and that sort of thing.

ASSEMBLYWOMAN CRECCO: Thank you.

ASSEMBLYMAN SCHUBER: Any other questions from members of the Committee? (negative response) Well, we appreciate your coming before the Committee. Chairman Read. Again, we will be asking you to return at the conclusion of other testimony, so that we can elicit your testimony with regard to some of the changes you will be recommending on some of the bills, as well as your response to some of the testimony that is, in fact, given by some of the other members. And, we appreciate it, and thank you very much.

CHAIRMAN READ: I appreciate that very much, Mr. Chairman. I'm going to go see if we can get another casino on line.

ASSEMBLYMAN SCHUBER: On line. Appreciate it. Thank you.

ASSEMBLYMAN ZANGARI: Is there anything to be discussed on the credit cards -- you know, borrowing the money from the casinos?

ASSEMBLYMAN SCHUBER: Ask Mr. Parrillo. He'll be right up.

I'm going to ask-- Assemblyman Kline is here, the sponsor of one of the bills, and I'm going to ask if he will come up and briefly make a statement also. Assemblyman Kline?

A S S E M B L Y M A N J. E D W A R D K L I N E: Mr. Chairman, thank you for the opportunity to speak to the members of the Committee. To speak on the bill that is before you -- Assembly Bill 3431 -- this bill will revise the definition of casino employee, and the casino hotel employee. What we have had in the past, and I do not like to use the word overregulate; I think casinos have to be regulated. We have to be concerned with the regulations of casinos. But, I think after the past years being involved with casino legislation, we can see a modernization, or updating, or streamlining certain parts of that law.

What this bill does is it addresses the bartenders, the waiters, the waitresses, and other individuals, such as, maybe, the custodian staff that work within the casino. And right now in the present form, they're required very strict licensing requirements to work on that casino floor. And really, all they do is either serve drinks, or a bartender, or a custodian, and I think that this particular bill will help streamline that, bring down less requirements for licensing for individuals who really aren't involved with the moneys or the transactions on the casino floor. And, I think this will help the casino industry in Atlantic City, and help the employees, which are the individuals that I'm concerned with.

There are some amendments that the Casino Control Commission has spoken to me about, and I know you're not going to vote on this today, but this is the idea. This is the start of going over the bills, and the start of getting things moving.

So, we're working some of the problems out, and I hope that when we're ready to go we'll be satisfied.

ASSEMBLYMAN SCHUBER: Well, what I intend to do is we're going to solicit the general comments of everyone with regard to bills, and then we're going to go over the bills section by section, because they are in many cases very technical. Some of them are far-reaching, and we want to make sure that before this is brought out as a package, if in fact it all comes out as a package, that the proper amount of time and effort and work has been put on the bills to reflect the best effort of the Committee.

Are there any questions for Assemblyman Kline? As I understand it, this bill would affect those individuals who really do not have anything to do with the handling or changing of money, or anything like that, but rather do technical work.

ASSEMBLYMAN KLINE: Hard work.

ASSEMBLYMAN SCHUBER: Do hard work on the floors and have been unduly tied in with the red tape that goes in with

the licensing of those individuals — the registering of those individuals. Correct?

ASSEMBLYMAN KLINE: Correct. And I have another Committee meeting which I'm the Chairman of, and I will be leaving, but we've talked to everybody. There are questions, and I have an open mind on this. I want to hear from you what the general public, what everyone has to say about it.

ASSEMBLYMAN SCHUBER: We would ask if you would work with the Casino Control Commission—

ASSEMBLYMAN KLINE: Exactly.

ASSEMBLYMAN SCHUBER: —on any suggestions of amendments. We would like to receive any suggestions for amendments some time over the next two weeks as a result of these bills, so that we can, you know, as a result of the conclusion of our general comments, work, as I said before, work on the specifics of each piece of legislation. Okay?

ASSEMBLYMAN KLINE: Thank you, Mr. Chairman. Thank you members.

ASSEMBLYMAN SCHUBER: Thank you, Mr. Kline. At this time, we are also pleased to have with us the Director of the Division of Gaming Enforcement, Mr. Parrillo, who is going to testify on the same list of bills as did Chairman Read. Mr. Parrillo, please?

DIRECTOR ANTHONY J. PARRILLO: Good morning, Mr. Chairman and members of the Committee.

ASSEMBLYMAN SCHUBER: Good morning, Mr. Parrillo. Thank you for joining us.

DIRECTOR PARRILLO: On behalf of the Division of Gaming Enforcement and the Attorney General, I would like to thank you for the invitation to address these series of casino reform measures we have before us today. As you know, the Division has previously submitted our package of legislative reform proposals, and I'm happy to say many of them have been incorporated into the bills we're considering. Encompassing as

well some of the recommendations by the Atlantic City Casino Association, and the Casino Control Commission, all together this Committee's legislative package represents the broadest, most comprehensive review of the Casino Control Act to date.

