



## P U B L I C   H E A R I N G

before

*New Jersey State*  
ASSEMBLY, STATE GOVERNMENT, FEDERAL AND INTERSTATE RELATIONS COMMITTEE,

on

ASSEMBLY BILL 2366  
(Casino Control Act).

Held:  
December 15, 1976  
Assembly Chamber  
State House  
Trenton, New Jersey

## MEMBERS OF COMMITTEE PRESENT:

Assemblyman Richard Codey (Chairman)  
Assemblywoman Jane Burgio  
Assemblywoman Mary Keating Croce  
Assemblyman Francis J. McManimon  
Assemblyman Walter J. Kavanaugh

## ALSO:

Senator Joseph L. McGahn  
Member, Senate State Government, Federal and  
Interstate Relations Committee

\* \* \* \* \*

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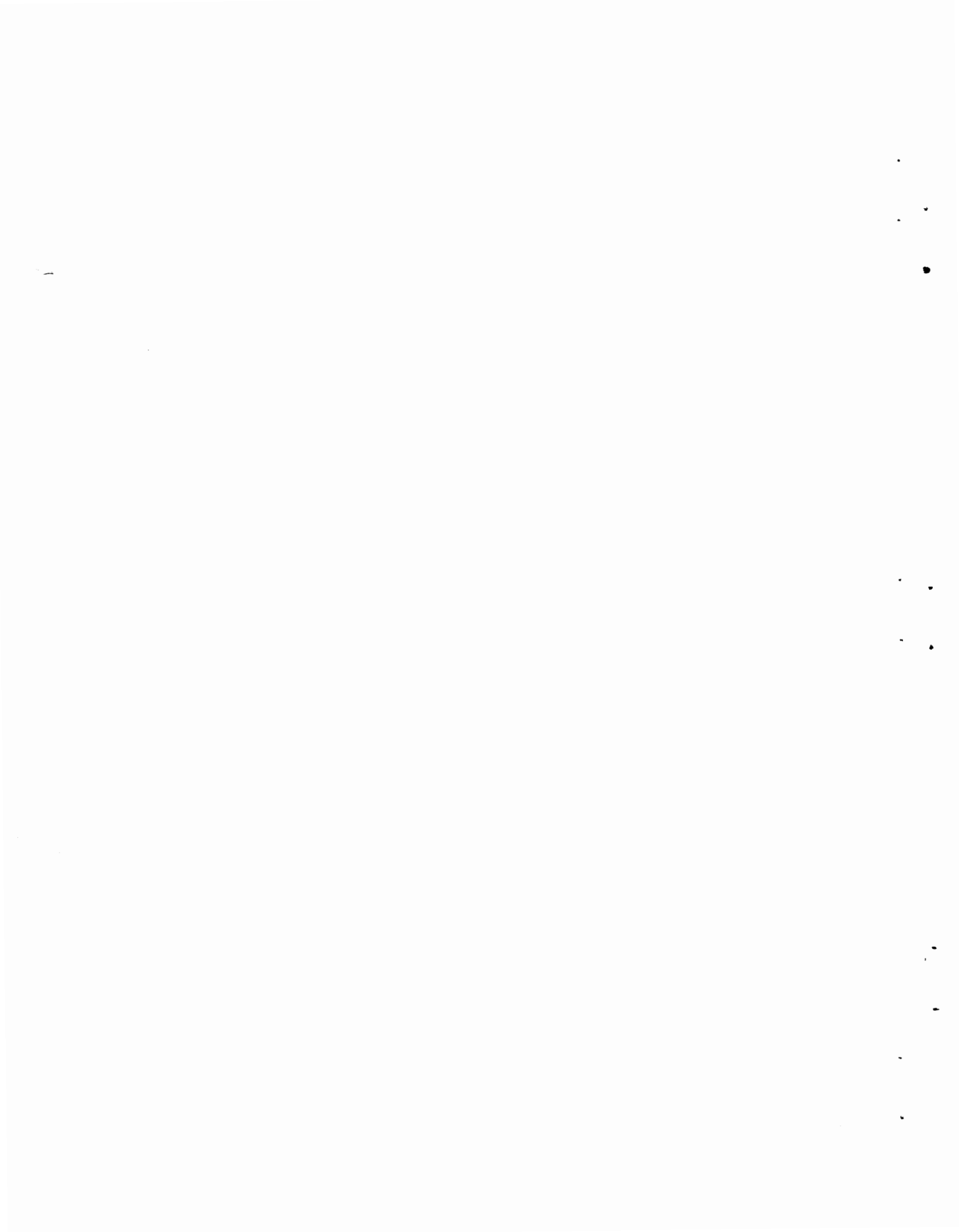
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ASSEMBLY, No. 2366

STATE OF NEW JERSEY

INTRODUCED NOVEMBER 22, 1976

By Assemblymen PERSKIE and KUPPERMAN

Referred to Committee on State Government, Federal and  
Interstate Relations

AN ACT authorizing the establishment of gambling casinos in Atlantic City and providing for the licensing, regulation and taxation thereof; creating the New Jersey Casino Control Commission, prescribing the powers, duties and functions thereof and making an appropriation thereto; supplementing Title 5 of the Revised Statutes.

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

CASINO CONTROL ACT

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ARTICLE 1.

INTRODUCTION AND GENERAL PROVISIONS.

- 1 1. Short Title; Declaration of Policy and Legislative Findings.
- 2 a. This act shall be known and may be cited as the "Casino  
3 Control Act."
- 4 b. The Legislature hereby finds, and declares to be the public  
5 policy of this State, the following:  
6 (1) The tourist, resort and convention industry of this State  
7 constitutes a critical component of its economic structure and, if  
8 properly developed and fostered, is capable of providing a sub-  
9 stantial contribution to the general welfare, health and prosperity  
10 of the State and its inhabitants.

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

17 (3) The rehabilitation and redevelopment of existing tourist and  
18 convention facilities in Atlantic City, and the fostering and encour-  
19 agement of new construction and the replacement of lost convention  
20 and tourist centers in Atlantic City will offer a unique opportunity  
21 for the inhabitants of the entire State to make maximum use of the  
22 natural resources available in Atlantic City for the expansion and  
23 encouragement of New Jersey's tourist and convention industry.  
24 and, to that end, the restoration of Atlantic City as the Playground  
25 of the World and the major tourist and convention center of the  
26 Eastern United States is found to be a program of critical concern  
27 and importance to the inhabitants of the State of New Jersey.

28 (4) The introduction of a small number of casino rooms in  
29 major hotel and convention facilities, offered as an additional  
30 element in the resort, convention and tourist industry of Atlantic  
31 City, will facilitate the redevelopment of blighted areas and existing  
32 hotel, convention and tourist facilities, and encourage the replace-  
33 ment of lost facilities, attracting new investment capital to New  
34 Jersey in general and to Atlantic City in particular.

35 (5) An integral and essential element of the regulation and  
36 control of such casino facilities by the State rests in the public  
37 confidence and trust in the credibility and integrity of the regula-  
38 tory process. To further such public confidence and trust, the  
39 regulatory provisions of this act are designed to extend strict  
40 State regulation to all persons, locations, practices and associations  
41 related to the operation of licensed casino enterprises as herein  
42 provided. In addition, licensure of a limited number of casino  
43 establishments, with the more limited law-enforcement supervision  
44 attendant thereto, is further designed to contribute to the public  
45 confidence and trust in the efficacy and integrity of the regulatory  
46 process.

47 (6) Legalized casino gambling in New Jersey can attain, maintain  
47A and retain integrity, public confidence and trust, and remain com-  
48 patible with the general public interest only under such a system of  
49 regulation as insures, so far as practicable, the exclusion from  
50 participation therein of persons with known criminal records,  
51 habits or associations, and the exclusion or removal from any posi-

52 tions of authority or responsibility within the casino gambling  
53 industry and establishments of any persons known to be so deficient  
54 in business probity, ability or experience, either generally or with  
55 specific reference to gambling, as to create or enhance the dangers  
56 of unsound, unfair or illegal practices, methods and activities in the  
57 conduct of gaming or the carrying on of the business and financial  
58 arrangements incident thereto.

59 (7) Restricting the issuance of casino licenses to major hotel  
60 and convention facilities is designed to assure that the existing  
61 nature and tone of the family resort, tourist and convention indus-  
62 try in New Jersey and in Atlantic City is preserved, and that the  
63 casino rooms licensed pursuant to the provisions of this act are  
64 always offered and maintained as an integral element of such  
65 resort, tourist and convention facilities, rather than as the industry  
66 unto themselves that they have become in other jurisdictions.

67 (8) It is in the public interest, and determined as the policy of  
68 the Legislature, that the institution of licensed casino establish-  
69 ments in New Jersey be strictly regulated and controlled pursuant  
70 to the above findings, and also pursuant to the provisions of this  
71 act, which provisions are designed to engender and maintain public  
72 confidence and trust in the regulation of the licensed enterprises,  
73 to provide an effective method of rebuilding and redeveloping  
74 existing facilities and encouraging new capital investment in  
75 Atlantic City, and to provide a meaningful and permanent contribu-  
76 tion to the economic viability of the resort and tourist industry of  
77 New Jersey.

1 2. Definitions. As used in this act, the words and terms have the  
2 meanings ascribed to them in sections 3 through 40 of this act,  
3 unless a different meaning clearly appears in the context.

1 3. "Applicant"—Any person who has applied for or is about to  
2 apply for a casino license or a manufacturers', sellers', distributors'  
3 or servicers' license under the provisions of this act, or for approval  
4 of any act or transaction for which commission approval is required  
5 or permitted under the provisions of this act.

1 4. "Application"—A request for the issuance of a casino license  
2 or manufacturers', sellers', distributors' or servicers' license, or  
3 for approval of any act or transaction for which commission  
4 approval is required or permitted pursuant to the provisions of  
5 this act.

1 5. "Casino"—A single room of at least 15,000 square feet in which  
2 casino gambling is conducted by a person licensed pursuant to the  
3 provisions of this act.

- 1 6. "Casino employee"—Any person employed in the operation  
2 of a licensed casino, including, without limitation, boxmen;  
3 cashiers; dealers or croupiers; floormen; hosts or other persons  
4 empowered to extend credit or complimentary service; machine  
5 mechanics; security personnel or inspectors; shift or pit bosses;  
6 supervisors or managers; and bartenders, waiters and waitresses  
7 or other persons engaged in preparing or serving food or beverages  
8 within the casino.
- 1 7. "Casino license"—Any license issued pursuant to this act which  
2 authorizes the holder thereof to engage in the operation of a casino.
- 1 8. "Chairman" and "commissioner" or "member"—The chair-  
2 man and any member of the Casino Control Commission, respec-  
3 tively.
- 1 9. "Chief enforcement officer"—The employee of the Casino  
2 Control Commission designated as the Chief Enforcement Officer.
- 1 10. "Commission"—The New Jersey Casino Control Commission.
- 1 11. "Director"—Any director of a corporation or any person  
2 performing similar functions with respect to any organization.
- 1 12. "Equal employment opportunity"—Equality in opportunity  
2 for employment by any person licensed pursuant to the provisions  
3 of this act.
- 1 13. "Equity security"—(1) Any voting stock of a corporation,  
2 or similar security; (2) any security convertible, with or without  
3 consideration, into such a security, or carrying any warrant or  
4 right to subscribe to or purchase such a security; (3) any such  
5 warrant or right; or (4) any security having a direct or indirect  
6 participation in the profits of the issuer.
- 1 14. "Establishment"—Any premises wherein or whereon any  
2 gaming is done.
- 1 15. "Executive director"—The Executive Director of the Casino  
2 Control Commission.
- 1 16. "Family"—Parents, grandparents, children, grandchildren,  
2 siblings, uncles, aunts, nephews, nieces, fathers-in-law, mothers-  
3 in-law, daughters-in-law, sons-in-law, brothers-in-law and sisters-  
4 in-law, whether by the whole or half blood, by marriage, adoption  
5 or natural relationship.
- 1 17. "Game" or "gambling game"—Any banking or percentage  
2 game located exclusively within the casino played with cards, dice  
3 or any mechanical device or machine for money, property, checks,  
4 credit or any representative of value; including, without limiting  
5 the generality of the foregoing, faro, monte, roulette, pan, twenty-  
6 one, blackjack, seven-and-a-half, baccarat, chemin-de-fer, craps,

7 stud poker, draw poker or slot machine, but for the purposes of  
8 this act, specifically not including the game of bingo or any deriva-  
9 tive thereof, such as keno, or any betting of any sort upon any  
10 sports event or any other activity not conducted in the casino.

1 18. "Gaming" or "gambling"—The dealing, operating, carry-  
2 ing on, conducting, maintaining or exposing for pay any game as  
3 defined in section 17.

1 19. "Gaming device"—Any mechanical contrivance or machine  
2 used in connection with gaming or any game.

1 20. "Gross revenue"—The total of all sums actually received by  
2 a licensee from gaming operations, less only the total of all sums  
3 paid out as winnings to patrons.

1 21. "Hearing examiner"—Commissioner or other person autho-  
2 rized by the commission to conduct investigative hearings.

1 22. "Holding company"—Any corporation, association, firm,  
2 partnership, trust or other form of business organization not a  
3 natural person which, directly or indirectly, owns, has the power  
4 or right to control, or has the power to vote all or any part of  
5 the outstanding voting securities of a corporation which holds or  
6 applies for a casino license. For the purposes of this section, in  
7 addition to any other reasonable meaning of the words used, a  
8 "holding company" indirectly has, holds or owns any such power,  
9 right or security if it does so through any interest in a subsidiary  
10 or successive subsidiaries, however many such subsidiaries may  
11 intervene between the holding company and the corporate licensee  
12 or applicant.

1 23. "Hotel" or "approved hotel"—A single building, or physi-  
2 cally connected buildings with a common lobby and common facili-  
3 ties, under one ownership, located within the limits of the city of  
4 Atlantic City as said limits are defined as of November 2, 1976, and  
5 containing:

6 a. Not fewer than 400 sleeping units of at least 325 square feet,  
7 including bathroom and closet space and excluding halls, balconies  
8 and lounges, each such unit containing private bathroom facilities,  
9 available and regularly used for the lodging of tourists and con-  
10 ventions guests; and,

11 b. Not less than 25,000 square feet of enclosed public space,  
12 available and of the sort regularly used for conventions, expositions,  
13 meetings, banquets or similar functions, but not including space  
14 regularly used as restaurants, parking areas, lobbies, bars, show  
15 theaters, swimming pools or casinos.

- 1 24. "Intermediary company"—Any corporation, association,  
2 firm, partnership, trust or any other form of business organization  
3 other than a natural person which:
- 4 a. Is a holding company with respect to a corporation which  
5 holds or applies for a casino license, and
- 6 b. Is a subsidiary with respect to any holding company.
- 1 25. "License"—A casino license or a manufacturers', distribu-  
2 tors' sellers' or servicers' license.
- 1 26. "License fee"—Any moneys required by law to be paid for  
2 the issuance or renewal of a casino license, or a manufacturers',  
3 distributors', sellers', or servicers' license.
- 1 27. "Licensed casino operation"—Any casino licensed pursuant  
2 to the provisions of this act.
- 1 28. "Licensee"—Any person to whom a valid casino license,  
2 or manufacturers', distributors', sellers' or servicers' license has  
3 been issued.
- 1 29. "Manufacturers', distributors', sellers', or servicers' li-  
2 cense"—A license issued pursuant to the provisions of sections 85  
3 and 86 of this act.
- 1 30. "Operation"—The conduct of gaming as herein defined.
- 1 31. "Party"—The Casino Control Commission, or any licensee,  
2 or any person appearing of record for any licensee in any proceed-  
3 ing before the commission, or in any proceeding for judicial review  
4 of any action, decision or order of the commission.
- 1 32. "Person"—Any corporation, association, operation, firm,  
2 partnership, trust or other form of business association, as well  
3 as a natural person.
- 1 33. "Principal employee"—Any employee, who by reason of  
2 remuneration, or of a management, supervisory or policy-making  
3 position, or such other criteria as may be established by the com-  
4 mission by regulation, holds or exercises such authority as shall  
5 in the judgment of the commission be sufficiently related to the  
6 operation of a licensee so as to require approval by the commission  
7 in the protection of the public interest.
- 1 34. "Publicly traded corporation"—Any corporation or other  
2 legal entity, except a natural person, which (1) has one or more  
3 classes of security registered pursuant to section 12 of the Securi-  
4 ties Exchange Act of 1934, as amended (USC Section 781), or  
5 (2) is an issuer subject to section 15 (d) of the Securities Exchange  
6 Act of 1934 as amended (USC Section 781).
- 1 35. "Respondent"—Any licensee or other person against whom  
2 the commission has filed a complaint.

1 36. "Security"—Any instrument evidencing a direct or indirect  
2 beneficial ownership or creditor interest in a corporation, including  
3 but not limited to, stock, common and preferred; bonds; mortgages;  
4 debentures; security agreements; notes; warrants; options and  
5 rights.