While several of these proposals, particularly those suggested by the Commission simply update the Casino Control Act and make technical corrections, others affect significant substantive changes. Some of these initiatives are designed to afford the industry very real relief. And I refer specifically to those relaxing existing casino/hotel facility requirements, establishing biennial licensure, and enabling casino management to fill key employee vacancies more efficiently and expeditiously than the present system allows. Other initiatives are intended to enhance law enforcement tools in areas of proven need. And I refer again specifically to the Division's subpoena power, regulatory jurisdiction over construction companies and other on-site subcontractors and mandatory divestiture of shareholders found disqualified after the corporate applicant has received its plenary licensure. And while some of these proposals are decidedly neutral in tone, such as the interim casino authorization measure which prescribes a precise, regulated method to authorize transfers of ownership of existing casino hotels, others, such as the Division's suggested reforms in the areas of credit, junkets and complimentaries will no doubt evoke much debate.

Given the large number of amendments being considered here today, I intend, with your permission, to limit my testimony to the more substantive and complex of these measures. This Committee is in possession of extensive formal comments previously submitted by the Division on all of these proposals and I would ask the members to consider our written submissions along with what I say today as our complete response to these bills. Unless there are questions by this Committee, I do not intend to specifically address the numerous

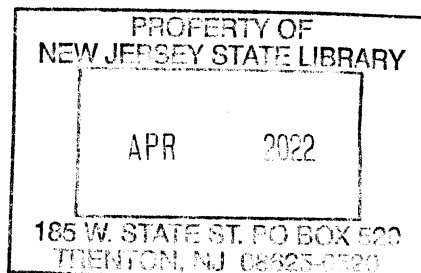
provisions of A-3566 which, again, simply update the Casino Control Act and make technical corrections. Suffice it to say the Division, as noted in our formal submission, supports each of the changes proposed in A-3566.

I would like to begin my formal testimony with Assembly Bill 2870, which relaxes certain existing casino/hotel facility requirements. There are four aspects of this bill worthy of note. The first, and most significant amendment would retain the present 500 hotel room minimum and 65,000 qualifying public space square footage requirements in the same proportion to casino space, but it would eliminate, very importantly, the spacial mix criteria of section 83(c) and (e). That spacial mix criteria governs the allotment of indoor qualifying space between dining, entertainment, and sports areas on the one hand, and meeting and exhibition areas on the other. In other words, the overall amount of qualifying indoor public space needed to support a casino room of a certain size would remain the same but casino hotel operators would be allowed greater discretion to define exactly how that public space would be utilized.

The second aspect of this bill would allow tennis courts to be included within the scope of indoor public qualifying space.

The third aspect would continue the practice of having the Casino Control Commission review and approve the minimum square footage requirements at the outset of initial licensure, but thereafter the licensee would only have to certify existing square footages and hotel rooms at each license renewal. And they would also certify further that any public space square footage required but not actually in use because of rehabilitation, renovation, or alteration would be returned to normal use within one year of certification.

And, finally, a new subsection (i) to section 83 provides that the Commission shall not impose any requirements



regarding casino/hotel facilities beyond the criteria already mentioned in the Casino Control Act.

The Division supports all of these aspects of 2870 save for the last, which we believe to be unnecessary and superfluous since the Casino Control Commission cannot by law impose any conditions or requirements beyond that which the Casino Control Act allows in any event. We therefore recommend the deletion of proposed subsection 83(1).

With respect to abolishing the spacial mix criteria, this provision raises no law enforcement or integrity concerns. It relates simply to "facility" standards. Although these "specific use" requirements have served us well in the past by providing 12 first class structures offering the public a variety of amenities in addition to casino gambling, we believe that competitive forces in the market will assure that no one will do less than has already been done in building new casino hotels or expanding existing facilities. And lest there be any doubt on this, the proposal retains the present 500 room minimum and 65,000 qualifying public space square footage requirements as an added guarantee that indoor public qualifying space will be neither trivialized nor de-emphasized. By eliminating the "specific use" mandates, however, casino hotel operators are provided more flexibility in the development of their particular properties, and can be more creative in responding to the public's demand for a wide range of amenities in Atlantic City.

The Division also does not object to replacing the present pre-approval process with a licensee's certification as to the number of its hotel rooms and overall indoor qualifying space once the approved facility is opened to the public. Given the maturity of the industry, we no longer see the need for casino licensees, after plenary licensure is issued, to secure Commission approval for each and every modification, no matter how minor the change to that facility. The proposed

certification system would significantly streamline present procedures, and result in a savings of time and effort.

We strongly recommend, however, that should this bill be enacted, that implementing regulations be adopted which establish a methodology for measuring qualifying square footage, and which address certain modification requirements. We will work with the Commission, in the event this bill is passed, toward promulgating those regulations.

With respect to Senate Bill 2462, the Division generally supports the concept of biennial casino licenses. In our view, extending the term of casino license renewals for mature operators with records of impeccable conduct is not inconsistent with the goals and policies of casino regulation. Indeed, administrative efficiencies will be achieved that can enhance the overall effectiveness of the regulatory process. However, the Division's support for biennial casino licensure is expressly conditioned on the creation of satisfactory statutory safeguards to protect regulatory interests during the extended license term.

That can best be accomplished by allowing the Casino Control Commission the discretion to issue one-year licenses where circumstances so require and by mandating the reopening of license hearings any time during the license period at the request of the Division of Gaming Enforcement. These procedures will enable the regulators to continue to both maintain oversight and control of the casino industry and initiate administrative action immediately when warranted.

To encumber these procedures by requiring a demonstration of "good cause" to reopen license hearings short of the two-year period, as suggested by S-2462 would seriously undermine regulatory efforts to ensure the integrity of the process and the industry during the two year interim. The "good cause" requirement creates a burden that the Commission and the Division must overcome before a licensee's

qualifications may be reviewed. It thus removes one of the key controls over casino gaming, namely placing all burdens of proof of suitability, squarely and affirmatively on the shoulder of the applicant/licensee. And given the critical position of the casino licensee, this shifting the burden is an unnecessary and potentially harmful inroad in the strict regulatory oversight of the industry.

In sum, the Division supports, with certain attendant safeguards, biennial casino licensure applicable to those entities that have operated pursuant to licensure for a period of three years.

You have already heard extensive testimony by Chairman Read on A-3569, otherwise known as Interim Casino Authorization, which establishes a precise, regulated method to authorize transfers of ownership of existing casino hotels. Since the Division agrees with Chairman Read's comments, and recommends support of this proposal with one modification, I will try to be brief, relying for the most part on our written submissions to this Committee.

This initiative was borne out of the need to address an impending phenomenon in Atlantic City. And that is the prospective entry into New Jersey's casino industry of several new owner corporations as the result of sales, new partnerships, and takeovers of existing licensees. Present legislation provides very little guidance as to what regulatory controls are to be exercised between the time of the agreement to sell, and the plenary licensure of the new owner/operator. All that current law provides is for a 90-day waiting period before a business closing on a contract for the sale or lease of a licensed casino hotel facility. It leaves to the regulators the difficult task of fashioning complex mechanisms on a case-by-case basis to protect the integrity of casino operations before a new license is issued.

A-3569 fills that statutory void by establishing detailed and specific procedures for preliminary qualification review and credential. In our view, this proposal strikes the appropriate balance between the need on the one hand for an orderly transition and continuous casino operation, and on the other hand, for strict regulatory controls in the interim period before the buyer receives plenary license. It reaches this accommodation by providing for initial investigation of the applicant by the Division prior to the business closing which consummates the transfer of ownership and control. This preliminary inquiry must occur within 90 days of the filing of all requisite disclosures by the applicant and is intended to screen out of operational control any applicants who may ultimately be found unfit for licensure. In that event, a previously executed trustee arrangement kicks in to ensure the applicant's isolation from casino operations until a determination is made on plenary licensure. If that final determination is adverse to the applicant, the trustee is empowered to maintain and ultimately sell the property being transferred, the applicant being entitled to no profit as a result of the sale of the casino/hotel or his interest therein.

This otherwise tight regulatory scheme is deficient, we believe, in one important respect. The Commission's grant of interim casino authorization is not conditioned on obtaining the concurrence of the Director of the Division of Gaming Enforcement.

Precisely because the interim operation occurs prior to licensure, and may be considered a "privilege upon a privilege," we believe that the process should mandate the concurrence of the Director as an added assurance and check that the integrity of the fresh operator is consistent with the public policies of the Act. In other situations that parallel this matter but are not as significant, the concurrence of the Director is a necessary precondition to the grant of a

temporary license occurring prior to the issuance of plenary licensure. For example, the approval of the Director is necessary before the Commission can issue a temporary casino key license or a temporary junket license. In those cases, participation in the casino industry is prohibited prior to full licensure if the Director does not concur. Yet, here, the most significant focal points of regulatory scrutiny — casino operation and management — are permitted without the agreement of the Director.

This concurrence becomes all the more important when one considers that the Division is not required to disclose to the Commission, at the time the Commission decides the interim casino issue, any information which may prejudice or otherwise compromise its continuing investigation of the applicant. Thus, without the requirement of the Director's concurrence, a situation may develop where the Division possesses negative information which would justify a decision not to concur but which can not be made public because to do so would prejudice our continuing investigative efforts. An unacceptable risk is therefore created that interim authorization may be granted on less than fully informed judgment.

One final comment on A-3569. It may be speculated that by permitting interim operation and control of a facility before full licensure, this legislation would somehow encourage hostile tender offers and corporate raids on our existing licensees. The proponents of this view would argue that New Jersey's complicated licensing processes have worked in the past as a "poison pill" to repel corporate sharks. Whatever the viewpoint on whether an active takeover market is healthy for our economy, in our opinion, New Jersey's licensing requirements do not now stand in the way of a potential acquirer who promises to adhere to the regulations and to apply for licensing without delay. The instant bill before you today neither encourages nor discourages this activity. It simply

recognizes this aspect of corporate life and provides for an orderly and regulated method for transitions in ownership when they occur. This bill remains, as it should, neutral with respect to contests for corporate control, and does not upset the level playing ground on which these battle can occur. It takes extreme care to avoid tipping the scales in favor of target management or in favor of the corporate raider making the takeover bid. In fact, the trusteeship arrangement should deter greenmail payments and ensure that would-be tender offers represent serious investments in Atlantic City.