1 37. "Slot machine"—Any mechanical, electrical or other device,  
2 contrivance or machine which, upon insertion of a coin, token or  
3 similar object therein, or upon payment of any consideration what-  
4 soever, is available to play or operate, the play or operation of  
5 which, whether by reason of the skill of the operator or application  
6 of the element of chance, or both, may deliver or entitle the person  
7 playing or operating the machine to receive cash, premiums, mer-  
8 chandise, tokens or anything of value whatsoever, whether the  
9 payoff is made automatically from the machine or in any other  
10 manner whatsoever.

1 38. "Subsidiary"—

2 a. Any corporation, all or any part of whose outstanding equity  
3 securities are owned, subject to a power or right of control, or  
4 held with power to vote, by a holding company or an intermediary  
5 company; or

6 b. Any firm, association, partnership, trust or other form of  
7 business organization, not a natural person, or any interest therein,  
8 which is owned, subject to a power or right of control, or held with  
9 power to vote, by a holding company or an intermediary company.

1 39. "Work permit"—Any card, certificate or permit issued  
2 by the commission, whether denominated as a "work permit,"  
3 "registration card," or otherwise, authorizing the employment of  
4 the holder as a casino employee.

1 40. Words and terms: tense, number and gender.

2 In construing the provisions of this act, save when otherwise  
3 plainly declared or clearly apparent from the context:

4 a. Words in the present tense shall include the future tense.

5 b. Words in the masculine shall include the feminine and neuter  
6 genders.

7 c. Words in the singular shall include the plural and the plural  
8 shall include the singular.

## ARTICLE 2.

### CASINO CONTROL COMMISSION; ESTABLISHMENT AND ORGANIZATION.

1 41. Creation of Casino Control Commission; number of members.  
2 The New Jersey Casino Control Commission, consisting of five  
3 members, is hereby created within the Department of Law and  
4 Public Safety.

1 42. Members of the commission; Qualifications and eligibility.

2 a. Each member of the commission shall be a citizen of the  
3 United States and of the State of New Jersey.

4 b. No member of the Legislature, or person holding any elective  
5 or appointive office in the State Government, or any officer or official  
6 of any political party shall be eligible to serve as a member of the  
7 commission.

8 c. No more than three members of the commission may be of  
9 the same political affiliation.

1 43. Appointment and terms of commission members; vacancies;  
2 removal; chairman. a. Initial appointments to the commission  
3 shall be for terms as follows:

4 (1) One member for 1 year;

5 (2) One member for 2 years;

6 (3) One member for 3 years;

7 (4) One member for 4 years;

8 (5) One member for 5 years.

9 b. The term of each of the members first appointed shall be  
10 designated by the Governor.

11 c. After the initial appointments all members shall be appointed  
12 for terms of 5 years.

13 d. Appointments to the commission shall be made by the Gov-  
14 ernor with the advice and consent of the Senate.

15 e. Appointments to fill vacancies on the commission shall be for  
16 the unexpired term of the member to be replaced.

17 f. The Governor shall designate the member to serve as chair-  
18 man, who shall coordinate the activities of the commission.

19 g. Any member of the commission may be removed for mis-  
20 feasance, malfeasance or nonfeasance in office. Such removal may  
21 be made after complaint instituted in the Superior Court by the  
22 Attorney General.

1 44. Compensation of members. The compensation of the mem-  
2 bers of the commission shall be established by law.

1 45. Organization and employees. a. The commission may estab-  
2 lish, and from time to time alter, such plan of organization as it  
3 may deem expedient, and may incur such expenses, within the limits  
4 of funds available to it, as it may deem necessary.

5 b. The commission shall employ and fix the salaries of such  
6 employees, or contract for the services of such professional, tech-  
7 nical and operational personnel and consultants, as the execution  
8 of its duties and operations may require, all without regard to the  
9 provisions of Title 11 (Civil Service) of the Revised Statutes.

10 c. The commission shall make to the Governor and the Legisla-  
11 ture a monthly report of all revenues, expenses and disbursements  
12 for the preceding month, and an annual report, which shall include  
13 a full and complete statement of revenues, expenditures and dis-  
14 bursements, and shall also include such recommendations for  
15 changes in this act as the commission deems necessary or desirable.

16 d. The commission shall report immediately to the Governor  
17 and the Legislature any matters which in its judgment require  
18 immediate changes in the laws of this State in order to prevent  
19 abuses and evasions of this act or of rules and regulations promul-  
20 gated thereunder, or to rectify undesirable conditions in connection  
21 with the operation or regulation of casino gambling.

22 e. The commission shall carry on a continuous study and investi-  
23 gation of the conduct of casino gambling, for the purposes of:

24 (1) Ascertaining any defects in this act or in the rules and  
25 regulations issued thereunder by reason whereof any abuses in  
26 the operation and regulation of such gambling or any evasion of  
27 this act or the rules and regulations may arise or be practiced;

28 (2) Formulating recommendations for changes in this act and  
29 in the rules and regulations thereunder to prevent such abuses  
30 and evasions;

31 (3) Guarding against the use of this act and the rules and regu-  
32 lations issued thereunder as a cloak for the carrying on of illegal  
33 gambling or other organized criminal activities; and

34 (4) Insuring that said law and rules and regulations shall be in  
35 such form and be so administered as to serve the true purposes  
36 of this act.

37 f. The commission shall make a continuous study and investi-  
38 gation, with a view to effecting changes that will tend to serve  
39 the purposes of this act, of:

40 (1) The operation and administration of similar laws which  
41 may be in effect in other states or countries;

42 (2) Any literature on the subject which from time to time may  
43 be published or available;

44 (3) Any Federal laws which may affect the operation of casino  
45 gambling in this State; and

46 (4) The reaction of New Jersey citizens to existing and poten-  
47 tial features of casino gambling under this act.

1 46. Executive director; appointment; removal; qualifications.

2 a. The position of executive director of the Casino Control Com-  
3 mission is hereby created.

4 b. The executive director shall be appointed by the commission,  
5 and shall serve at its pleasure. He shall receive an annual salary  
6 in an amount specified by the commission. No person shall be  
7 eligible for nomination and appointment to the said office unless  
8 he shall have had at least 5 years of responsible administrative  
9 experience in public or business administration, or possesses broad  
10 management skills.

11 c. Any vacancy occurring in the office of executive director of  
12 the Casino Control Commission shall be filled in the same manner  
13 as the original appointment.

1 47. Executive director; duties. The executive director shall be  
2 responsible, under the supervision and direction of the commission,  
3 for the administration of this act and for the enforcement of the  
4 rules and regulations promulgated by the commission pursuant to  
5 the provisions of this act. He shall be the secretary and executive  
6 officer of the commission, and shall be responsible for certifying  
7 and causing to be properly delivered to the appropriate licensees  
8 all statements of sums due in fees or taxes pursuant to the provi-  
9 sions of Article 9 (§§ 101-105) of this act.

1 48. Chief enforcement officer; appointment; qualifications.

2 a. The position of Chief Enforcement Officer of the Casino Con-  
3 trol Commission is hereby created.

4 b. The chief enforcement officer shall be appointed by the com-  
5 mission, upon recommendation by the Attorney General, and shall  
6 serve at the pleasure of the commission. He shall receive an annual  
7 salary in an amount specified by the commission. He shall be  
8 selected with special reference to his training and experience in  
9 the fields of investigation and law enforcement.

1 49. Chief enforcement officer; duties. The chief enforcement  
2 officer shall supervise and direct the enforcement and investiga-  
3 tive functions of the commission. He shall report directly to the  
4 executive director and shall, from time to time, make such recom-  
5 mendations to the executive director as he may deem necessary to  
6 the improvement or the enforcement of the provisions of this act  
7 and the rules and regulations of the commission.

1 50. Commission employees; employment full time; no political  
2 activity; oaths.

3 a. Each employee of the ocmmission shall devote his entire time  
4 and attention to the business of the commission and shall not pursue  
5 any other business or occupation or hold any other office of profit.  
6 Any person engaged by the commission as a consultant or inde-

7 pendent contractor to perform special services for a limited period  
8 of time shall not be deemed to be an employee of the commissiosn.  
9 b. No member or employee of the commission shall be a member  
10 of any committee of any political party or engage in any other  
11 partisan political activities.  
12 c. No person shall be eligible to serve as a member or as an  
13 employee of the commission who shall have, within 3 years previous  
14 to his appointment, been an owner of, or employed by, any gambling  
15 establishment or any person engaged in any form of gaming, or  
16 the operation of licensed parimutuel betting. During such person's  
17 term of office or employment and for 5 years thereafter, such  
18 person shall not be interested, directly or indirectly, as a share-  
19 holder or owner, in any establishment licensed pursuant to the  
20 provisions of this act, or be employed in any capacity whatever  
21 by any person so licensed. Before entering upon the duties of  
22 his office, position or employment, each member and employee of  
23 the commission shall subscribe to the constitutional oath of office  
24 and in addition shall swear that he is not pecuniarily interested in  
25 any business or organization holding a license, or otherwise doing  
26 business with any person holding a license issued pursuant to the  
27 provisions of this act.  
28 d. For all purposes of this act, the executive director and the  
29 chief enforcement officer shall be considered as employees of the  
30 commission.

1 51. Attorney General as legal advisor for commission.

2 The Attorney General and his duly appointed assistants and  
3 deputies shall be the legal advisors for the commission and shall  
4 represent the commission in any proceeding to which it is a party.

1 52. Meeting; quorum; investigative hearings.

2 a. Meetings of the commission may be held at the discretion of  
3 the commission at such times and places as it may deem convenient.

4 b. Public notice of the times and places of all meetings shall be  
5 given pursuant to the provisions of the Open Public Meetings Act  
6 (P. L. 1975, ch. 231; C. 10:4-6 et seq.).

7 c. A majority of the full commission shall determine any action  
8 of the commission, except that no license may be issued without  
9 the approval of four members.

10 d. At least one member of the commission shall attend at all  
11 investigative hearings conducted pursuant to the provisions of  
12 this act.

1 53. Records of commission. a. The commission shall cause to  
2 be made and kept a record of all proceedings held at meetings of

3 the commission, which records shall be open to public inspection.  
4 b. A true copy of the minutes of every meeting of the commis-  
5 sion shall be forthwith delivered, by and under the certification  
6 of the executive director as its secretary, to the Governor. No  
7 action, other than emergent action taken pursuant to section 59. e.,  
8 taken at such meeting by the commission shall have force and effect  
9 until 10 days, exclusive of Saturdays, Sundays and public holidays,  
10 after the copy of such minutes shall have been so delivered. If,  
11 in said 10-day period, the Governor returns such copy of the  
12 minutes with veto of any action taken by the commission such  
13 action shall be null and of no effect. The Governor may approve  
14 all or part of the action taken at such meeting prior to the expira-  
15 tion of said 10-day period.

16 c. The commission shall keep and maintain a file of all applica-  
17 tions for licenses under this chapter together with a record of all  
18 actions taken with respect to such applications, which file and  
19 record shall be open to public inspection.

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

22-24 e. All information and data required by the commission to be  
25 furnished hereunder, or which may otherwise be obtained, relative  
26 to the earnings or revenue of any applicant or licensee shall be  
27 considered to be confidential and shall not be revealed in whole  
28 or in part except:

29 (1) In the course of the necessary administration of this act;

30 (2) Upon the lawful order of a court of competent jurisdiction;  
31 or

32 (3) To a duly authorized agent of the Federal Bureau of In-  
33 vestigation, the United States Treasury Department or the Com-  
34 missioner of Internal Revenue of the United States, pursuant to  
35 rules and regulations adopted by the commission.

36 f. All information and data pertaining to an applicant's criminal  
37 record, family, and background furnished to or obtained by the  
38 commission from any source shall be considered confidential and  
39 may be withheld in whole or in part, except that any information  
40 shall be released upon the lawful order of a court of competent  
41 jurisdiction.

42 g. Notice of the contents of any information or data furnished  
43 or released pursuant to subsections d. and e. of this section may  
44 be given to any applicant or licensee in a manner prescribed by  
45 the rules and regulations adopted by the commission.

46 h. Files, records, reports and other information in the posses-  
47 sion of the New Jersey Division of Taxation pertaining to licensees  
48 shall be made available to the Casino Control Commission as may  
49 be necessary to the effective administration of this act.

### ARTICLE 3.

#### CASINO CONTROL COMMISSION; POWERS AND DUTIES.

1 54. Powers and duties of the commission. a. The provisions of  
2 this act with respect to casino licenses and manufacturers', dis-  
3 tributors', sellers' and servicers' licenses shall be administred by  
4 the Casino Control Commission, which is hereby charged with  
5 administering the same for the protection of the public and in the  
6 public interest in accordance with the policy of this State. The  
7 commission shall license, regulate and control casinos and casino  
8 gaming pursuant to the provisions of this act. The commission  
9 shall collect the taxes and license fees imposed by this act and the  
10 regulations issued pursuant hereto, and enforce the rules and regu-  
11 lations promulgated pursuant to the provisions of this act.

12 b. The commission shall:

13 (1) Investigate the qualifications of each applicant before any  
14 license or permit is issued pursuant to the provisions of this act;

15 (2) Investigate the qualifications of each person for whom prior  
16 approval is required pursuant to sections 69, 71, 91 and 97 of this  
17 act; and

18 (3) Investigate the circumstances surrounding any act or trans-  
19 action for which commission approval is required.

20 c. The commission shall continue to observe the conduct of all  
21 licensees, persons for whom prior approval is required pursuant  
22 to sections 69, 71, 91 and 97 of this act, and other persons having  
23 a material involvement, directly or indirectly, with the licensed  
24 casino operation, or the ownership thereof, to the end that licenses  
25 or permits shall not be issued to, nor held by, nor shall there be  
26 any material involvement, directly or indirectly, with a licensed  
27 casino operation or the ownership thereof by, unqualified or dis-  
28 qualified persons, or unsuitable persons, or persons whose opera-  
29 tion are conducted in an unsuitable manner or in unsuitable or  
30 prohibited places or locations.

31 d. The commission shall have the power and authority to deny  
32 any application; limit, condition or restrict any license, permit  
33 or prior approval; suspend or revoke any license, permit or prior  
34 approval; and, impose a fine upon any person licensed, holding a  
35 work permit, or who had previously been approved. for any cause

36 deemed reasonable by the commission pursuant to rules and regu-  
37 lations promulgated thereby; except that:

38 (1) No such denial, limitation, suspension or revocation shall  
39 be issued solely by reason of the fact that an applicant or licensee  
40 holds any interest in, or is associated with, any licensed casino  
41 enterprise in any other jurisdiction; and

42 (2) Any such denial, limitation, suspension or revocation shall  
43 be based upon a finding that a specific person, location, operation,  
44 practice or association is either a threat to the public interest or  
45 to the effective regulation and control of licensed casinos, or an  
46 unacceptable risk of such threat, based upon the prior activities  
47 or experiences of such person, location, operation, practice or  
48 association.

49 e. The commission and its agents, inspectors and employees  
50 shall have the authority, without notice and without warrant,

51 (1) To inspect and examine all premises wherein casino gaming  
52 is conducted, or gambling devices or equipment are manufactured,  
53 sold, distributed or serviced, or wherein any records of such activi-  
54 ties are prepared or maintained;

55 (2) To inspect all equipment and supplies in, about, upon or  
56 around such premises;

57 (3) To seize summarily and remove from such premises and  
58 impound any such equipment or supplies for the purposes of  
59 examination and inspection;

60 (4) To inspect books, memoranda or documents, showing the  
61 receipts and disbursements of a casino;

62 (5) To seize, impound or assume physical control of any book,  
63 record, ledger, game, device, cash box and its contents, counting  
64 room or its contents, or casino operations.

65 Any equipment, supplies, records or other objects or documents  
66 seized, impounded or physically controlled by the commission pur-  
67 suant to this subsection may be so held pending the filing and  
68 disposition of a complaint, as hereinafter provided.

69 f. To insure compliance with the provisions of this act and the  
70 rules and regulations of the commission, a member of the commis-  
71 sion or its authorized agent or employee shall be present in each  
72 casino during all hours of operation and shall certify the accuracy  
73 of the daily count of moneys and vouchers of each licensed casino.

74 g. The commission shall have power and authority to issue sub-  
75 penas and compel the attendance of witnesses at any place within  
76 this State, to administer oaths and require testimony under oath.  
77 Any process or notice may be served in a manner provided for  
78 service of process and notice in civil actions.

79 h. The commission may appoint hearing examiners, who shall  
80 have power and authority to administer oaths and require testimony  
81 under oath.

1 55. Commission to initiate proceedings, actions or prosecutions;  
2 referral to prosecutors, Attorney General. a. The commission shall  
3 initiate and direct the proceedings and actions or prosecutions  
4 instituted to enforce the provisions of this act.

5 b. The commission shall refer to the prosecutor of any county  
6 or to the Attorney General the institution of such criminal pro-  
7 ceedings as are recommended by the commission.

1 56. Commission may bring civil action for collection of fees, in-  
2 terest, penalties or tax; limitation. a. At any time within 5 years  
3 after any amount of fees, interest, penalties or tax required to  
4 be collected pursuant to the provisions of this act shall become  
5 due and payable, the commission may bring a civil action in the  
6 courts of this State or any other state, or of the United States,  
7 in the name of the State of New Jersey, to collect the amount de-  
8 linquent, together with penalties and interest. An action may be  
9 brought whether or not the person owing the amount is a licensee  
10 pursuant to the provisions of this act.