In sum, save for the one modification we request — we suggest — the Division supports A-3569.

ASSEMBLYMAN SCHUBER: Director, if I might at this point—

DIRECTOR PARRILLO: Yes, sir?

ASSEMBLYMAN SCHUBER: Because I know there are a number of bills, and I don't normally like to interrupt the testimony, but let me ask you a question here which occurred to us on your suggestion for modification.

DIRECTOR PARRILLO: Sure.

ASSEMBLYMAN SCHUBER: We all recognize that when the original legislation was put together there was purposely built into the system a certain amount of — tension is the wrong word, but — competition between the DGE and the Casino Control Commission with regard to the regulation of the industry. It was considered to be part of the regulatory scheme. And, I think it's worked over the time period. Now, if we consider that the Casino Control Commission is a decision-making body — okay?— It's a body that reviews the recommendations of the evidence that's produced by your office and that which is produced by the applicant, and it makes a decision. And if we go under the supposition that your agency is a investigatory and prosecutorial body, why should we give you the authority to make a decision on the interim licensing, almost as a

decision-making body, when in fact it would appear that the Casino Control Commission is the one that really has that at the present time?

DIRECTOR PARRILLO: That's a fair comment, Mr. Chairman. And, I think your classification as to our general description is right on the mark. We have— It was not the intention of the Division when it made this recommendation to infringe or intrude in any way upon the Commission's licensing determination. That determination is vested with that body, and of course, in terms of the final decision-making process in terms of plenary licensure, our suggestion in no way interferes with that process.

What we had requested was in the stage of operations prior to plenary licensure, when the decision has to be made whether to let this company — this would-be new owner/operator — come in and operate the casino hotel prior to full licensure -- prior to receiving the decision from the Commission -- that the input of both agencies is very important at that crucial stage.

ASSEMBLYMAN SCHUBER: I agree with that.

DIRECTOR PARRILLO: Yeah. The input, of course, we felt simply having input was not enough to assure of a check and balance during this preliminary mode of operation. To put it differently, other aspects of the bill which — of the legislation -- allow for temporary licensures, do so with the understanding that this is such an extreme privilege that added guarantees and added safeguards must be present, because it's giving the State's voucher without a complete and plenary investigation. It's almost like double caution.

Couple that with the fact that many times when we go before the Commission on an interim basis, we are still in the investigative mode, and to disclose information to the Commission -- information which is very important upon which a decision has to be made in terms of licensing-- But again, in

that interim temporary stage, to disclose information may very well jeopardize a continuing law enforcement investigation, we felt all the more need for the Division to have more than just input in the temporary licensing decision.

Again, plenary licensure remains, as always, with the Commission. It is something a little bit more than input that we have asked for in terms of this very sensitive time of casino operations.

ASSEMBLYMAN SCHUBER: I agree that is a whole brand new section of the law that we would be creating here. Given I think, based on what both you and Chairman Read have indicated, changes in the market in Atlantic City, and realization of what is going to happen there — you know, is happening and is going to happen. And, as a sidelight I agree with your overview of the fact that I don't think this is going to create a danger. But, again going back to the other issue which I'm not so sure I agree with you on, let me ask you this: When you're doing these investigations, you disclose all your information to the Casino Control Commission, do you not?

DIRECTOR PARRILLO: When the investigation is completed. The usual mode we're in is that we report to the Commission at the end of our investigation and when the decision is before them to either grant plenary licensure or not. In other cases where temporary licenses are permitted, such as casino key employees and junkets, we report in summary fashion to the Commission, but of course, in those cases we do have concurrent authority in terms of the issuance of a temporary license. And we thought just for consistency purposes — and not only for consistency purposes but because the reasons behind us having a concurrence in those other two situations are just as compelling as in this, if not more, in this situation — we thought the recommended change would -- in order to benefit the system. But we only report fully and finally when the Commission is asked to make a determination on plenary licensure, and not temporary licensure.

ASSEMBLYMAN SCHUBER: Well, my overall feeling on the issue of the institutions that have been established with regard to the regulation of casino gaming, on the inner tension that we talked about, and the inner competition on the two-tiered system of regulation, I think has worked out pretty well over the time period. And it's not my intent, really, to tamper with that in this particular legislation to undo what I think was a good piece of legislation at that time. But, we'll see as time goes on. I don't foreclose the possibility, but I appreciate the argument. But, I have some concerns with regard to its implementation.

DIRECTOR PARRILLO: I can understand those. And, I think you're right.

ASSEMBLYMAN SCHUBER: Proceed on with the rest of the-- I didn't mean to take up so much time on that.

DIRECTOR PARRILLO: That's quite all right. Next proceed to the area of employee licensing, and A-3431 would enable non-gaming employees who are presently required to be licensed as casino employees, to simply register as casino hotel employees. The Division supports this downshift in licensure insofar as it applies to non-gaming employees who while present on the casino floor do not have access to "restricted casino areas," which is a term of art which is further defined in the proposed amendment. With respect to those non-gaming employees, however, whose responsibilities require access to "restricted casino areas," we believe that they should remain classified as casino employees.

Because of the technical wording of A-3432, however, if this were to pass then certain individuals who do have access to the "restricted casino areas," -- and I would include in that the maintenance personnel and waitresses who service the gaming pits, and secretaries with access to cage and surveillance areas -- they would arguably no longer have to be classified and licensed as casino employees. I understand from

the comments from Assemblyman Kline and Chairman Read that this is an area that has given us all some cause for concern, and that seemingly we are all in agreement conceptually with the downshift of licensure as it applies to those who do not have access to restricted casino areas, and we are prepared today to offer amendments — technical amendments — to the Act to hopefully bring those positions into sync.

ASSEMBLYMAN SCHUBER: Well, I understand from what Mr. Kline has indicated that he is amenable to amendments. And, what I would suggest is that you and your office and the Casino Control Commission speak with Mr. Kline on that and bring back your suggestions to us within the next two weeks. I would appreciate it.

DIRECTOR PARRILLO: Will do. Thank you.

A-3567 is a mini-omnibus bill itself which contains 18 amendments concerning the powers, duties, and employees of the Commission and Division. With the exception of the amendment to section 85(d)(1), which I will discuss shortly, the Division supports this entire package of proposals. I will briefly discuss the more significant of these measures and rely on our written comments for the remainder.

The amendments to sections 58 and 59 are intended to relax certain absolute ethical restrictions imposed on clerical staff of the Commission and Division, as well as on consultants who contract with the agencies. We support these amendments as they provide more flexibility to the regulators in hiring support staff and retaining expert services without compromising any of the ethical considerations necessary to preserve the integrity of the Act. Consultants hired by the agencies would still be subject to the New Jersey Conflicts of Interest Law and the hiring of clerical staff previously affiliated with the industry would be determined on a case-by-case basis against the backdrop of whether a conflict exists either in appearance or in fact.

The amendments to section 64 modify the definitions of "qualified" and "disqualified" persons and expressly authorize the Commission to attach conditions to any license. These changes simply conform the Casino Control Act to present practices and judicial interpretations.

The amendment to section 65 would permit the Commission to issue a subpoena which compels a witness to testify under oath before the Division in its conduct of any investigation of fact finding mission. The ability of the Division to obtain information from third party witnesses who are neither applicants nor licensees under the Act is essential to the thorough examination and investigation of the industry. The present practice, limited to compelling witnesses testimony before a commissioner or hearing officer, unduly encumbers the investigative process and creates the potential for bias and prejudgment in the adjudicative function.

The amendment to section 89 permits application for a temporary casino key employee license prior to the occurrence of an actual vacancy. This provision will foster the continuation of efficient casino operations when a casino key vacancy occurs or will occur in the near future.

The proposed amendment to section 85(d)(1) would permit persons, on the holding company level, who are otherwise required to qualify, to occupy their positions and perform their functions while their qualifications are pending investigation by the Division and review by the Commission. Although this proposal was actually initiated by the Division, I believe now it would be more appropriate if this practice codified as a regulation rather than enacted in a statute. Since the Commission already has the authority to grant permission for the qualifier to act during the entity's license term and in fact does so on a routine basis, a regulation should be promulgated embodying present administrative practice. In other words, we will work with the Commission -- and

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understand from Commission staff that we are all inclined to come up with language in a regulation rather than in a statute which would codify this practice. It would be a lot less cumbersome.

With respect to A-3568, that bill proposes several amendments to the Casino Control Act in the area of licensing and gaming equipment. The Division supports A-3568 in its entirety. I will highlight the more significant of these nine measures and will rely on our written comments for the rest.

Perhaps the most important of these changes involves amendments to sections 92 and 104 of the Act concerning the licensing of casino service industries and regulatory monitoring of the contractual relationships entered into between these enterprises and casino hotels. Presently, the Casino Control Act contains a major jurisdictional void as concerns companies involved with casino hotel projects in their pre-opening, pre-licensed phases as well as companies doing business indirectly with, but on the premises of, a licensed facility. Experience has indicated that some of these companies, identified as on-site subcontractors on construction projects carried out by both applicants and casino licensees, have connections or associations with organized criminal elements. In all these stages of operation, large amounts of money change hands. The integrity of the casino industry is affected no less by transactions occurring prior to the opening of a casino's door or involving subcontractors dealing indirectly with a casino licensee than by transactions occurring after a casino's opening or which occur directly with a licensed facility.