11 b. If the action is brought in this State,

12 (1) A writ of attachment may be issued, and no bond or affidavit  
13 prior to the issuance thereof shall be required; and

14 (2) The records of the commission shall be prima facie evidence  
15 of the determination of the tax or the amount of the delinquency.

1 57. Commission's exercise of proper power or authority not  
2 confined to powers enumerated in act. The commission may exer-  
3 cise any proper power or authority necessary to perform the duties  
4 assigned to it and is not limited to the enumeration of powers  
5 specified by this act.

1 58. Costs of operation: how paid. The Legislature shall appro-  
2 priate annually from the State Casino Revenue Fund the moneys  
3 required for the costs of operation of the commission in adminis-  
4 tering the provisions of this act.

#### ARTICLE 4.

#### CASINO CONTROL COMMISSION; REGULATIONS

1 59. Regulations; adoption, amendment, repeal; procedure; de-  
2 claratory judgments. a. The commission shall, adopt, amend and  
3 repeal regulations in accordance with applicable provisions of the  
4 "Administrative Procedure Act" (P. L. 1968, c. 410; C. 52:14B-1  
5 et seq.).

6 b. Any interested person may file a petition with the commis-  
7 sion requesting the adoption, amendment or repeal of a regulation.  
8 Such petition shall state clearly and concisely:

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

11 (2) The reason for the request; and

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

14 Upon receipt of the petition, the commission, shall within 30  
15 days, deny the request in writing or schedule the matter for action  
16 pursuant to this section.

17 c. In emergencies, the commission may summarily adopt, amend  
18 or repeal any regulation, if at the time it files a finding that such  
19 action is necessary for the immediate preservation of the public  
20 peace, health, safety, morals, good order and general welfare to-  
21 gether with a statement of facts constituting the emergency.

22 d. The commission or any applicant or licensee may obtain a  
23 judicial determination of any question of construction or validity  
24 arising under this act or any regulation of the commission by  
25 bringing an action for declaratory judgment in the Superior Court.  
26 Any question of construction or validity of this act or any regula-  
27 tion of the commission shall be deemed a justifiable controversy.

1 60. Regulations; adoption, amendment, repeal authorized;  
2 matters required to be included.

3 a. The commission is empowered to and from time to time shall  
4 adopt, amend or repeal such regulations, consistent with the policy,  
5 objects and purposes of this act, as it may deem necessary or  
6 desirable for the public interest in carrying out the policy and  
7 provisions of this act.

8 b. Said regulations, without in any way limiting the general  
9 powers herein conferred, shall include the following specific  
10 provisions:

11 (1) Prescribing the method and form of application which  
12 any applicant for a casino license; approval pursuant to section 69,  
13 71, 91 or 97; or a manufacturers', distributors', sellers', or ser-  
14 vicers' license shall follow and complete prior to consideration of  
15 his application by the commission;

16 (2) Prescribing the information to be furnished by any applicant  
17 or licensee concerning such person's family, habits, character,  
18 associates, criminal record, business activities and financial affairs,  
19 past or present;

20 (3) Requiring fingerprinting of an applicant or a licensee or  
21 employee of the licensee, or other method of identification;

22 (4) Prescribing the manner and procedure of all hearings con-  
23 ducted by the commission or any hearing examiner, including  
24 special rules of evidence applicable thereto and notices thereof;

25 (5) Prescribing the manner and method of collection of pay-  
26 ments of taxes and fees, and issuance of licenses;

27 (6) Defining and limiting the areas of operation, games and  
28 devices permitted, and the method of operation of such games  
29 and devices;

30 (7) Defining and regulating the practice of extending credit to  
31 patrons, including the authority to limit the circumstances and  
32 amount of credit; said regulations shall prohibit extension of credit  
33 by a licensee to any member of the State Legislature, any member  
34 or employee of the commission or to any member of the family  
35 of any such legislator, commission member or employee;

36 (8) Defining and limiting the hours of operation of all games,  
37 which hours shall be uniform as to all licensees, and shall provide  
38 for operation not more than 16 hours in any 24-hour period.

39 (8A) Prescribing grounds for revocation, conditioning, or suspen-  
40 sion of licenses;

41 (9) Governing the manufacture, distribution, sale, and servicing  
42 of gambling devices and equipment;

43 (10) Requiring any applicant or licensee to waive any privilege  
44 with respect to any testimony at any hearing or meeting of the  
45 commission, except any privilege afforded by the Constitution of  
46 the United States or of this State; and

47 (11) Prescribing the qualifications of, and the conditions pur-  
48 suant to which attorneys, accountants and others shall be permitted  
49 to practice before the commission.

1 61. Regulations requiring exclusion or ejection of certain per-  
2 sons from licensed casino gaming establishments; persons included;  
3 duty of licensed establishment.

4 a. The commission shall by regulation provide for the establish-  
5 ment of a list of persons who are to be excluded or ejected from  
6 any licensed casino establishment. This list may include any  
7 person:

8 (1) Who is of notorious or unsavory reputation;

9 (2) Who has been convicted of a criminal offense under the  
10 laws of this State or the United States, which is punishable by  
11 more than 6 months in prison, or any crime or offense involving  
12 moral turpitude; or,

13 (3) Whose presence in a licensed casino would, in the opinion  
14 of the commission, be inimical to the interests of the State of New  
15 Jersey or of licensed gambling therein, or both.

16 b. Race, color, creed, national origin or ancestry, or sex shall  
17 not be a reason for placing the name of any person upon such list.  
18 c. Any list compiled by the commission of persons to be excluded  
19 or ejected shall not be deemed an all-inclusive list, and licensed  
20 casino establishments shall have a duty to keep from their premises  
21 persons known to them to be inimical to the interests of the State  
22 of New Jersey or of licensed gambling or both.

1 62. Regulations requiring exclusion or ejection of certain per-  
2 sons from licensed casino gaming establishments; notice to person  
3 whose name is placed on list.

4 Whenever the name or description of any person is placed on a  
5 list pursuant to section 61, the commission shall serve notice of  
6 such fact to such person by personal service, or by certified mail  
7 at the last known address of such person, or by publication daily  
8 for 1 week in a newspaper of general circulation in Atlantic City.

1 63. Regulations requiring exclusion, or ejection of certain per-  
2 sons from licensed casino gaming establishments; hearings.

3 a. Within 30 days after service by mail or in person, or 60 days  
4 from the time of last publication, as the case may be, pursuant to  
5 section 62, the person named may demand a hearing before the  
6 commission and show cause why he should have his name removed  
7 from such a list. Failure to demand such a hearing within the time  
8 allotted in this section shall preclude such person from having  
9 an administrative hearing, but shall in no way affect his right for  
10 judicial review as provided in paragraph (2) in subsection c. herein.

11 b. Upon receipt of a demand for a hearing the commission shall  
12 set a time and place for the hearing, which shall be held in the  
13 offices of the commission. Unless otherwise agreed by the com-  
14 mission and the applicant, such hearing shall not be later than  
15 30 days after receipt of the demand for such hearing.

16 c. (1) If upon completion of the hearing the commission deter-  
17 mines that the regulation does not or should not apply to the person  
18 so listed, the commission shall notify all persons licensed under  
19 section 73 of this act of such determination; or

20 (2) If upon completion of the hearing the commission deter-  
21 mines that the placement of the name of the person on the ex-  
22 clusionary rejection list was appropriate, the commission shall  
23 make and enter in its minutes an order to that effect. Such order  
24 shall be subject to review by the Superior Court in accordance with  
25 the provisions of section 82 of this act.

1 64. Regulations requiring exclusion, ejection of certain persons  
2 from licensed casino gaming establishments; penalties for failure  
3 to exclude or eject.

4 The commission may revoke, limit, condition, suspend or fine a  
5 licensed casino or individual licensee, in accordance with the laws  
6 of this State and the regulations of the commission, if such licensed  
7 casino or individual licensee fails to exclude or eject from the  
8 premises of any licensed casino any person placed on the list of  
9 persons to be excluded or ejected.

1 65. Regulations concerning financial practices of licensees;  
2 minimum procedures for control of internal fiscal affairs; internal  
3 audits.

4 a. The commission shall by regulation prescribe minimum pro-  
5 cedures for adoption by each licensee to exercise effective control  
6 over internal fiscal affairs, which shall include but not be limited  
7 to provisions for:

8 (1) The safeguarding of assets and revenues, and the recording  
9 of cash and evidence of indebtedness, which regulations shall pro-  
10 vide, inter alia, that no credit shall be extended on behalf of a  
11 licensee to any patron except pursuant to a written memorandum  
12 of credit, which memorandum shall be filed with the daily receipts  
13 and preserved until satisfied or canceled pursuant to regulations;  
14 and

15 (2) The provisions of reliable records, accounts and reports of  
16 transactions, operations and events, including reports to the  
17 commission.

18 b. The commission shall by regulation provide for the adoption  
19 and use of internal audits, whether by qualified internal auditors  
20 or by accountants holding a license to practice public accounting.  
21 As used in this subsection, "internal audit" means a type of control  
22 which operates for the testing and evaluation of other controls  
23 and which is also directed towards observing proper compliance  
24 with the minimum standards of control herein.

1 66. Regulations concerning financial practices of licensees;  
2 periodic financial reports from licensees.

3 The commission shall by regulation require periodic financial  
4 reports of each licensee and shall:

5 a. Specify standard forms for reporting financial condition,  
6 results of operations and other relevant financial information;

7 b. Formulate a uniform code of accounts and accounting classi-  
8 fications to assure consistency, comparability, and effective dis-  
9 closure of all financial information; and

10 c. Determine the intervals at which such information shall be  
11 furnished.

1 67. Regulations concerning financial practices of licensees; audits  
2 of financial statements.

3 a. The commission shall by regulation require audits of the  
4 financial statement of all licensees. Such audits shall be made not  
5 less frequently than once each year, and whenever the ownership  
6 of such licensee shall be changed.

7 b. The audits provided for in subsection a. of this section shall  
8 be made by certified public accountants licensed to practice in the  
9 State of New Jersey.

10 c. Regulations for such audits shall require, inter alia:

11 (1) The independent certified public accountant shall submit an  
12 audit report which shall express an opinion or, if appropriate,  
13 disclaim an opinion on the statements taken as a whole, in accord-  
14 ance with the standards of the accounting profession established  
15 by the rules and regulations of the New Jersey State Board of  
16 Certified Public Accountants; but the preparation of statements  
17 without audit shall not constitute compliance with the provisions  
18 of this act; and,

19 (2) The examination and audit shall disclose whether the ac-  
20 counts, records and control procedures are maintained by the  
21 licensee as required by the regulations published by the commission  
22 pursuant to this act.

1 68. Regulations concerning financial practices of licensees:  
2 penalties for noncompliance.

3 The commission shall by regulation prescribe a scale of fines and  
4 penalties to be imposed on licensees for noncompliance with the  
5 regulations of the commission.

#### ARTICLE 5.

#### LICENSING, OPERATION AND SUPERVISION OF CASINOS; DISCIPLINARY ACTIONS BY COMMISSION.

1 69. License or approval required for certain activities.

2 a. It shall be unlawful for any person, either as owner, lessee or  
3 employee, whether or not for hire, either solely or in conjunction  
4 with others.

5 (1) To deal, operate, carry on, conduct, maintain or expose for  
6 play in the State of New Jersey any game or slot machine as defined  
7 in this act, or

8 (2) To receive, directly or indirectly, any compensation or reward  
9 or any percentage or share of the money or property played for  
10 keeping, running or carrying on any game or slot machine, without  
11 having first procured, and thereafter maintaining in full force and  
12 effect, all licenses required by this act and other applicable statutes.

13 b. It shall be unlawful for any person to lend, let, lease or other-  
14 wise deliver or furnish any service, including service in managing  
15 a casino, or any equipment for any gambling game, including slot  
16 machines, for any interest or any percentage or share of the money  
17 or property played for with respect thereto, or for any interest,  
18 however defined, in the revenues, profits or earnings of the casino,  
19 other than pursuant to the terms of a written agreement, which  
20 agreement shall not be effective unless approved by the commission.  
21 Under no circumstances shall any such agreement be approved  
22 unless all parties thereto are themselves holders of licenses issued  
23 pursuant to the provisions of this act, except that receipts of  
24 percentage rentals or percentage charges between a corporate  
25 licensee and another entity which is a holding company or inter-  
26 mediary company with respect to such licensee shall be permitted.

27 c. Receipts, rentals or charges for real property, personal prop-  
28 erty or services shall not lose their character as payments of a  
29 fixed sum because of contract, lease or license provisions for  
30 adjustments in charges, rentals or fees on account of changes in  
31 taxes or assessments, cost-of-living index escalations, expansion or  
32 improvement of facilities, or changes in services supplied.

33 d. The commission may require a licensee to present an applica-  
34 tion for approval of any agreement regarding the realty of, or  
35 any business or person doing business on the premises of, the  
36 hotel which contains the casino, in order that the commission may  
37 determine whether said agreement or person should be approved  
38 to be associated with a casino enterprise in accordance with the  
39 procedures set forth in this act. If the commission does not approve  
40 such an application, the commission shall require the termination  
41 of such association. Any agreement which entitles a business other  
42 than a casino to be conducted on such premises shall be subject to  
43 commission approval of the business or of any person associated  
44 therewith. Every such agreement shall be deemed to include a  
45 provision for its termination without liability on the part of the  
46 licensee, if the commission shall disapprove of the business or of  
47 any other person associated therewith, by reason of a finding that  
48 said business or person is unsuitable to be associated with a casino  
49 enterprise. Failure expressly to include such a condition in the  
50 agreement shall not constitute a defense in any action brought to  
51 terminate the agreement. If the application is not presented to the  
52 commission within 30 days following the demand therefor, or the  
53 disapproved association is not terminated, the commission may  
54 pursue any remedy or combination of remedies provided in this act.

55 e. It shall be unlawful for any person to sell, purchase, lease,  
56 assign, hypothecate, borrow or loan money upon, or create a voting  
57 trust agreement or any other agreement of any sort with respect to,  
58 a hotel, or any interest therein, wherein a licensed casino shall be  
59 located, except in accordance with the regulations of the com-  
60 mission.

1 70. Qualification for casino license. a. Any person owning 100%  
2 of an approved hotel as herein defined shall be eligible to apply  
3 for the issuance of a casino license, as hereinafter provided.

4 b. The commission shall grant a license to a corporate applicant  
5 which is otherwise eligible as provided in the within act and which  
6 has complied with all of the provisions of sections 87 through 100  
7 of this act.

8 c. The commission may grant a conditional license to an applicant  
9 who submits plans for the construction of a qualified hotel, provided  
10 that:

11 (1) Construction plans have been approved by all local and  
12 State agencies, and all necessary permits have been obtained;

13 (2) All approvals provided in sections 69, 71, 91, and 97 of this  
14 act have been issued;

15 (3) Construction shall commence upon, and be completed within  
16 dates specified by the commission; and

17 (4) No casino operations of any kind shall be permitted until  
18 construction has been completed and the hotel has been certified  
19 by the commission as complying with the requirements of this act;  
20 except that if the plans relate to the expansion and reconstruction  
21 of a hotel in existence as of the effective date of this act, the  
22 commission may permit the operation of a licensed casino during  
23 the construction period, provided that the hotel shall contain and  
24 have available for use not fewer than 250 qualified sleeping units,  
25 as defined herein, and shall, in all other particulars, qualify as an  
26 approved hotel.

1 71. Individual approval; limitations on number of persons  
2 financially interested.

3 a. No partnership, limited partnership, association, business  
4 trust or organization, or any association of a quasi-corporate  
5 character which is not in itself a corporation, shall be eligible  
6 to receive or hold any license under this act unless each person  
7 having any direct or indirect interest therein of any nature  
8 whatsoever, including specifically a financial, administrative,  
9 policy-making or supervisory interest, would individually be quali-  
10 fied for approval as a licensee pursuant to the provisions of this act.

11 b. The commission may by regulation limit the number of per-  
12 sons who may be financially interested, and the nature of such  
13 interest, in any corporation or other organization or association  
14 licensed pursuant to the provisions of this act, and establish such  
15 other qualifications for licenses as it may in the exercise of its  
16 discretion deem to be in the public interest.

1 72. Application for casino license; contents.

2 a. Application for a casino license or other commission action  
3 shall be made on forms furnished in accordance with the regula-  
4 tions of the commission.

5 b. The application for a license shall include:

6 (1) The name of the proposed licensee;

7 (2) The location of his or its place of business;

8 (3) The gambling games, gaming devices or slot machines to be  
9 operated;

10 (4) The names of all persons directly or indirectly interested  
11 in the business and the nature of such interest; and

12 (5) Such other information and details as the commission may  
13 require.

14 c. The commission shall furnish to the applicant supplemental  
15 forms, which the applicant shall complete and file with the applica-  
16 tion. Such supplemental forms shall require, inter alia, complete  
17 information and details with respect to the applicant's family,  
18 habits, character, criminal record, business activities, financial  
19 affairs and business associates, covering at least a 10-year period  
20 immediately preceding the date of filing of the application.

1 73. Investigation of applicants; order approving or denying  
2 license.

3 a. Within a reasonable time after filing of an application and  
4 such supplemental information as the commission may require,  
5 the commission shall cause to be made such investigation into,  
6 and conduct such hearings concerning the qualification of, the  
7 applicant in accordance with its regulations as it may deem  
8 necessary.

9 b. After conducting such investigation, the commission may  
10 either deny the application or, by approval of at least four mem-  
11 bers of the commission, grant a license to an applicant who has  
12 not been convicted of any criminal offense and whom it determines  
13 to be qualified to hold such license.

14 c. The commission shall have the authority to deny any applica-  
15 tion pursuant to the provisions of subsection d. of section 54 of  
16 this act. When an application is denied the commission shall pre-

17 pare and file its written decision upon which its order denying  
18 such application is based, setting forth with particularity the  
19 reasons for the denial.

20 d. When the commission grants an application for a license,  
21 the commission may limit or place such conditions thereupon as it  
22 may deem necessary in the public interest. The commission may,  
23 if satisfied of the necessity of such action, issue a probationary  
24 license, conditioned upon compliance by the licensee with specified  
25 terms and conditions.

26 e. After an application is submitted to the commission, final  
27 action of the commission shall be taken within 180 days after  
28 completion of all hearings and investigations and the receipt of  
29 all information required by the commission.

30 f. If satisfied that an applicant is eligible to receive a casino  
31 license, and upon tender of all license fees and taxes as required  
32 by law and regulations of the commission, and such bonds as the  
33 commission may require for the payment of license fees and taxes  
34 and the faithful performance of all requirements imposed by law  
35 or regulation or the conditions of the license, the commission shall  
36 issue a license for the term of 1 year.

37 g. The commission shall fix the amount of the bond or bonds  
38 to be required under this section in such amounts as it may deem  
39 appropriate, by rules of uniform application. The bond so furnished  
40 may be applied by the commission to the payment of any unpaid  
41 liability of the licensee under this article.

42 h. The bond shall be furnished in cash, negotiable securities or  
43 by a surety bond guaranteed by a satisfactory guarantor. If  
44 furnished in negotiable securities, the principal shall be placed  
45 without restriction at the disposal of the commission, but any  
46 income shall inure to the benefit of the licensee.

1 74. Limitation on number of licenses.

2 No more than one casino license may be issued with respect to  
3 any approved hotel.

1 75. Posting and inspection of licenses.

2 a. Any licenses issued under the provisions of this article shall  
3 be posted by the licensee and kept posted at all times in a con-  
4 spicuous place in the establishment for which issued until replaced  
5 by a succeeding license.

6 b. All such licenses may be inspected by authorized State officials,  
7 who shall report in writing to the commission any and all games  
8 and slot machines found to be operating without a valid license.

1 76. Renewal of casino licenses.

2 a. Subject to the power of the commission to deny, revoke,  
3 suspend, condition or limit licenses, any casino license in force  
4 shall be renewed by the commission for the next succeeding license  
5 period upon proper application for renewal and payment of license  
6 fees and taxes as required by law and the regulations of the  
7 commission.

8 b. Application for renewal shall be filed with the commission,  
9 and all license fees and taxes as required by law shall be paid the  
10 commission on or before the date of expiration of the current  
11 license.

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

1 77. Information to be furnished by licensee.

2 Every licensee shall at all times maintain on file with the com-  
3 mission a current report, verified by affidavit, which shall set  
4 forth such information as may be required by the regulations of  
5 the commission.

1 78. Investigations; disciplinary proceedings; power of com-  
2 mission.

3 a. The commission shall from time to time conduct investiga-  
4 tions:

5 (1) To determine whether there has been any violation of this  
6 act or any regulations adopted hereunder;

7 (2) To determine any facts, conditions, practices or matters, as  
8 it may deem necessary or proper, to aid in the enforcement of the  
9 provisions of this act or the rules and regulations of the com-  
10 mission;

11 (3) To aid in adopting regulations; or

12 (4) To secure information as a basis for recommending legisla-  
13 tion relating to this act.

14 b. If after any investigation the commission is satisfied that  
15 a license issued or approval granted by the commission under the  
16 provisions of this act should be limited, conditioned, suspended or  
17 revoked, it shall initiate a hearing by filing a complaint as herein-  
18 after provided.

19 c. After filing the complaint the commission shall conduct further  
20 proceedings in accordance with section 79 and, after compliance  
21 with the provisions thereof, shall have power and authority to:

22 (1) Limit, condition, suspend or revoke any such license or  
23 approval; or

24 (2) Order a licensed casino to keep any individual from the  
25 premises of such licensed casino, or prohibit the payment to such  
26 individual of any remuneration for any services rendered or  
27 distribution of any earnings and profits from the licensee.

28 d. If the commission limits, conditions, suspends or revokes any  
29 license or approval, or imposes a fine with respect thereto, it  
30 shall issue a written order therefor after causing to be prepared  
31 and filed its written decision upon which such order is based.

32 e. Any such limitation, condition, revocation, suspension or  
33 fine shall remain effective unless reversed or modified by a court  
34 of competent jurisdiction, except that the commission may stay  
35 its order pending a rehearing or judicial review, upon such terms  
36 and conditions as it deems proper.

37 f. Judicial review of any such order or decision of the commission  
38 shall be provided in accordance with the provisions of section 82  
39 of this act.

1 79. Disciplinary action; complaints; notice of defense; hearings.

2 a. A complaint filed pursuant to the provisions of section 77  
3 shall include a written statement of charges, which shall set forth  
4 in ordinary and concise language the acts or omissions with which  
5 the respondent is charged. It shall specify the statute or regulation  
6 which the respondent is alleged to have violated and shall specify  
7 the facts upon which the charges are based.

8 b. Upon filing of the complaint, the commission shall serve a  
9 copy upon the respondent either personally or by certified mail to  
10 his address on file with the commission.

11 c. Within 15 days after service upon him of the complaint, the  
12 respondent may file with the commission a notice of defense, in  
13 which he may :

- 14 (1) Request a hearing;
- 15 (2) Admit the accusation in whole or in part;
- 16 (3) Present new matters or explanations by way of defense; or
- 17 (4) State any legal objections to the complaint.

18 Within the time specified, respondent may file one or more notices  
19 of defense upon any or all of the above grounds.

20 d. The respondent shall be entitled to a hearing on the merits if  
21 he files the required notice of defense within the time allowed by  
22 subsection c. of this section, and any such notice shall be deemed a  
23 specific denial of all parts of the complaint not expressly admitted.  
24 Failure to file a notice of defense within such time shall constitute a  
25 waiver of respondent's rights to a hearing and judicial review of  
26 any order of the commission, but the commission, in its discretion,  
27 may nevertheless order a hearing. All affirmative defenses must be

28 specifically stated and unless objection is taken as provided in sub-  
29 paragraph (4) of subsection e. of this section all objections to the  
30 form of complaint shall be deemed waived.

31 e. The commission shall determine the time and place of the  
32 hearing as soon as is reasonably practical after receiving the  
33 respondent's notice of defense. The commission shall deliver or  
34 send by certified mail a notice to all parties at least 10 days prior  
35 to the hearing. Unless respondent consents, the hearing shall not be  
36 prior to the expiration time within which the respondent is entitled  
37 to file the notice of defense.

38 f. Prior to a hearing before the commission, and during a hear-  
39 ing upon reasonable cause shown, the commission shall issue sub-  
40 penas and subpenas duces tecum at the request of a party.

1 80. Disciplinary action; conduct of hearings; rules of evidence;  
2 punishment of contempts; decisions; re-hearing.

3 a. At all hearings of the commission pursuant to this section:

4 (1) At least one member of the commission shall be present, and  
5 shall exercise all powers relating to the conduct of the hearing and  
6 shall enforce all decisions with respect thereto;

7 (2) The proceedings at the hearing shall be recorded;

8 (3) Oral evidence shall be taken only upon oath or affirmation  
9 administered by the commission; and

10 (4) Each party to a hearing shall have the right to call and  
11 examine witnesses; to introduce exhibits relevant to the issues of  
12 the case, including the transcript of testimony at any investigative  
13 hearing conducted by or on behalf of the commission; to cross-  
14 examine opposing witnesses in any matters relevant to the issues  
15 of the case, without regard to whether the matter was covered in  
16 direct examination; to impeach any witness, regardless of which  
17 party called him to testify, and to offer rebuttal evidence;

18 (5) If the respondent shall not testify in his own behalf he may  
19 be called and examined as if under cross-examination;

20 (6) The hearing need not be conducted according to technical  
21 rules relating to evidence in courts of law. Any relevant evidence  
22 may be admitted and shall be sufficient in itself to support a finding  
23 if it is the sort of evidence on which responsible persons are  
24 accustomed to rely in the conduct of serious affairs, regardless of  
25 the existence of any common law or statutory rule which might  
26 make improper the admission of such evidence over objection in a  
27 civil action.

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

31 b. The commission may take official notice of any generally  
32 accepted information or technical or scientific matter in the field of  
33 gaming, and of any other fact which may be judicially noticed by  
34 the courts of this State. The parties shall be informed of any  
35 information, matters or facts so noticed and shall be given a reason-  
36 able opportunity, on request, to refute such information, matters or  
37 facts by evidence or by written or oral presentation of authorities,  
38 the manner of such refutation to be determined by the commission.  
39 The commission may in its discretion, before rendering its decision,  
40 permit the filing of amended or supplemental pleadings and shall  
41 notify all parties thereof and provide a reasonable opportunity for  
42 objections thereto.

43 c. If any person in proceedings before the commission disobeys  
44 or resists any lawful order or refuses to respond to a subpoena or  
45 refuses to take the oath or affirmation as a witness or thereafter  
46 refuses to be examined, or is guilty of misconduct during the hear-  
47 ing, or so near the place thereof as to obstruct the proceeding, the  
48 commission may certify the facts to the Superior Court. The court  
49 shall thereupon issue an order directing the person to appear  
50 before the court and show cause why he should not be punished as  
51 for contempt. The court order and a copy of the statement of the  
52 commission shall be served on the person cited to appear. There-  
53 after the courts shall have jurisdiction in the matter and the same  
54 proceeding shall be had, the same penalties may be imposed and  
55 the person charged may purge himself of the contempt in the same  
56 way as in the case of a person who has committed contempt in the  
57 trial of a civil action before the Superior Court.

58 d. Failure of a respondent to file a notice of defense or to request  
59 or appear at the hearing shall constitute an admission of all matters  
60 and facts contained in the complaint filed with respect to such  
61 respondent. In such cases the commission may take action based  
62 upon such admission or upon any other evidence, without any  
63 further notice whatever to the respondent. In such cases the com-  
64 mission shall prepare and file a record containing the evidence upon  
65 which the action was based.

66 e. After hearing a contested matter, the commission shall render  
67 a written decision on the merits, which shall contain findings of fact,  
68 determination of the issues presented, and specify the fine or other  
69 penalty or penalties to be imposed, if any; and shall thereafter make  
70 and enter its written order in accordance with such decision. A  
71 member of the commission who did not hear the evidence shall not  
72 vote on the decision. Copies of the decision and order shall be  
73 served on the parties personally or sent to them by certified mail.

74 The decision shall become and remain effective upon such service  
75 and until the commission shall otherwise order.

76 f. The commission may, upon motion therefor made within 10  
77 days after service of the decision and order, order a re-hearing  
78 before the commission upon such terms and conditions as it may  
79 deem just and proper, if a petition for judicial review of the  
80 decision and order has not been filed. Such motion shall be granted  
81 only upon a showing that there is additional evidence which is ma-  
82 terial and necessary and reasonably calculated to change the  
83 decision of the commission, and that sufficient reason existed for  
84 failure to present such evidence at the hearing of the commission.  
85 The motion shall be supported by an affidavit of the moving party  
86 or his counsel showing with particularity the materiality and  
87 necessity of the additional evidence and the reason why it was not  
88 introduced at the hearing. Upon rehearing, rebuttal evidence to the  
89 additional evidence shall be admitted. After re-hearing, the com-  
90 mission may modify its decision and order as the additional evi-  
91 dence may warrant.

1 81. Disciplinary action: emergency orders, hearing subsequent to  
2 emergency order.

3 Notwithstanding any provisions of this article, the commission  
4 may issue an emergency order for the suspension, limitation or  
5 conditioning of any license or approval, or may issue an emergency  
6 order requiring the licensed casino to keep an individual from the  
7 premises of such licensed casino or not to pay such individual any  
8 remuneration for services or any profits, income or accruals on his  
9 investment in such casino, in the following manner:

10 a. An emergency order shall be issued only when the commission  
11 finds that:

12 (1) There has been a violation of any of the provisions of  
13 sections 115 through 119 of this act;

14 (2) Such action is necessary to prevent a violation of any of  
15 the provisions of sections 115 through 119 of this act: or

16 (3) Such action is necessary immediately for the preservation of  
17 the public peace, health, safety, morals, good order and general  
18 welfare.

19 b. An emergency order shall set forth the grounds upon which  
20 it is issued, including the statement of facts constituting the alleged  
21 emergency necessitating such action.

22 c. The emergency order shall be effective immediately upon  
23 issuance and service upon the licensee or resident agent of the  
24 licensee. The emergency order may suspend, limit, condition or take  
25 other action in relation to the approval of one or more individuals

26 who were required to be approved in any operation, without neces-  
27 sarily affecting any other individuals or the licensed casino estab-  
28 lishment. The emergency order shall remain effective until further  
29 order of the commission or final disposition of the case.

30 d. Within 5 days after issuance of an emergency order, the com-  
31 mission shall cause a complaint to be filed and served upon the  
32 person or entity involved in accordance with the provisions of  
33 section 79 of this act.

34 e. Thereafter, the person or entity against whom the emergency  
35 order has been issued and served shall be entitled to a hearing  
36 before the commission in accordance with the provisions of sec-  
37 tions 79 and 80 of this act, and to judicial review of the decision or  
38 order of the commission in accordance with section 82 of this act.

1 82. Judicial review. a. Any person aggrieved by a final decision or  
2 order of the commission made after hearing or rehearing by the  
3 commission, whether or not a petition for rehearing was filed, may  
4 obtain judicial review thereof by appeal to the Superior Court in  
5 accordance with the Rules of Court, except that a notice of appeal  
6 shall be filed within 20 days of the effective date of the final decision  
7 or order of the commission.

8 b. Filing of the petition shall not stay enforcement of the decision  
9 or order of the commission, but the commission may grant a stay  
10 upon such terms and conditions as it deems proper.

11 c. The reviewing court may affirm the decision and order of the  
12 commission or may remand the case for further proceedings, or  
13 may reverse the decision if the substantial rights of the petitioner  
14 have been prejudiced because the decision is:

- 15 (1) In violation of constitutional provisions;
- 16 (2) In excess of the statutory authority and jurisdiction of the  
17 commission;
- 18 (3) Made upon unlawful procedure;
- 19 (4) Unsupported by sufficient evidence; or
- 20 (5) Arbitrary or capricious or otherwise not in accordance with  
21 law.

22 d. In order to protect the public interest and the regulatory  
23 authority of the commission, any action by the commission taken  
24 pursuant to the provisions of sections 61, 79, 80, 81, 83 or 84 of this  
25 act shall not be subject to the injunctive authority of the Superior  
26 Court prior to the exhaustion of the administrative procedures  
27 herein specified, unless it shall appear evident to the court, by  
28 clear and convincing evidence, that a manifest denial of justice  
29 would be effectuated by the refusal to enjoin the contemplated  
30 action of the commission.

ARTICLE 6.

EMPLOYEE WORK PERMITS.

1 83. Casino employees required to hold work permits; applica-  
2 tions; hearing and review; confidential records. a. No person may  
3 commence or continue in employment as a casino employee unless  
4 he is the holder of a valid work permit issued by the commission  
5 and is a resident of the State of New Jersey.

6 b. An applicant for a work permit shall provide the commission  
7 with a full set of fingerprints and two suitable photographs in the  
8 form required by the commission. The commission shall maintain  
9 these records for identification, security, discipline and casino-  
10 control purposes.

11 c. Application for a work permit shall be made to the commission  
12 and may be granted or denied for any cause deemed reasonable  
13 by the commission.

14 d. Any person whose application for a work permit has been  
15 denied by the commission may apply to the commission for a hear-  
16 ing. At such hearing the commission or any designated member of  
17 the commission or an examiner appointed by the commission shall  
18 take any testimony deemed necessary. After such hearing, the  
19 commission shall review the testimony taken and any other evi-  
20 dence in its files, and shall within 30 days from the date of the  
21 hearing announce its decision, sustaining or reversing the denial  
22 of a work permit. Such decision may be made upon any ground  
23 deemed reasonable by the commission.

24 e. Any applicant aggrieved by the decision of the commission  
25 may obtain judicial review of the decision pursuant to the provi-  
26 sions of section 82 of this act.

27 f. All records acquired or compiled by the commission related to  
28 any application pursuant to this section are confidential, and no part  
29 thereof may be disclosed except in the proper administration of this  
30 act or to an authorized law enforcement agency. All lists of persons  
31 to whom work permits have been issued or denied and all records  
32 of the names or identity of the persons engaged in the gaming  
33 industry in this State are confidential and shall not be disclosed  
34 except in the proper administration of this act or to an authorized  
35 law enforcement agency.