Accordingly, the Division supports this amendment to section 92 which expands regulatory jurisdiction to include the investigation and licensing of service industries that do business indirectly and on the premises of a licensed facility, and those providing goods and services to a proposed casino

hotel prior to opening. This would allow detailed review and qualification of companies involved during the construction phase of a casino project and thereafter, during any expansion or renovation of a licensed, ongoing concern. Of course, as the amendment to section 104 makes clear, all casino applicants and licensees would be required to maintain records of agreements with the ancillary service vendors and contractors for discretionary review by the regulatory agencies.

Another significant change effected by A-3658 is the proposed amendment to section 82 which is designed to facilitate the removal of shareholders found disqualified after the corporate applicant has received plenary licensure. In the past, the regulatory agencies have had to litigate changes that mandatory divestiture of a shareholder may be deemed to constitute the loss of a "right" under certain circumstances. Such divestiture, however, is a cornerstone of the Casino Control Act and a crucial regulatory tool.

To insure the prompt and effective use of the divestiture mechanism as originally intended, we believe, by the Legislature, A-3568 would require that the corporate charter or partnership agreement governing casino licensees and their holding, intermediary and subsidiary companies expressly provide that the stock, securities, or other interests of the corporation be made subject to redemption by the corporation to the extent necessary to prevent the loss of its casino license. Present law allows for the inclusion of a similar type of provision in the corporate by-laws but, when so incorporated, does not appear to be effective or operative by its own force. This amendment to section 82 would delete the bylaw option, create a self-executing right of redemption in the company's certificate of incorporation itself, and render this provision applicable to the holding, intermediary, and subsidiary companies of the casino licensee whether such companies exist in corporate form or as partnerships.

The proposed amendment to section 93 deals with regulatory jurisdiction over casino labor unions and simply conforms the language of the Act to the U.S. Supreme Court's decision in *Brown vs. Local 54* (104 S.Ct. 3179 (1974)) which, again, upheld the Commission's authority to impose certain sanctions, including divestiture of office, on individual casino labor union officers.

And finally, the amendment to section 131 regarding the interstate transportation of gambling devices, simply clarifies the language of the Act to make it consistent with the original legislative intent. The effect of this amendment would be to grant State law enforcement officers exclusive jurisdiction over any gambling machine being transported in compliance with State statutes and regulations, but would provide for concurrent Federal law enforcement jurisdiction over any device that is in violation of any State law or regulation.

The cornerstone of the Division's program is contained in A-3570 and is intended to respond directly to problems identified over the years by law enforcement in three particular areas of concern: namely junkets, complimentaries, and credit. Each of these practices had been singled out by government study groups even before the passage of casino legislation as peculiarly sensitive and vulnerable to criminal influences, and if allowed at all, in need of the strictest regulatory oversight. Experience with casino gaming over the past nine years has only reinforced these initial concerns and have heightened law enforcement's awareness that present controls are somewhat inadequate. The history of abuses in the areas of casino credit, complimentaries, and junkets have by now been well documented in a series of public hearings, administrative complaints, and criminal charges detailing the specific problems encountered and highlighting the need for remedial reform measures. The Division's proposals are

designed to tighten regulatory controls over these practices and hopefully curtail systemic abuses.

In the area of junkets, A-3570 proposes a statutory amendment which would require all junket agents to be direct employees of a casino, rather than independent contractors, as is presently the case, and also requires them to be licensed to a higher standard of licensure — that of a casino key employee.

Amendments to the Casino Control Act in 1980 and 1983 greatly facilitated law enforcement investigations of the junket industry and triggered an intensive State Police undercover probe which revealed indications of criminal influence in Atlantic City's junket industry, and also revealed that moneys were being diverted to unlicensed junket individuals. On September 4, 1986, a State grand jury indictment was returned charging 17 individuals and 8 corporations with being involved in an organized criminal conspiracy to run unlicensed junket excursions from 16 states, as well as New Jersey, to Atlantic City casinos.

This indictment as well as other investigations of the junket industry by the Division helped expose present regulatory loopholes and underscore the need for legislative change of the junket licensing system. The proposed reform would thus require all junket agents to be direct employees of a casino, and licensed to casino key employee standards. No agent would be allowed to engage in contracts with independent companies to generate casino patronage for his or her facility or to collect per head fees from junket patrons, thus eliminating illegitimate sources of income for junket agents by placing them directly and solely under the authority of the casino licensee. Moreover, no junket agent would have authority over another, which would help reduce the opportunity for one agent to establish a network of control and extortion over others. Additionally, direct employment would allow

casinos to exert an even greater control over their junket programs and force them to be more responsible and accountable for their junket operations.

The second area of reform concerns casino complimentaries, a half billion dollar a year mini-industry which to date remains relatively free of agency regulation. Here too, the lack of regulation has facilitated a series of documented comp scams and abuses involving in part manipulation of player ratings by licensed casino employees. The recent State grand jury junket indictment referred to earlier, charged among other things, the use of casino employees to overrate or inflate the value or "play" of junket patrons, thus boosting payments to junket operators by allowing junket representatives to falsify the reports they submit to casinos to determine their reimbursement. Another Division investigation uncovered a comp scam perpetrated by a pit clerk supervisor who was creating false player ratings on 25 individuals for whom over \$40,000 in comps were issued. Other problems associated with the unregulated provision of complimentary services concern the type of individuals who are receiving these casino benefits and privileges. In its report following hearings into casino industry credit practices in 1983, the State Commission of Investigation concluded that on too many occasions, criminal elements, including organized crime members and associates, were encouraged to gamble by the "fawning disbursement of lavish complimentary services."