1 84. Revocation of work permit; grounds; power of commission;  
2 judicial review. a. If any casino employee is convicted of charges  
3 of a violation of any provisions of sections 115 through 125 of this  
4 act, or if in investigating an alleged violation of this act by any  
5 licensee the commission shall find that a casino employee employed

6 by such licensee has been guilty of a violation of this act, the  
7 commission shall, after hearing in accordance with the procedures  
8 specified in Article 5 of this act revoke such work permit if the  
9 result of such hearings confirms the existence of such conviction,  
10 or sustains the allegation of any such violation.

11 b. The commission shall revoke a work permit if it finds that  
12 the casino employee has failed to disclose, misstated, or otherwise  
13 misled the commission in respect to any fact contained or required  
14 to be contained within any application for a work permit; or that,  
15 subsequent to being issued such a work permit, he has:

16 (1) Committed or attempted or conspired to commit any of the  
17 acts prohibited by sections 115 through 125 of this act:

18 (2) Knowingly possessed or permitted to remain in or upon  
19 any licensed premises any marked or altered cards, dice or mechani-  
20 cal device, or any other cheating device whatever, the use of which  
21 is prohibited by statute;

22 (3) Concealed or refused to disclose any material fact in any  
23 investigation by the commission;

24 (4) Been convicted or pleaded guilty or non vult to any charge  
25 of a violation of the criminal laws of the State of New Jersey or  
26 any other state or of the United States, or of any offense involving  
27 moral turpitude; or

28 (5) Engaged in any conduct inimical to the State of New Jersey  
29 and the casino gambling industry.

30 c. A work permit shall not be issued to any person whose work  
31 permit has previously been revoked pursuant to this section, or  
32 who has been denied a similar permit in any other jurisdiction.

33 d. A casino employee whose work permit has been revoked  
34 pursuant to this section shall be entitled to judicial review of the  
35 action of the commission in the manner prescribed in section 82  
36 of this act.

#### ARTICLE 7.

##### LICENSING AND REGULATION OF MANUFACTURERS, DISTRIBUTORS, SELLERS, AND SERVICERS OF GAMING DEVICES, EQUIPMENT AND MATERIALS.

1 85. Licensing of manufacturers, distributors, sellers, servicers  
2 of certain gaming devices and materials. a. It shall be unlawful  
3 for any person, either as owner, lessee or employee, whether or  
4 not for hire, to operate, carry on, conduct or maintain in the State  
5 of New Jersey any form of manufacture, distribution, sale or  
6 servicing of any device, equipment, material or machine used in

7 gambling without having first procured a license for such manu-  
8 facture, distribution, sale or servicing as provided herein. Any  
9 holder of a casino employee work permit who shall, as a condition  
10 of his employment, be engaged in the servicing of equipment in  
11 the casino in which he is employed shall not be required to obtain  
12 a service license pursuant to this section.

13 b. Application for a manufacturers', distributors', sellers', and  
14 servicers' license shall be made to the commission, which shall then  
15 make an investigation of the applicant pursuant to the provisions  
16 of this act.

17 c. Any person determined by the commission to be a suitable  
18 person to hold a license under the provisions of this act, shall be  
19 issued a manufacturer's, distributor's, seller's or servicer's license.  
20 The burden of proving this qualification to receive or hold any  
21 license under this section shall at all times be on the applicant or  
22 licensee.

1 86. Inspection of devices, machines, equipment and materials;  
2 fees. a. The commission may inspect any device or machine used  
3 in gambling and all other equipment or materials which are manu-  
4 factured, sold or distributed (1) for use in this State, before such  
5 device, equipment or materials are put into play; or (2) in this  
6 State for use outside this State, before such device, equipment or  
7 materials are shipped out of this State.

8 b. In addition to all other fees and charges imposed by this act,  
9 the commission may determine, charge and collect an inspection  
10 fee from each manufacturer, distributor or seller which shall not  
11 exceed the actual cost of investigation and inspection.

## ARTICLE 8.

### LICENSING OF CORPORATIONS.

1 87. Qualification of corporation as casino licensee. a. In order  
2 to be eligible to hold a casino license, a corporation shall:

3 (1) Be incorporated in the State of New Jersey, although such  
4 corporation may be a wholly or partially owned subsidiary of a  
5 corporation which is chartered in another state of the United  
6 States;

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

9 (3) Comply with all the requirements of the laws of the State  
10 of New Jersey pertaining to corporations; and

11 (4) Maintain a ledger in the principal office of the corporation  
12 in New Jersey, which shall at all times reflect the ownership of

13 every class of security issued by the corporation, and shall be  
14 available for inspection by the commission and its authorized  
15 agents at all reasonable times without notice.

1 88. Articles of incorporation of New Jersey corporation; con-  
2 tents; approval by commission.

3 a. No corporation shall be eligible to hold a casino license unless  
4 the conduct of casino gambling pursuant to the provisions of this  
5 act is among the purposes stated in its Articles of Incorporation.

6 b. The Secretary of State shall not accept for filing any articles  
7 of incorporation of any corporation which includes as a stated  
8 purpose the conduct of casino gambling, pursuant to the provisions  
9 of this act, or any amendment thereto, or any amendment which  
10 adds such purpose to articles of incorporation already filed, unless  
11 such articles or amendments have been approved by the commission  
12 and a copy of such approval is annexed thereto upon presentation  
13 for filing with the Secretary of State.

1 89. Disposition of securities by corporate licensee ineffective  
2 without advance commission approval; contents of certificate.

3 a. The attempted sale, assignment, transfer, pledge or other  
4 disposition of any security issued by a corporation which holds a  
5 casino license shall be ineffective unless approved in advance by  
6 the commission.

7 b. Every security issued by a corporation which holds a casino  
8 license shall bear, on both sides of the certificate evidencing such  
9 security, a statement of the restrictions imposed by this section.

1 90. Registration of corporation with commission; required  
2 information.

3 A corporation applying for a casino license shall provide the  
4 following information to the commission.

5 a. The organization, financial structure and nature of all busi-  
6 nesses operated by the corporation, including the names, personal  
7 history and fingerprints of all officers, directors and principal  
8 employees;

9 b. The rights and privileges acquired by the holders of different  
10 classes of authorized securities, and the names, addresses and  
11 amounts held by all holders of such securities;

12 c. The terms upon which such securities are to be offered;

13 d. The terms and conditions of all outstanding loans, mortgages,  
14 trust deeds, pledges or any other indebtedness or security devices;

15 e. The extent of the equity security holding in the corporation  
16 of all officers, directors and underwriters, and their remuneration,  
17 if compensation for services, in the form of salary, wages, fees or  
18 otherwise;

- 19 f. Remuneration to persons other than directors and officers  
20 exceeding \$25,000.00 per annum;  
21 g. Bonus and profit-sharing arrangements;  
22 h. Management and service contracts;  
23 i. Stock options existing or to be created;  
24 j. Balance sheets and profit-and-loss statements, certified by  
25 independent public accountants in the State of New Jersey, for at  
26 least the 3 preceding fiscal years or, if the corporation has not  
27 been incorporated for a period of 3 years, balance sheets from the  
28 time of its incorporation; and  
29 k. Such other information as the commission may require.

1 91. Individual approval of corporate officers, directors and other  
2 persons.

- 3 No corporation shall be eligible to hold a license unless each  
4 a. Officer,  
5 b. Director,  
6 c. Person directly or indirectly holding any beneficial interest  
7 in securities issued by the corporation, other than a banking or  
8 other licensed lending institution which holds a mortgage or other  
9 lien acquired in the ordinary course of business;  
10 d. Principal employee; and  
11 e. Any lender, underwriter, agent or employee of the corpora-  
12 tion whom the commission may consider appropriate for approval,  
13 would individually be qualified for approval as a licensee pursuant  
14 to the provisions of this act.

1 92. Restriction of security ownership.

2 a. If at any time the commission finds that an individual owner  
3 of any security is unsuitable to permit the corporation to continue  
4 as a casino licensee in this State pursuant to the provisions of  
5 section 91, it may, pursuant to the provisions of this act, propose  
6 any action necessary to protect the public interest, including the  
7 suspension or revocation of the license of the corporation.

8 b. Commencing upon the date the commission serves notice upon  
9 a corporation of a determination of unsuitability under subsection  
10 a. of this section, it shall be unlawful for the named individual:

- 11 (1) To receive any dividends or interest upon any such securities;  
12 (2) To exercise, directly or through any trustee or nominee,  
13 any right conferred by such securities; or  
14 (3) To receive any remuneration in any form from the corpora-  
15 tion for services rendered or otherwise.

1 93. Termination of employment of unsuitable employees; li-  
2 censing of successors.

3 a. If the commission finds any principal employee of a corpora-  
4 tion which holds a casino license unsuitable to permit the corpora-  
5 tion to continue to hold a casino license, the corporation shall,  
6 within 30 days of notification by certified mail to the corporation  
7 of such finding, terminate the appointment or employment of any  
8 such unsuitable person.

9 b. If such corporation names a person to replace the person  
10 found unsuitable, it shall promptly notify the commission of such  
11 action.

1 94. Limitation of certain corporate powers after licensing;  
2 commission approval for security transfers and changes of officers,  
3 directors and principal employees.

4 a. After a corporation has been issued a license pursuant to the  
5 provisions of this act, but prior to the issuance or transfer of any  
6 security to any person required to be but not yet approved pursuant  
7 to section 91 of this act, the corporation shall file a report of its  
8 proposed action with the commission, which report shall request  
9 the approval of the commission. The commission shall have 90  
10 days within which to approve or deny the request. If the commis-  
11 sion shall deny the request, the corporation shall not issue or  
12 transfer such security.

13 b. After a corporation has been issued a license pursuant to the  
14 provisions of this act, the corporation shall file a report of any  
15 change of its corporate officers or director with the commission.  
16 The commission shall have 90 days within which to approve or  
17 disapprove such change, during which time such officer or director  
18 shall not be entitled to exercise any powers of the office to which  
19 he was so elected or appointed.

20 c. After a corporation has been issued a license pursuant to the  
21 provisions of this act, the corporation shall file a report of any  
22 changes of its principal employees with the commission. The com-  
23 mission shall have 90 days within which to approve or disapprove  
24 such change, during which time such principal employee shall be  
25 entitled to exercise any powers of the office to which he was  
26 appointed.

1 95. Reports, statements to be furnished by corporate licensee.

2 After licensure pursuant to the provisions of this act, a corpora-  
3 tion shall:

4 a. Report to the commission in writing any change in corporate  
5 personnel who have been designated by the commission as principal  
6 employees;

7 b. Furnish the commission an annual profit-and-loss statement  
8 and an annual balance sheet; and

9 c. Furnish the commission with a copy of its Federal income tax  
10 return within 30 days after such return is filed.

1 96. Duties of holding or intermediary company when corpora-  
2 tion applying for holding license is or becomes a subsidiary;  
3 investigation.

4 a. If a corporation applying for a license is, or if a corporation  
5 holding a license is to become, a subsidiary, each holding company  
6 and each intermediary company with respect thereto must, as a  
7 condition of acquiring or retaining such license, as the case may be:

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

9 (2) If it is a corporation, register with the commission and  
10 furnish the commission with all the information required of a  
11 corporate licensee as specified in section 90; and

12 (3) If it is not a corporation, register with the commission and  
13 furnish the commission with such information as the commission  
14 may prescribe.

15 b. The commission may in its discretion make such investigations  
16 concerning the officers, directors, underwriters, security holders,  
17 partners, principals, trustees or direct or beneficial owners of  
18 any interest in any holding company or intermediary company as  
19 it deems necessary, either at the time of initial registration or at  
20 any time thereafter.

1 97. Individual approval of holding and intermediary company  
2 officers, directors and other persons.

3 No corporation which is a subsidiary shall be eligible to receive  
4 or hold a license unless each holding and intermediary company  
5 with respect thereto:

6 a. If it is a corporation, shall comply with the provisions of  
7 section 91 of this act as if said holding or intermediary company  
8 were itself applying for a casino license; or

9 b. If it is not a corporation, shall comply with the provisions of  
10 section 71 of this act as if said company were itself applying for  
11 a casino license.

1 98. Restriction of security ownership; termination of employ-  
2 ment of unapproved employees.

3 a. If any holding or intermediary company required to comply  
4 with the provisions of section 91 of this act shall not receive the  
5 necessary approvals, then such holding or intermediary company  
6 shall comply with sections 92 and 93 of this act as if said company  
7 were itself applying for a casino license.

8 b. Every security issued by a holding company or intermediary  
9 company which, directly or indirectly, owns, has the power or right  
10 to control, or has the power to vote all or any part of the outstand-  
11 ing equity securities of a corporate licensee shall bear a statement  
12 of the restrictions imposed by this section on both sides of the  
13 certificate evidencing such security.

14 c. A holding company or intermediary company subject to sub-  
15 section a. of this section shall not make any public offering of  
16 any of its securities unless the terms of such public offering have  
17 been submitted at least 45 days in advance to the commission.

18 d. The commission may at any time, and from time to time, impose  
19 upon any holding company or intermediary company, any require-  
20 ments not inconsistent with the law which it may deem necessary  
21 in the public interest.

1 99. Disciplinary action by commission for noncompliance by  
2 corporate licensee or holding or intermediary company. If any  
3 corporate licensee or any holding company or intermediary com-  
4 pany with respect thereto, shall not comply with the provisions of  
5 this act or the regulations of the commission, it shall be liable to  
6 disciplinary action in accordance with the provisions of Article 5  
7 of this act and the applicable rules and regulations of the com-  
8 mission.

1 100. Publicly-traded corporation; exemption from certain require-  
2 ments; documents to be filed with commission. a. The commission  
3 shall exempt a publicly traded corporation from compliance with  
4 the provisions of section 89 and subsection b. of section 98 of this  
5 act.

6 b. The commission shall upon application exempt a publicly-  
7 traded corporation from the requirements of subsection c. of  
8 section 91 of this act, with respect to any person holding, directly  
9 or indirectly, any beneficial interest in less than 5%, of any class  
10 of securities issued by the corporation, if the commission is satis-  
11 fied that the interest held by any such person is not inimical to  
12 the public interest.

13 c. The commission may require a publicly-traded corporation to  
14 furnish a copy of any document filed by said corporation or any  
15 holders of its securities with the Securities and Exchange Com-  
16 mission, or with any National or regional security exchange, or  
17 furnished by it to any of its security holders.

ARTICLE 9.

1 101. Casino license fee. a. The commission shall by regulation  
2 establish an annual fee for the issuance or renewal of the casino  
3 license, which fee shall not be less than \$150,000.00 annually.

4 b. A nonrefundable deposit of at least \$25,000.00 shall be required  
5 to be posted with each application for a casino license and shall  
6 be applied to the initial license fee if the application is approved.

7 c. An original casino license or a conditional license shall be  
8 valid for 1 year from the date on which the commission approves  
9 commencement of casino operations by the licensee.

1 102. Manufacturer, distributor, seller and servicer license fee.  
2 The commission shall by regulation establish an annual fee for  
3 the issuance or renewal of a manufacturers', distributors', sellers'  
4 or servicers' license, which fee shall not be less than \$2,000.00  
5 annually.

1 103. Work permit fee. The commission shall by regulation  
2 establish annual fees for the issuance and renewal of work permits  
3 for the various classes of casino employees which fees shall be  
4 payable by the employer licensee.

1 104. Tax on gross revenues; application of revenues. a. There is  
2 hereby imposed a tax for each taxable year (which shall be the  
3 same as the licensee's taxable year for State income tax purposes)  
4 on the gross revenues, as defined in section 20 of this act, of each  
5 casino licensee, in the amount of 8% of such gross revenues.

6 b. The commission shall prepare such forms and returns as are  
7 necessary to effectuate the determination and collection of said tax.

8 c. The commission shall collect the tax imposed by this section  
9 together with the license and other fees and penalties imposed  
10 pursuant to this act and remit the same to the State Treasurer for  
11 deposit to the credit of the State Casino Revenue Fund.

1 105. State casino revenue fund. a. There is created and estab-  
2 lished in the Department of the Treasury a separate special fund  
3 to be known as the "State Casino Revenue Fund" to be adminis-  
4 tered by the State Treasurer.

5 b. Moneys in the "State Casino Revenue Fund" shall be appro-  
6 priated exclusively for: (1) the expenses of the New Jersey Casino  
7 Control Commission in administering the provisions of this act,  
8 (2) providing reductions in property taxes, rentals, telephone, gas,  
9 electric, and municipal utilities charges of eligible senior citizens  
10 and disabled residents of the State as shall be provided by law, and  
11 (3) repayment to the general treasury of the amount appropriated  
12 to the fund by section 128 of this act.

ARTICLE 10.

MISCELLANEOUS PROVISIONS.

1 106. Declaration of State's exemption from operation of pro-  
2 visions of 15 U. S. C. (1172).

3 1. Pursuant to section 2 of an Act of Congress of the United  
4 States entitled "An act to prohibit transportation of gambling  
5 devices in interstate and foreign commerce," approved January 2,  
6 1951, being chapter 1194, 64 Stat. 1134, and also designated as 15  
7 U. S. C. (1171-1177), the State of New Jersey, acting by and through  
8 its duly elected and qualified members of its Legislature, does  
9 hereby, in accordance with and in compliance with the provisions  
10 of section 2 of said Act of Congress, declares and proclaim that it  
11 is exempt from the provisions of section 2 of said Act of Congress.

1 107. Legal shipments of gambling devices into New Jersey.  
2 All shipments into this State of gambling devices, including slot  
3 machines, the registering, recording and labeling of which has been  
4 duly had by the manufacturer or dealer thereof in accordance with  
5 sections 3 and 4 of an Act of Congress of the United States en-  
6 titled "An act to prohibit transportation of gambling devices in  
7 interstate and foreign commerce," approved January 2, 1951, being  
8 chapter 1194, 64 Stat. 1134, and also designated as 15 U. S. C.  
9 (1171-1172), shall be deemed legal shipments thereof into this  
10 State.

1 108. Severability.  
2 If any clause, sentence, paragraph, subdivision, section, pro-  
3 vision or other portion of this act or the application thereof to any  
4 person or circumstances shall be held to be invalid, such holding  
5 shall not affect, impair or invalidate the remainder of this act or the  
6 application of such portion held invalid to any other person or  
7 circumstances, but shall be confined in its operation to the clause,  
8 sentence, paragraph, subdivision, provision or other portion thereof  
9 directly involved in such holding or to the person or circumstance  
10 therein involved. If any provision of this act is inconsistent with,  
11 in conflict with, or contrary to any other provision of law, such  
12 provision of this act shall prevail over such other provision and  
13 such other provision shall be deemed to be amended, superseded or  
14 repealed to the extent of such inconsistency or conflict.

1 109. Equal employment opportunity; requirements of licensee.  
2 a. No license shall be issued by the commission to any applicant  
3 who has not agreed to afford an equal employment opportunity to  
4 all prospective employees in accordance with an affirmative-action  
5 program approved by the commission.

6 b. Each applicant shall formulate and submit to the commission  
7 an affirmative-action program of equal opportunity whereby the  
8 applicant guarantees to employ members of minority groups in all  
9 employment categories.

1 110. Equal employment opportunity; enforcement by the com-  
2 mission.

3 a. The commission, in addition to and without limitations of  
4 other powers which it may have by law, shall have the following  
5 powers:

6 (1) To investigate and determine the percentage of population  
7 of minority groups in the State or in areas thereof from which the  
8 work force for the licensee is or may be drawn;

9 (2) To establish and promulgate such percentages as guidelines  
10 in determining the adequacy of affirmative-action programs sub-  
11 mitted for approval pursuant to the provisions of section 109 of this  
12 act;

13 (3) To levy on licensees fees and charges found to be reasonable  
14 and necessary to accomplish the objectives to this section;

15 (4) To refer to the Attorney General or his designee circum-  
16 stances which may constitute violation of the Law Against Dis-  
17 crimination, P. L. 1945, c. 169 (C. 10:5-1 et seq.); and

18 (5) To enforce in a court of law the provisions of this act or to  
19 join in or assist any enforcement proceeding initiated by any  
20 aggrieved person.

1 111. Early settlement dates and certain transfers of gaming  
2 property prohibited.

3 When any person contracts to sell or lease any property or  
4 interest in property, real or personal, under circumstances which  
5 require the approval or licensing of the purchaser or lessee by the  
6 commission, the contract shall not specify a settlement or closing  
7 date for the transaction which is earlier than the ninety-first day  
8 after the date of submission of the completed application for such  
9 approval or licensing. Any provision of such a contract which  
10 specifies an earlier settlement or closing date is void for all pur-  
11 poses, but such invalidity shall not affect the validity of any other  
12 provision of the contract.

1 112. Prohibited political contributions.

2 a. No applicant, licensee nor any officer, director, partner or  
3 principal employee of any licensee, nor any member of the family  
4 of any such officer, director, partner or principal employee shall  
5 contribute to a candidate for nomination or election to any public  
6 office in this State, or to any committee of any political party of this  
7 State, or to any group, committee or association organized in

8 support of a candidate for nomination or election to any public  
9 office in this State, a contribution in excess of \$1,000.00 with respect  
10 to any such election.

11 b. Any contribution made to any candidate, party, group, com-  
12 mittee or association by an applicant, licensee or an officer, director,  
13 partner or principal employee of a licensee, or a member of the  
14 family of such officer, director, partner or principal employee, shall  
15 be reported to the commission by the contributor within 5 days of  
16 such contribution.

17 c. Nothing in this section shall be construed to authorize a con-  
18 tribution in any amount or manner otherwise forbidden by law.

#### ARTICLE 11.

#### CRIMES AND PENALTIES; AUTHORITY OF LICENSEES TO DETAIN OR QUESTION CERTAIN PERSON; EXEMPTIONS FROM CERTAIN

#### STATUTES.

1 113. Penalties for willful evasion of payment of license fees,  
2 other acts and omissions. Any person who willfully fails to report,  
3 pay or truthfully account for and pay over any license fee or tax  
4 imposed by the provisions of this act, or willfully attempts in any  
5 manner to evade or defeat any such license fee, tax or payment  
6 thereof is guilty of a misdemeanor, and shall in addition be liable  
7 for a penalty of the amount of the license fee evaded and not paid,  
8 collected or paid over, which penalty shall be assessed and collected  
9 in the same manner as are the other charges, license fees and  
10 penalties established by this act.

1 114. Unlicensed casino gambling games unlawful; penalties.

2 a. Any person who violates the provisions of section 69 of this  
3 act, or who permits any gambling game, slot machine or device to  
4 be conducted, operated, dealt or carried on in any casino by a  
5 person other than by a person who is licensed hereunder or an  
6 approved employee of such licensee is guilty of a high misdemeanor.

7 b. Any licensee who places games or slot machines into play or  
8 displays such games or slot machines in a casino without authority  
9 of the commission to do so is guilty of a misdemeanor.

10 c. Any person who operates, carries on or exposes for play any  
11 gambling game, gaming device or slot machine after his license  
12 has expired, but prior to the actual renewal thereof, is guilty of  
13 a misdemeanor.

1 115. Swindling and cheating; penalties. a. Any person who by  
2 any trick or sleight-of-hand performance, or by a fraud or fraudu-

3 lent scheme, cards, dice or device, wins for himself or for another  
4 money or property or representative of either is guilty of a high  
5 misdemeanor.

6 b. Any person who entices or induces another upon any pretense  
7 to go to any place where any gambling game, scheme or device, or  
8 any trick, sleight-of-hand performance, fraud or fraudulent scheme,  
9 cards, dice or device is being conducted or operated, or who while  
10 in such place shall entice or induce another to bet, wager or hazard  
11 any money or property or representative of either upon any such  
12 game, scheme, cards, dice or device, or to execute any obligation  
13 for the payment of money or delivery of property, or to lose, ad-  
14 vance, or loan any money or property or representative of either  
15 is guilty of a high misdemeanor.

1 116. Unlawful use of bogus chips, marked cards, dice, cheating  
2 devices, unlawful coin; penalty. a. It shall be unlawful for any  
3 person playing any licensed gambling game:

4 (1) To use bogus or counterfeit chips, or to substitute and use  
5 in any such game cards or dice that have been marked, loaded or  
6 tampered with; or

7 (2) To employ or have on his person any cheating device to  
8 facilitate cheating in such games.

9 b. It shall be unlawful for any person, playing or using any slot  
10 machine designed to receive or be operated by lawful coin of the  
11 United States of America:

12 (1) Knowingly to use other than lawful coin, legal tender of the  
13 United States of America, or to use coin not of the same denomina-  
14 tion as the coin intended to be used in such slot machine, except  
15 that in the playing of any slot machine it shall be lawful for any  
16 person to use tokens or similar objects therein which are approved  
17 by the commission; or

18 (2) To use any cheating or thieving device, including but not  
19 limited to tools, drills, wires, coins attached to strings or wires,  
20 or electronic or magnetic devices, unlawfully to facilitate the align-  
21 ment of any winning combination or removing from any slot ma-  
22 chine any money or other contents thereof.

23 c. It shall be unlawful for any person, except a duly authorized  
24 employee of a licensed casino acting in furtherance of his employ-  
25 ment, to have on his person or in his possession while on the prem-  
26 ises of a licensed casino, any cheating or thieving device, including  
27 but not limited to tools, wires, drills, coins attached to strings or  
28 wires, or electronic or magnetic devices to facilitate removing from  
29 any slot machine any money or other contents thereof.

30 d. It shall be unlawful for any person, except a duly authorized  
31 employee of a licensed casino acting in furtherance of his employ-  
32 ment, to have on his person or in his possession while on the  
33 premises of any licensed casino any key or device known to have  
34 been designed for the purpose of and suitable for opening or enter-  
35 ing any slot machine or drop box.

36 e. Any person who violates this section is guilty of a high mis-  
37 demeanor.

1 117. Cheating games and devices; penalty. a. It shall be un-  
2 lawful:

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

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

13 b. It shall be unlawful to use or possess any marked cards, loaded  
14 dice, plugged or tampered-with machines or devices.

15 c. Any person who violates this section is guilty of a high mis-  
16 demeanor.

1 118. Manufacture, sale or cheating games, devices unlawful;  
2 penalty.

3 a. It shall be unlawful to manufacture or sell any game or  
4 games played with cards, dice or any mechanical device, or any  
5 combination of such games or devices or equipment therefor, which  
6 is in any manner marked, loaded or otherwise made so as to deceive  
7 or defraud the public, or any bogus or counterfeit chip to be  
8 used in the playing thereof.

9 b. Any person who violates this section is guilty of a high  
10 misdemeanor.

1 119. Unlawful possession of device, equipment or other material  
2 illegally manufactured, distributed, sold or serviced.

3 Any person who possesses any device, equipment or material  
4 which he knows or has reason to know has been manufactured,  
5 distributed, sold or serviced in violation of the provisions of  
6 section 85 of this act, or otherwise violates the provisions of said  
7 section, is guilty of a misdemeanor.

1 120. Employment without work permit; penalty.

2 Any person who works as a casino employee without obtaining

3 a permit pursuant to section 83 of this act is guilty of a mis-  
4 demeanor.

1 121. Regulations requiring exclusion or ejection of certain per-  
2 sons from licensed casinos; unlawful entry by person whose name  
3 has been placed on list; penalty.

4 Any person whose name is on the list of persons promulgated  
5 by the commission pursuant to the provisions of section 61 of this  
6 act who enters the premises of a licensed casino is guilty of a  
7 misdemeanor.

1 122. Gaming by minors prohibited; penalties; defenses.

2 a. No person under the age of 18 years shall be allowed to enter  
3 a licensed casino.

4 b. Any licensee or employee of a licensee who allows a minor  
5 under the age of 18 to enter a casino is a disorderly person; except  
6 that the establishment of all the following facts by a person  
7 allowing any such minor to enter shall constitute a defense to  
8 any prosecution therefor:

9 (1) That the minor falsely represented in writing that he or  
10 she was 18 years of age or over;

11 (2) That the appearance of the minor was such that an ordinary  
12 prudent person would believe him or her to be 18 years of age or  
13 over; and

14 (3) That the admission was made in good faith, relying upon  
15 such written representation and appearance, and in the reasonable  
16 belief that the minor was actually 18 years of age or over.

1 123. Prohibited political contributions; penalty.

2 Any person who makes or causes to be made a political con-  
3 tribution prohibited by the provisions of subsection a. of section  
4 112 of this act, or who files or causes to be filed any report of  
5 political contributions which misstates or omits any material fact  
6 with respect to any such contribution, is guilty of a misdemeanor.

1 124. Authority of gaming licensee and agents to detain or question  
2 persons suspected of cheating; immunity from liability; posted  
3 notice required.

4 a. Any licensee or its officers, employees or agents may question  
5 any individual in the casino suspected of violating any of the  
6 provisions of section 115 through 119 of this act. No licensee or  
7 its officers, employees or agents shall be criminally or civilly  
8 liable by reason of any such questioning.

9 b. Any licensee or its officers, employees or agents who shall  
10 have probable cause for believing there has been a violation of  
11 any of the provisions of sections 115 through 119 of this act in  
12 the casino by any person may take such person into custody and

13 detain him in the establishment in a reasonable manner for a  
14 reasonable length of time, for the purpose of notifying law en-  
15 forcement or commission authorities. Such taking into custody  
16 and detention shall not render such licensee or its officers, em-  
17 ployees or agents criminally or civilly liable for false arrest, false  
18 imprisonment, slander or unlawful detention, unless such taking  
19 into custody or detention are unreasonable under all the cir-  
20 cumstances.

21 c. No licensee or his officers, employees or agents shall be  
22 entitled to any immunity from civil or criminal liability provided  
23 in this section unless there is displayed in a conspicuous place in  
24 the casino a notice in boldface type clearly legible and in sub-  
25 stantially this form:

26 Any gaming licensee or officer, employee or agent thereof who  
27 has probable cause for believing that any person is violating any  
28 of the provisions of sections 115 through 119 of the Casino Control  
29 Act, prohibiting cheating in gaming, may detain such person in  
30 the establishment for the purpose of notifying a peace officer.

1 125. Other offenses; general penalty. Any person who violates  
2 any provision of this act, the penalty for which is not specifically  
3 fixed in this act or in commission regulations pursuant to this act,  
4 is guilty of a misdemeanor.

1 126. Continuing offenses. Each day during which a violation of  
2 any of the provisions of sections 113 through 123 of this act shall  
3 be deemed to be a separate offense.

1 127. Exemption from gambling statutes. The provisions of  
2 N. J. S. 2A:40-1, 2A:40-8, 2A:112-1 and 2A:112-2. shall not apply  
3 to any person who, as a licensee operating pursuant to the pro-  
4 visions of this act, or as a duly authorized employee thereof, or  
5 as a participant in any gambling game licensed pursuant to the  
6 provisions of this act, engages in gambling as authorized herein.

#### ARTICLE 12.

##### APPROPRIATION; EFFECTIVE DATE.

1 128. Appropriation. There is appropriated to the State Casino  
2 Revenue Fund from the general treasury the sum of \$300,000.00  
3 or so much thereof as may be necessary for the purposes of the  
4 Casino Control Commission in administering the provisions of this  
5 act for the period ending June 30, 1977, which sum shall be repaid  
6 to the general treasury as soon as practicable from revenues  
7 accruing to the State Casino Revenue Fund.

1 129. Effective date.

2 This act shall take effect immediately.

## STATEMENT

This bill is intended to implement the constitutional amendment, approved by the people at the general election of November 2, 1976, authorizing the Legislature to provide for casino gambling in Atlantic City.

The objectives of the bill and the persons and localities affected are set forth in subsection b. of section 1 as a statement of findings and declaration of policy by the Legislature. Revenues derived from the taxation of casinos established pursuant to this act will be devoted, pursuant to the constitutional amendment and section 105 of this bill, to reduce senior citizens' property taxes, rentals and utility expenses.

11

ASSEMBLYMAN RICHARD CODEY (Chairman): Good morning. We would like to get the public hearing underway. The public hearing is on Assembly Bill 2366, which is the enabling legislation to regulate casino gambling in Atlantic City.

Our first witness this morning will be the sponsor, Assemblyman Perskie.

S T E V E N P. P E R S K I E: Good morning, Mr. Chairman, members of the Committee, and Senator McGahn.

For the record, I think we should note that Senator McGahn, I think it was on Monday, introduced a comparable bill - I don't recall the number offhand. But there is a comparable bill in the Senate pending at this time as well. The content of both bills is, at the moment, identical. Assemblyman Kupperman is also here this morning and I understand as soon as I am finished, he will also be making a statement with respect to Assembly Bill 2366.

There are a number of witnesses to speak so I shall try to make my remarks as concise and brief as possible and then answer any questions you might have. With regard to the content of the bill itself, any specific questions that the Committee has already developed, I would be pleased to try to respond to in terms of what the intent of the sponsors is. I will use my remarks this morning in general to talk about the concept, the ideas and the philosophy behind the proposal, touching on a couple of specific points as I go along. I will remain available for the Committee during the balance of the hearing today, after my testimony is completed, in the event that any specific questions are raised before the Committee that would require some elaboration in terms of the sponsors' intent. Likewise, I will be available to the Committee during the rest of its deliberations after today.

I should note, as both Assemblyman Kupperman and Senator McGahn are going to note after me, that we already have and expect to continue to receive a number of amendments to the bill. Many of them are of a minor or technical nature, but some of them of relative substance, dealing with some of the provisions that are presently in the bill and some other areas that are not presently in the bill. I will mention a few in passing and I know Assemblyman Kupperman and Senator McGahn will mention others. The administration as well, as you have been advised, intends to propose sometime in the next several weeks, a series of additions to the bill. We expect to be working together with them on that. So there will develop out of this entire process and out of this Committee's deliberations a consensus as to the specifics of the legislation before it is released by this Committee for a vote before either House.

With that as a background, let me also note that I have been requested this morning to give to the Committee a statement on behalf of the Atlantic City Merchants Association, which I will present to the Committee. It is in the form of a letter to me, but was sent to me with the intention that it be submitted to the Committee on behalf of the Merchants Association of Atlantic City. The statement is basically self-explanatory. It is supportive of the concepts of the Senate and Assembly Bills as they were introduced and as I will articulate those concepts at this time. (See page 1 X.)