This problem is compounded by the lack of adequate documentation on cage disbursements. In many instances of large cage disbursements, receipts are not used to justify the amount expended, making it difficult if not impossible for regulators to determine whether the cash comp is just that or a settlement of an account, in violation of regulatory requirements.

In light of the lack of regulation and resultant abuses in the area of casino "giveaways," the Division supports A-3570 which would limit the issuance of complimentary services to on-site room, food, and beverage and entertainment; transportation; and bus coupon type programs. Other than the provision of coin or tokens associated with strictly regulated bus coupon programs and the reimbursement of transportation expenses actually incurred and fully documented, cash complementaries would be prohibited.

The final aspect of A-3570 deals with casino credit and proposes replacing the present system with a check cashing system within verified credit limits which would require that checks be deposited within 2 business days of issuance.

This recommendations was actually first made by the New Jersey State Commission of Investigation and the Governor's Staff Policy Group on Casino Gaming when the Legislature was first considering the enactment of the Casino Control Act. Needless to say, while the Legislature adopted several aspects of these groups' proposals, it did not follow the recommendations that checks cashed to enable a person to engage in gaming activity be deposited by a casino within two business days of issuance. Rather, presently a New Jersey casino has the option of withholding deposit of a patron's checks for as long as 90 banking days. This "hold period" effectively constitutes a four month interest free loan and has resulted in the overextension of credit to persons unable to pay the incurred debt, the facilitation of compulsive gambling activity, forgeries, check-kiting schemes, embezzlements and the misuse of corporate funds.

While new credit regulations have been promulgated to remedy several of these problems, they have not addressed all forms of credit abuse. The ability of a patron to gamble on credit that does not require repayment for four months has fueled, in our opinion, the problem of compulsive gambling in

New Jersey. Almost a decade of casino credit experience has demonstrated the wisdom of a system of check cashing within verified limits and a deposit requirement within two business days of issuance.

Mr. Chairman, members of the Committee, that concludes my prepared comments on the full package of reform measures. I would be glad to entertain any questions the Committee may have at this point, or come back at some later point designated by the Chairman and follow-up on several issues we discussed today.

ASSEMBLYMAN SCHUBER: Well, I appreciate your testimony in detail on the different bills as to the position of the DGE. And, we're certainly going to extend the invitation for you to come back, also, as the testimony proceeds.

Let me ask, do any of the members of the Committee have any questions for Mr. Parrillo? Mr. Riley?

ASSEMBLYMAN RILEY: Through you, Mr. Chairman. You indicated earlier, I believe, that you disclose everything in your investigation to the Casino Control Commission. Is that right?

DIRECTOR PARRILLO: Yeah. But you have to understand the nature of the question that was asked. The difference between disclosure on a temporary casino license and disclosure on a plenary casino license. When a—

ASSEMBLYMAN RILEY: I'm sorry, I came in at the very end—

DIRECTOR PARRILLO: Yeah. The difference, Assemblyman Riley, is that when we're asked to input into the decision whether to grant a temporary license, we are in the middle, obviously, of an investigation. Many times we will give the Commission a summary report and a recommendation, either yes or no, on the temporary bid. Because, to give a full and complete detailing of all the investigation has uncovered to date may very well jeopardize the final aspects of the investigation -- compromise some of the information.

When it comes time for plenary licensure, it is the legislative practice to prepare a full comprehensive report, which triggers a hearing, at which time the applicant presents his testimony and the Division presents theirs.

ASSEMBLYMAN RILEY: Well, obviously then, in the temporary licensing bill, you would like to see, I presume, some type of amendment to it. Would you at the same time consider— As you know, disclosure is a very near and dear thing to me, and your — the DGE's stonewalling of disclosure for the last years has been a point of contention, as you know, between us. Would you be willing to consider some type of disclosure, even categorization disclosure, regarding license applications — I'm talking about not the casinos themselves, but the employees — in regards to the same thing? You understand what I'm saying? It's like, would you be willing to consider in those amendments something where you would go in to at least tell the people applying for licenses something about where you're spending their money, rather than just sending them a bill for— Casino applicants— One licensed key employee application fee \$25,000 — something that as you know, I find to be absolutely reprehensible.

DIRECTOR PARRILLO: Yeah, I understand that. I understand what the Assemblyman is saying. I only wished that you had been present when I had briefed members of this Committee as well as other committees on the operation of the Division. You had chosen to miss those two occasions. But in any event, you would have learned the practice -- our practice -- is to report through written and verbal communications through the Commission and the applicant as well on all of our findings to date on the investigation. So, no I would not oppose--

ASSEMBLYMAN RILEY: It's a shame you worked so hard to have A-344 last year vetoed. In fact, it seems contradictory to me, but—

DIRECTOR PARRILLO: I would not oppose the Assemblyman's language, because that would only codify present administrative practice.