Mr. Chairman and members of the Committee, the people of Atlantic City certainly are the most directly affected by the referendum that did pass and the legislation that is pending. Certainly the people of the entire State will benefit, and we expect to be able to establish that. But the most direct impact upon people's lives, if you will, is going to be most heavily felt upon the 42 thousand or 44 thousand or 46 thousand permanent residents of Atlantic City and the immediate surrounding area. As a result, the people of that community are very, very concerned about the character and the nature

of the gambling operations to be licensed and established by the legislation under consideration by the Committee.

It is for that reason that I will lean very heavily on a few points that are in the legislation that serve to underscore the kind of philosophy and the kind of gambling operation that the people of Atlantic City feel is right for them, and, frankly, that is consistent with the commitments made to the people of the entire State during the referendum period just passed.

I should emphasize, because it is very important to the three of us who represent Atlantic City in the Legislature and also to all of the people of Atlantic City, that some very specific commitments were made to eight million people with reference to what the gambling would be in Atlantic City - what kind of gambling, what its nature and its style and its character would be - in order to achieve the electoral support of the people of New Jersey. It has been made very clear to us - Senator McGahn, Assemblyman Kupperman and myself - in the period since the referendum that the people that we represent desire us and, in fact, have mandated us to keep those commitments, to maintain the promises that we made to the people of New Jersey. Now, to be sure, as in every other community in the State, there are differing opinions and there are different emphases and different points of priority among the people of Atlantic City. You may well hear from some today or on future days with regard to different points of emphasis and different points of priority. But what I say and what Assemblyman Kupperman and Senator McGahn will present after me and what is contained in that letter you received from the Atlantic City Merchants, which is typical - and I believe the Mayor is also here and will also, I am sure, represent the kind of commitment that I am addressing now - deals with the nature of the gambling operation.

What do we mean by that? We mean, as that letter indicates, that we desire to offer gambling in Atlantic City as an element of a larger tourist resort and convention trade. It is not our desire to turn Atlantic City into a Las Vegas East, as has so often been misrepresented in the media. It is not our desire to turn Atlantic City into a gambling town. It is our desire very specifically to rebuild and revitalize the tourism, the convention trade and the family resort nature of the commerce that has always thrived in Atlantic City until recent years, and, to that end, to offer a certain style of casino gambling operations, as an element of that package, designed to rebuild and revitalize that kind of industry. As such, for example, the bill very carefully limits casino operations to certain major hotel convention facilities, "certain" being defined, not by name, but rather by structure and by available facilities, in terms of the number of rooms in the hotel, in terms of the size of those rooms, in terms of the amount of convention space that is required to be available in that facility, in terms of the minimum size of the casino.

I should emphasize that the statute makes the specific figures that we deal with in those areas minimum figures, and that is in keeping with our intent. We desire to attract to Atlantic City major new hotel and convention facilities. And there will be a major announcement tomorrow in Atlantic City with reference to the architect who has been employed to build the first new major facility. What is designed in the statute is to provide a floor: at least 400 rooms, of at least 325 square feet, with at least 25,000 square feet of convention space available, and a casino of at least 15,000 square feet. These are minimum figures. We feel that they fairly represent a balance between our commitment and desire to attract new major hotels and convention hotel facilities to Atlantic City, on the one hand, and the need and the desire to rehabilitate and expand and restore existing facilities on the other, all with the goal of providing for Atlantic City

in the neighborhood of 10,000 additional first-class hotel rooms, with which, and with ancillary facilities, we will be able again to be the showplace of the United States in terms of the convention and resort trade.

Again, those figures represent minimum commitments. There are those who realistically assert that they are too low, that we should be raising those figures, particularly the number of rooms and the amount of convention space. But I submit - and we can go through this in detail if the Committee desires either now or later - that these figures accurately reflect the economic realities that exist, the desire to attract new capital and the desire to improve the facilities that we have.

With regard to certain other particulars in the bill, again these are in keeping with the philosophy and nature of the kind of gambling we want to have in Atlantic City. Let me touch on one other that is most important; and, that is, hours of operation. There cannot be any doubt that 24 hours of operation is better for the casino operators and better for those who will directly profit from the operation of casinos than any other proposal that would limit hours in any respect. But it equally cannot be argued that a community with 24-hour casinos is not different by nature than a community without that. We have done a survey of major casino hours all over the world. We have collected - and Assemblyman Kupperman has this and I am sure he will share it with you - the hours of operation of every casino that exists. The typical pattern that we have found in most instances, particularly in the European areas, is an operation from early in the afternoon - typically 12 Noon or thereabouts - to the early morning hours, somewhere in the neighborhood of 4:00 or 5:00 in the morning.

The way the bill is presently drafted, it reads 16 hours. One of the amendments I will ask the Committee to consider when it gets down to the deliberative process is to make that more specific and to put in the specific 16 hours or 12 Noon to 4:00 A.M., in order that there will be a great deal of certainty both as to the actual hours of operation and also in keeping with the tenor and the nature and the philosophy of what I have articulated this morning about what kind of community we want to have in Atlantic City and, further, in keeping with the commitments that we made to the people of New Jersey in the referendum that Atlantic City would not be a gambling mecca, specifically, but gambling would be offered as an element of the resort and tourist trade. I would refer the Committee in that respect to the language that appears in the initial portion of the bill as the statement of policy and legislative findings, which can be found starting on the bottom of page 7 and running through to the middle of page 9 of the bill. That language is not meant to be taken lightly. It is meant to define in very careful terms the philosophy and the commitment that the people of Atlantic City want for themselves and that we feel is in keeping with the commitment that we made to the people of New Jersey. Just very briefly, let me refer to one paragraph, and that would be Paragraph 7, which speaks to many of the issues I just mentioned, "Restricting the issuance of casino licenses to major hotel and convention facilities is designed to assure that the existing nature and tone of the family resort, tourist and convention industry in New Jersey and in Atlantic City is preserved, and that the casino rooms licensed pursuant to the provisions of this act are always offered and maintained as an integral element of such resort, tourist and convention facilities, rather than as the industry unto themselves that they have become in other jurisdictions."

Let me briefly, if I may, as well touch on a couple of points that aren't mentioned but that I have some reason to believe may be mentioned either today or later in other testimony and that I think are important. There are a number of areas that are not adequately treated in the bill that are presently under consideration both by the administration and I know by the Chairman and by some other members of the Committee

that I expect will find their way into this legislation before it is finished.

One is a greater degree of specificity and flesh on the skelton, if you will, of the division of the administrative and investigative nature of the Casino Control Commission. It is my hope - and I expect - that the administration will provide the kind of language which will clearly delineate between the administrative and the investigative nature of the Commission and assign the investigative work specifically under the jurisdiction of the State Police so that we can have a very clear line of authority and a clear public confidence in the integrity and investigative capability of the Commission.

The bill does not reflect anything about regulating schools, schools for dealers and schools for operators. We have seen much in the media recently about proposals to open dealers' schools and the like. It is my expectation and my hope - and I will encourage the Committee when we get the language - to write into this legislation regulation and licensure of any school operations so that we can have the same degree of supervision and control over that aspect of the industry as we have over the others that are mentioned.

In the same regard, I think we ought to extend that kind of supervision to any groups or any agencies that are going to be involved in any way with the casino employees. We already have, as you will note from the legislation, regulations dealing with the approval and the licensure of the employees in the casino, and I think that that is a necessary extension of that.

There is no provision in the bill prohibiting tipping to the individual dealers and casino employees. Since the drafting of this bill, I have come to the conclusion that such a provision is vital in order to assure that the integrity of the process and the appearance of the integrity of the process of gambling will be maintained and preserved.

One other specific point that I do want to make before answering any questions - there is one sentence or clause in the bill that I will be specifically requesting, as will Assemblyman Kupperman and Senator McGahn, the Committee to delete; that is a provision which was originally intended for one purpose, but has been substantially misunderstood to mean another, so we have decided to remove it. That appears on page 28 of the draft relating to the timing of the operation of a casino license. It was our intent in Section 70 (c) to allow for a potential applicant to submit his application based upon approved plans for the construction of the kind of facility that is permitted in the statute - and we still intend that. However, the last clause, starting on line 20, refers to the opening of a license earlier than otherwise with 250 rooms, and that has tended to make people believe that we were trying to reduce the room requirements. So that clause from line 20 to 26, we will ask the Committee to remove in its entirety.

Mr. Chairman and members of the Committee, there are many other points that could be made or should be made by me or by others. I will not attempt to try to cover the whole ground. We have a number of people here who wish to address the bill from many of several perspectives. I would at this time make myself available for such questions as you may have as to specific portions of the bill or as to our specific intent with the bill. As I indicated earlier, I will remain available during the entire day to help answer any questions as to the sponsors' intent that may come up.

ASSEMBLYMAN CODEY: Thank you, Assemblyman Perskie.

Before I ask for questions, I would just like to say that the Committee had written a letter to U. S. Attorney, Mr. Goldstein, some two weeks ago, asking him to testify before this Committee to give his thoughts on this proposed bill. Unfortunately, he didn't feel that we were worthy of a response, either by telephone or by letter. Instead he thought it would be best for him to put out yesterday a press release blasting the bill. I am very sad and upset that he would act in such a manner. I think it is an offense to this

Committee and to the Legislature. If he has anything constructive that he could add to this discussion, he could have done it in a fashion that would have helped all of us and certainly helped the people of the State of New Jersey. I am very upset that he took the course of action that he did. Obviously, he doesn't intend to help this Committee set up a bill that will help all of us in the State of New Jersey, but rather has made some statements for his own welfare. What that may be, I don't know. But it does upset me and it certainly is an affront to this Committee.

ASSEMBLYMAN PERSKIE: Mr. Chairman, I don't intend to try to further upset you. But, as long as you are on the subject, I spoke with Mr. Goldstein early in September and again on several occasions through the referendum debate, the last occasion of which I think was the Thursday night before the election, and encouraged him specifically to send to me or to the Committee or to anybody else such specific recommendations for amendment or for improvement or suggestions with respect to the proposal as he might have. I told him then - and I now make public my statement, as I have indicated in other contexts already publicly and as Senator McGahn and Assemblyman Kupperman have already indicated - that we don't think that the bill is perfect, that the bill represented our best judgment at the time we introduced it, and that we are not only willing to accept recommendations designed to upgrade and strengthen the bill, as opposed to any recommendations to weaken or dilute it, but we actively solicit those kinds of recommendations and suggestions.

I am discouraged by Mr. Goldstein's remarks. I find them totally inconsistent with the kinds of remarks he was making during the referendum. At that time, he was blasting us for leaving certain decisions to the Legislature on the grounds implicitly that the Legislature was not fit to handle them. Now he is blasting us for making available to the regulatory Commission decisions that he says should properly be left to the Legislature. So I find a little bit of inconsistency there in any event.

ASSEMBLYMAN CODEY: Are there any questions of Mr. Perskie?

ASSEMBLYWOMAN BURGIO: Assemblyman Perskie, does the bill limit the number of casinos that can be opened in Atlantic City?

ASSEMBLYMAN PERSKIE: That is a very important point and I was hoping somebody would ask it so I could talk about that for a moment. The bill does not contain an artificial or an arbitrary limit as to x number of licenses. But we feel that the question of the limit on the number of licenses is crucial. Let me explain why we have done what we have done, why we think it will work, and what we are prepared to do if it doesn't.

We did not want to put an artificial limit on the top number of licenses at this time for two reasons. In the first place, we wanted to stimulate and encourage new hotels and new construction to come into Atlantic City; and, because there are a number, maybe half a dozen and maybe as many, if we really stretch it, - and I hope we won't - as many as eight existing facilities that might be made to qualify with enough improvement, if we set some kind of an arbitrary limit now without knowing where we are going exactly, we would be discouraging new development and new construction.

In the second place, if we set an arbitrary limit of x, I was concerned about the situation of how the Commission would make determinations and upon what standards, if we had x plus one or x plus two qualified applicants.

What we tried to do and what I think we have done is to establish a limitation on the facility involved. That is why I mentioned that we are very, very concerned about maintaining the standard of the facilities in this bill: the number of rooms, the size of the rooms, the amount of convention space and the size of the casino. These standards are very high. You will probably hear some complaints before the day or the month is out that they are too high. I don't think they are. You will also hear some comments from some who think they are not high enough - and they may well be, in certain cases, not high

enough. You will also hear from some others who want to have casinos without any hotel; they just want to stick a casino in a bar or in a nightclub. It is our fervent belief that we must effectively limit the total number of licenses in order to preserve the philosophy and the tone of the gambling in Atlantic City in the fashion that I have indicated.

Suppose we are wrong and suppose the standards in that bill are enacted by this Committee the way they are, and we start to see a situation where with so many new hotels going up and so many of the existing facilities being expanded or redeveloped into places for licenses that we start to see 12 or 15 licenses for Atlantic City. Then I would be the first one to support - and I will introduce and I am sure Assemblyman Kupperman and Senator McGahn would co-sponsor and introduce - legislation on a moratorium on new licenses.

It is our belief that what we should be doing at this time is the best job we can to encourage new development and new facilities without trying to strangle, at this point, that kind of encouragement. If it turns out that the limitations are unreasonable low and that too many licenses are being issued, we can deal with that most effectively at this level.

ASSEMBLYWOAMN BURGIO: Thank you.

ASSEMBLYMAN KAVANAUGH: Regarding the qualifications and eligibility of the Commission members, initially you start with 1, 2, 3, 4 and 5 years. Then everybody would be five years. I, personally, think that we would be better off if we would set it up in such a manner that it was staggered so that each year someone would be replaced, so that they can't ---

ASSEMBLYMAN PERSKIE: That's the way it is.

ASSEMBLYMAN KAVANAUGH: Isn't this set up, after the year, then each ---

ASSEMBLYMAN PERSKIE: Each time somebody comes up, it is a five-year term, but that would be staggered.

ASSEMBLYMAN KAVANAUGH: The first member is for one year, the second member is for two years - three years, four years, five years.

ASSEMBLYMAN PERSKIE: Then each reappointment is for five. So the end result would be, after you phase it in, that you have one person coming up each year.

ASSEMBLYMAN KAVANAUGH: Okay, fine. Then, as far as the qualifications and eligibility, they would serve at the pleasure of the Governor?

ASSEMBLYMAN PERSKIE: No, for a term.

ASSEMBLYMAN KAVANAUGH: But the Governor, himself, makes the determination as to who he is going to appoint.

ASSEMBLYMAN PERSKIE: Yes. Let me speak to that. I think the Chairman at one point in the last couple of weeks suggested the possibility of a ten-year maximum on the term. I did not include that in the bill. I do not have any particular objection to it, but I think it may well serve a good interest to insure a turnover and a kind of freshness of approach in the operation.

So, Mr. Chairman, on that one point, I don't have any problem.

Also the Chairman, I think, suggested somewhere along the line that the statute reflect some criteria for the appointment either of the Executive Director or of the Commissioners. I thought substantially of that in terms of qualifications and in terms of geography. We had some input that we have to have so many from this county or whatever. I decided in the end to trust to the appointive process of the nomination by the Governor and the advice and consent of the Senate to provide the kind of graphic and qualification type of background that we would want to have. If you take it to its logical conclusion,

we also ought to be concerned about a racial balance and we also ought to be concerned about a labor and management balance, and what not.

I think in the last analysis, rather than incorporate all of that into the statute, that we ought better rely on the normal process for that, which I think can very successfully work.

One specific point I think the Chairman mentioned in his comments was that he thought the statute ought to require that the Executive Director have some law enforcement experience. I also don't have any problem with that kind of a concept. I don't know whether it would necessarily be appropriate to put it into the statute. I don't object to it if the Committee wants to do it. I think it is a very good idea on the merits in any event.

ASSEMBLYMAN KAVANAUGH: How about a requirement that you have these people who are going to be appointed to the Commission be considered at a public hearing?

ASSEMBLYMAN PERSKIE: On the appointive process?

ASSEMBLYMAN KAVANAUGH: Yes.

ASSEMBLYMAN PERSKIE: I have no objection to it. I understood that any senatorial confirmation hearing by the Judiciary Committee is, as a matter of law under the Open Public Meetings Act, a public hearing. Is that not correct?

ASSEMBLYMAN CODEY: That's correct.

ASSEMBLYMAN PERSKIE: I believe it is. If you want to put an extra sentence in the bill to insure that, I have no objection. But it is my understanding that that is automatically the case in any event.

ASSEMBLYMAN KAVANAUGH: Thank you.

ASSEMBLYWOMAN CROCE: Assemblyman Perskie, from what I can gather from the people whom I have been talking to, they would not like to see any gambling during the daytime. I know that you have 16 hours and that is what you people would like. Most of the people with whom I talked said that they would prefer to have it from 7:00 or 8:00 in the evening. They felt in the daytime, if it is going to be a family place, they would rather the people swam and not gamble.