ASSEMBLYMAN RILEY: But would you be in favor of telling applicants how you're spending their money, at least in some type of categories?

DIRECTOR PARRILLO: I believe we do so already.

ASSEMBLYMAN RILEY: No, I'm talking about giving really more complete disclosure of where their money is spent.

DIRECTOR PARRILLO: Again, I'll live with my comments. I think that they could be justified by present practice.

ASSEMBLYMAN RILEY: Thank you.

ASSEMBLYMAN SCHUBER: There was an inner tension I was talking about before between these— (laughter) Are there any other questions? (negative response)

Director Parrillo, let me ask you this on the credit issue. I think that there are some— You know, I think A-3570 is a bill that has great ramifications for the industry in the city, and I just want to explore every aspect of that before we go too much further with it.

The junketing aspect, I know, has been written up quite a bit. And, I know the comps is an area that I don't really think are regulated at all, quite frankly. But, on the credit issue — and I appreciate Chairman Read's discussion that approximately 16% of the gross revenues comes from credit — is the two day check cashing proposal — and I know the SCI had had this at some point in time— Is that a realistic amount of time for that type of procedure on it?

DIRECTOR PARRILLO: Chairman, let me answer it this way. It's only realistic if you assume that people will be gambling on current funds. If those funds that they're gambling with is money in the bank, from the patron's point of view, then two days is normal business practice. It will not

interfere with the level of credit play. If, however, that's a wrong assumption, and that is that most people — or a good majority; a significant number of the patrons — who are obtaining credit are gambling on funds that they don't have, than I think it would. Then this proposal would seriously change the nature of credit play in the industry.

The question as to whether or not patrons should be gambling with current funds or with funds that they hope to obtain in the near future, is really a question that I'm not addressing. That's a significant policy that I think our proposal has put forth before this Committee to sort of respond to. And we'd welcome, obviously, the industry's viewpoint. I think the industry viewpoint here is very important.

But, I think the Division's view is that the 90-day period, the almost four month—

ASSEMBLYMAN SCHUBER: Is too long.

DIRECTOR PARRILLO: —interest-free loan period has only fueled the problem of compulsive gambling and other abuses. Whether the two-day answer is the best response, or whether something in between, I think would have to await a full exposition of the issue.

ASSEMBLYMAN SCHUBER: What about the heavy utilization right now of the -- they may not be brand new -- machines where you plug your credit card in now and obtain the instant use of cash? To me— Well, in any event, what are your thoughts with regard to that?

DIRECTOR PARRILLO: Again, you know there's different ways-- The market and the industry practice will obviously change to accommodate whatever, you know, there is in the way of accommodating patrons and their desire to play. I think the questions we all have to answer is how far that accommodation will go, and are we satisfied with the present law, and are we going to require anything further? Now, we already have in effect since April of '86 extensive credit regs, which I

believe — although the jury's still out on that — I believe have the potential to clear up a lot of the abuses we've — a lot of the law enforcement concerns we've had in the past, such as walking with chips and check-kiting, and misuse of corporate funds.

I guess the more social issue that the regs haven't addressed — and I guess what we're proposing here — is the interplay of credit and the problem of compulsive gambling. And we think that the present period of time certainly doesn't encourage any remedying of that situation.

ASSEMBLYMAN SCHUBER: Well, your rules and regs obviously now do not prohibit the utilization of these ready machines for the plugging in of your credit card for cash, I suppose.

DIRECTOR PARRILLO: That's right. It almost operates— That business operates as any other business would.

ASSEMBLYMAN SCHUBER: You know, I have to look at it more carefully with regard to the two-day rule. I agree with you that the 90-day rule is much too great. But, I was a little bit concerned with regard to the readiness of cash on credit cards which is obviously money that the individual doesn't have for the most part anyway, on a— In any event, that I think may very well be more of a policy issue than it is of a law enforcement issue, as far as that goes.

Again, I would repeat my suggestion to you to sit down with Assemblyman Kline with regard to his bill and work out your amendments. Any other — Director — suggestions for amendments you have we would appreciate receiving them over the next two weeks so that we can take them into account as we go section by section of the bills in more detail in the next couple of meetings.

And, are there any other last questions for the Director? If not, then I will thank you very much for your cooperation, and we look forward to seeing you again in our

further deliberations on this as we work to put this package out. Thank you very much.

DIRECTOR PARRILLO: Thank you Chairman, and the Committee.

ASSEMBLYMAN SCHUBER: At this time, this will conclude this hearing on this set of bills. These bills will be up again on the next Committee hearing, which I believe will be February the 2nd, which will probably be in Atlantic City. I anticipate there will probably be one more hearing after that, at which time we hope to be in a position to make a move with regard to this set of bills. And, I think at our next hearing we will be hearing from the industry.

With that I will conclude this hearing. Thank you.

(HEARING CONCLUDED)