ASSEMBLYMAN PERSKIE: Assemblywoman, you perhaps more than most legislators have a familiarity with Atlantic City and with the kind of place that it is. From that perspective, you are probably right. To be very frank, that was my original position with respect to that. The problem with that, standing by itself, is that by any objective measurement -- and we tried not to simply talk to the people who have expressed an interest in Atlantic City, but rather we have tried to go elsewhere to people who haven't really expressed an interest in coming to Atlantic City as operators. And we have looked around at what other gaming establishments do in other areas of the world, and particularly I was sensitive to the Porto Rican experience, although it isn't comparable in all respects because of the kinds of facilities we hope to have and the population that is available to us that is not available to them -- but the Porto Rican experience was to have a solely nighttime operation, eight hours in the evening, I think, from 8:00 or 8:30 in the evening until 3:00 or 4:00 or 5:00 in the morning. And it didn't work in economic terms. The government in Porto Rico was required recently earlier this year to extend back towards, I think, either 2:00 o'clock or 12:00 o'clock - I am not sure which, although we have the information here.

The bottom line of what I am saying is that we feel that the Noon hour is a viable accommodation to two interests: One is to the preservation of Atlantic City as a non-gambling city, if you will, in terms of what it is first known as, so there would be no 24-hour operation; and also to provide the kind of economic stimulus that will attract to us the kind of investment in which we are interested. It seems from the input

that we have been getting - and I invite the Committee to solicit its own input - that anything less than a Noon operation for a 16-hour day in economic terms doesn't provide the kind of incentive and the kind of inducement to rebuild that we need. I think, doing it that way, with the emphasis away from the 24 hours and with the other provisions that are in the bill designed to restrict and regulate --- Let me mention also while I am on this point that one idea that is not in there yet that is going in through one amendment or another is a restriction as to access to the casino. You are not going to be able, we hope - and we expect to give you language that we will request you put in the bill - to gain entrance to the casino from the street or from the boardwalk. In other words, you would have to enter into the hotel and have an entrance to the casino off the lobby or some such place, in order again to deal with the nature and the character of the gambling. We intend that you should have to intentionally go to the casino and not accidentally walk into it.

ASSEMBLYWOMAN CROCE: On page 45, Article 9, Section 104, provides for a tax on gross revenues of 8 percent. I talked to some people - and I would like to get your feelings on this - about having this changed to 12 percent.

ASSEMBLYMAN PERSKIE: As I understand it, the Governor has commissioned some individuals in the Department of the Treasury to focus specifically on this whole structure. Before arriving at the figure of 8 percent, we looked at some of the tax structures that exist in other jurisdictions and we tried to make a simplistic tax structure that would be a little easier to administer, for example, than Nevada that has a county, a local and a state tax, a set of table fees and what not. We also tried to provide a sufficiently sizable figure that would generate substantial revenue for the constitutionally-dedicated purpose, yet also keep in mind the economic realities of the casino industry.

So the direct answer to your question is I think that the 8 percent is a realistic figure. If it can be shown that 12 is a realistic figure, considering all of the criteria I have just articulated, I could support it. But I rather suspect, upon investigation, you will find, structuring the tax, as it is, on gross revenues as opposed to net revenues, and providing in any event that the casino operators are going to be paying the corporate business tax in New Jersey or the personal income tax, whichever is applicable, and the property taxes and all of the other taxes that we have, that this is a realistic figure.

ASSEMBLYWOMAN CROCE: Thank you.

ASSEMBLYMAN MC MANIMON: I am concerned about the alleged statement of United States Attorney Goldstein as reported in the newspapers, that this was more or less a fraud or a hoax. I would like to have you comment on that.

ASSEMBLYMAN PERSKIE: Well, I am very disappointed in Mr. Goldstein's remarks. In the first place, as I indicated earlier, during the campaign he expressed a great deal of dissatisfaction with the concept that the Legislature would be dealing with some of these issues. Now he is expressing the idea that we cannot tolerate a situation where crucial legislative decisions are delegated to a body not directly accountable to the public. The damage of this is that there is a tendency, because of the high position that he holds and because of the remarkable record that that office has maintained over the years in terms of the public perception of fighting corruption, and legitimately so - and I indicated during the campaign that I felt that the credibility of our efforts was related in part to the credibility of our State Police and his office and the other law enforcement agencies that were available -- the danger is when he gets up and says something about a bill, there are a number of people who automatically assume that it is so just because he is saying it. I would respectfully dissent. This bill is not a child of the special interest groups. If anything, I can tell you - and I can only speak for myself and not

for Assemblyman Kupperman and Senator McGahn, but they are here today and can speak for themselves - we have been, at least I have been, subjected to a great deal of lobbying, if you will, all proper, and none by any means improper, and I don't mean to suggest that, by people who might be classified as special interest groups for one interest or another. You are going to hear today from special interest groups. You are going to hear from people who want 24 hours. You are going to hear from people who want 8 hours. You are going to hear from people who want casino licenses located in a bar instead of in a hotel because they feel that that is the only way they can make good. And you are going to hear from people, I hope, and you have already heard from me and from the Association, that it should be limited to certain kinds of facilities for the reasons that I have indicated.

What we have produced here, the three of us, with our staff and the assistance that we have had, and what I hope this Committee will produce based on this bill with the input that it will get and with the input we are giving it today and by way of amendment the administration will propose, is a fair, workable bill that not only regulates casinos in New Jersey for the benefit of the people and not the operators, but also gives the appearance, which instills confidence in the people, that that is what is done.

Again, I would refer back to the original language in the bill which makes very specific the concern that we have for public confidence and public trust. I refer you to Paragraphs 5 and 6 on page 8: "An integral and essential element of the regulation and control of such casino facilities by the State rests in the public confidence and trust in the credibility and integrity of the regulatory process." Then we go into particulars.

Mr. Goldstein makes some points in his remarks about the jurisdiction of the Legislature and the jurisdiction of the regulatory Commission. That is a sensitive issue, one that you will be dealing with in your deliberations on this bill. What should be legislated in the statute? What should be left to the regulation of the Casino Control Commission? We have tried to deal with that in the bill that you have before you. We think we have done a pretty good job in separating out what we think should be legislated and what we think should be regulatory. I, for one, do not share Mr. Goldstein's lack of confidence either in the State Legislature or in the integrity and probity and public trustworthiness of the Casino Control Commission that will be established. I don't know who those five people will be and I don't know who the Executive Director will be, although I have heard some names mentioned. But I do have a great deal of confidence that the six people in question will be people whose public perception and whose credibility by reason of their histories, their records and their experiences will be beyond reproach.

I think you will be consistently dealing with what should be legislated and what should be regulated, as I have said. We feel, by and large, that most of the intricate "nuts and bolts" decisions as to the gaming operations, themselves, should be regulated: the questions of credit procedures, the question of the number of games and the odds on the games, and things like that. That I don't think is properly the subject of legislative action because I don't really think we have the expertise at the legislative level to deal with those kinds of issues. I think what properly should be in the legislation is policy. I think what properly should be in the legislation is the concept of what kind of community we want Atlantic City to be. I think what should properly be in the legislation is the commitment that we urge you to keep in there that we have Atlantic City offered as the kind of community I have described this morning, and Assemblyman Kupperman and Senator McGahn will describe, and Mayor Lazarow.

I think what should be in the legislation is the articulation of the kinds of commitments that we made in support of this referendum question to the people of New Jersey,

and for which they voted on November 2nd. It was no accident that Assemblyman Kupperman, Senator McGahn and I, and the Committee to Rebuild Atlantic City under the chairmanship of Mayor Lazarow, quite deliberately and quite intentionally, released what is in essence this bill, on September 30, 1976. The bill you have before you is for all practical purposes essentially the same bill. There are some changes and there will be others, but it is essentially the same bill. That was no accident. We did that quite deliberately in order to make some specific kinds of commitments to the people of New Jersey.

Now it is up to us, it is up to you on this Committee, it is up to our brethren and "sistren" - if there is such a word - in both Houses of the Legislature, and the Governor, to redeem those commitments. And I trust in our capacity to do that.

Mr. Goldstein obviously not only has the right, he also has the duty, to comment on what he considers to be in the best interest of law enforcement in New Jersey. I would hope that he will do so in the form that you have suggested, Mr. Chairman, and that I have suggested, and that is in the nature of specific comments and specific language for the bill that he thinks is appropriate. But, in any event, I would hope that the citizens of New Jersey will consider all of this in the balance, that they will pay careful attention to the hearing process today and the Committee's deliberations in the next weeks, and to the legislative debate that will follow, in order that they may have what we think is vitally necessary; and, that is, confidence and trust that we are operating a viable, honest, dedicated, clean, legitimate gambling operation in New Jersey.

ASSEMBLYMAN CODEY: As you know I have had some thoughts with regard to the way you have structured the bill with respect to who would be allowed to have casinos. When you think about it, why should only individuals who own hotels, with 400 rooms and with so many square feet for a casino, be allowed to have a license? For example, a good businessman may be very worthy of operating a casino. He may be a good person and might do a good job, but he doesn't own a hotel with 400 rooms and whatever. He would be excluded. I have some problems with that, as you know.

As you know, I have, at least, brought out the idea of putting the casinos up to bid. Now, you put in the bill a dollar amount of \$150,000 for the granting of a license. Let me ask: Why is \$150,000 that magical number? Those licenses may well be worth a half a million dollars or a million dollars. I don't know and I really don't think that you know.

ASSEMBLYMAN PERSKIE: Let me deal with those two points in order, Mr. Chairman, if I may.

There is no theoretical reason why a group of businessmen could not be able to bid on a license, except if you keep in mind the entire context of what we tried to do for Atlantic City. If you are talking about what is good for gambling and the gambling industry, that is the best way to go - there can't be any doubt about it. But that isn't what is good for Atlantic City. That isn't what I think and what I believe the Committee to Rebuild Atlantic City thought was in the best interest of the State of New Jersey. We are talking about using gambling in Atlantic City as a means to an end. The end is not the gambling industry. The end is not the casino industry. The end is the tourism, resort and convention industry of Atlantic City in particular, and the State of New Jersey in general. So that what we want for Atlantic City and what we told the people of New Jersey that we wanted for Atlantic City was not gambling, per se, not simply a gambling casino adjacent to a nightclub or to a restaurant, but rather we wanted 10,000 new first-class hotel rooms, with entertainment facilities, with restaurants, with nightclubs, with shops, that would attract conventioners and tourists to Atlantic City. That is integral to the whole concept of the bill. There is no compromise with that

without compromising the central underpinnings of our entire proposal.

ASSEMBLYMAN CODEY: What you are talking about really doesn't relate to the question I posed. I am just talking about ---

ASSEMBLYMAN PERSKIE: I submit, Dick, that it does. Let me just briefly try to indicate why again. I will get to the bidding in a moment. That is another question and I concede you that. That's the question of the valuation of the license and that is separate.

I am talking about the concept of who should be eligible for a license, which was your first point. Again, you have to keep in mind our intention and our goal is not aimed at what is good for gambling, per se.

ASSEMBLYMAN CODEY: My question was not addressed to what was good for gambling, but what was in the best interest of the people of the State of New Jersey.

ASSEMBLYMAN PERSKIE: Okay. And what we submit, and we did submit before the referendum, and what we would like to think was the basis for the people's approval in November --- Well, let me put it this way: The people voted "no" in 1974, and they voted "no" by 60 to 40. They voted "no" in '74 on a proposal that in general terms would have legalized casino gambling in New Jersey, and there wasn't a great deal more particularity in terms of it than that, certainly as to location, but also as to nature. They voted "yes" by the same margin of 60 to 40, or a little bit better, or approximately that, in 1976. One of the reasons we submit that they did so - there were many - was the limitation to Atlantic City, quite obviously, and that is probably the single most important. But the other, we submit, was the concept that we tried to develop of a resort industry and the casino-hotel concept and the convention-hotel concept, as opposed to anything else - as opposed to any group of businessmen getting together to have a casino, or a casino and a bar, or what not. Most importantly, Mr. Chairman, let me close this point of it by saying that, if there is no other reason why we shouldn't go in that direction, at least there is the reason that if we set up - and this relates to the question Assemblywoman Burgio asked - that kind of operation where any group of businessmen with sufficient capital could get together and put up a casino, we would not be able to attract the investment capital that we need for hotels and to put construction workers to work, and to put permanent people to work in the hotels after the construction is done. The reason for that is, if a guy has \$50 million to invest in a major hotel in Atlantic City and if in so investing he is going to the 3rd or the 4th or the 8th or the 9th casino license in Atlantic City, that is one economic reality. And we submit he is going to be inclined to do it. If he has \$50 million to invest and he is going to get the 15th or the 18th or the 20th or the 25th license, why should he invest that \$50 million in Atlantic City? He is not going to do it. It is a different economic reality.

So, for the reason of the nature of the operation and also for the reason of an effective limitation on the number of licenses, we would submit that that is not the way we want it to go for Atlantic City.

The second question: What about the bidding and what about the value of the license? The statute says that the annual license fee shall be established by the Commission at such level as is necessary to offset the costs of the Commission, and, in no event, less than \$150,000. That is the way it reads. It was our intention to try to develop the concept that the costs of the supervision and investigation and management and qualification process would be borne by the licensee and not by the taxpayers. In Nevada, as you well know, they have a system that assesses the direct cost, and a court has just knocked that out. We think we have a better idea than that because we think that this is a more defensible type of position. The \$150,000 represented our assessment - and, incidentally, that is an annual fee, not a one-time shot; that's an annual renewal fee as well - at that time of

what a reasonable likelihood would be for the investigative and licensure process. But, in any event, the statute reads that the fee would be up to the Commission, at levels that would be necessary to offset its costs.

If, in fact, it is determined that the licenses are worth a lot more than that on an initial application basis, that is an item on which we have some flexibility upward. But I am, frankly, much more concerned, Mr. Chairman, than on the question of the bidding for the license fee, on the question of the eligibility. That is an integral, inherent, essential aspect of the bill, with which I for one would not be prepared to compromise.

ASSEMBLYMAN CODEY: By the way, I don't know if the reversal of the vote was so much because of what was projected or whether it was just because of the well-financed, well-developed campaign. I don't know and I don't even want to speculate.

ASSEMBLYMAN PERSKIE: Reasonable men can differ on that, Mr. Chairman. But I would submit that the most well-financed and well-organized campaign couldn't have sold a lousy product - at least, couldn't have sold it with the emphatic "yes" that we did this one. We think we had a good product. In any event, we stand committed to redeeming the promises that we made.

ASSEMBLYMAN CODEY: There are a lot of lousy products sold on TV.

You mentioned about Atlantic City being referred to as the Las Vegas of the East. I would hope that if we do our job right, maybe ten or twenty years from now, Las Vegas will be referred to as the Atlantic City of the West.

ASSEMBLYMAN PERSKIE: Well, maybe we can show Las Vegas - and it would be my hope that this Committee will support us in this effort - that there is a better way to do it than they did it. That is what we intend to do.

ASSEMBLYMAN CODEY: By the way, in my reading of the bill, I came across a clause which I thought was interesting. The effect of it would be that since I am a State legislator, my sister-in-law would not be allowed credit at a casino. In reading the bill further, it seems that while she wouldn't be allowed to receive credit, she would be allowed to work for them, which seemed to me rather inconsistent.

ASSEMBLYMAN PERSKIE: It is. There are at least two ways you can deal with that. One is to prohibit her from working for them and the other is to let them extend her credit. I would be willing to discuss either with the Committee. The intention in the credit section again was aimed at what they used to call building fences around the problem, to prevent even the appearance of an impropriety, much less the substance of an impropriety. I concede that in one or two instances it is possible, although I don't concede any one at the moment, that we might have overreached. But the concept in those kinds of provisions is to build a fence around the problem so that the public has confidence and trust in the integrity of the regulatory process.

ASSEMBLYMAN CODEY: In regard to the idea of having a family-type resort, from the little research I have done, I don't know that that is totally attainable. At times, it seems so much of an obvious conflict - casino gambling and a family-type resort. I am not saying that it is not attainable, but certainly, at times, they seem to be at loggerheads.

ASSEMBLYMAN PERSKIE: Mr. Chairman, you are right, that there are certain points where they would seem to be at loggerheads. What we have tried to do and what we earnestly request this Committee to help us do, by keeping the essential provisions of the bill intact, is to make that effort on a bona fide basis; dealing with the kind of gambling that we are talking about, dealing with the number of licenses, dealing with the grandeur, if you will, of the kinds of facilities that we envision, we think we can offer gambling

as an element in a resort package, which is primarily family oriented. I believe the Mayor can give you a firm background as to Atlantic City's family resort history and as to our desire in terms of programs and facilities to keep it that way. For example, you will hear some testimony today about our trying to set up a performing arts center for Atlantic City as well. And that is in keeping with our desire to maintain a family-type package. We already have certain resources that we are never going to lose that are family oriented: the beach, the boardwalk, the amusement piers on the boardwalk, and what not. So we have already the essential elements of a family resort. What we are looking to do is to introduce gambling in such a sensitive and delegate and controlled manner as to preserve that nature.

I agree with you that it might be tough, but I think we can do it.

ASSEMBLYMAN CODEY: There being no other questions, I thank you, Assemblyman.

ASSEMBLYMAN PERSKIE: Thank you, Mr. Chairman, and again, if there are during the course of the hearing today specific questions as to the legislative intent on particular areas of the bill, I will remain available; and I thank the Committee for its consideration.

ASSEMBLYMAN CODEY: Thank you.

Senator McGahn will be the next person to testify.

By the way, Senator McGahn, even though he is the sponsor of a similar bill in the Senate, sits here as a member of the comparable committee in the Senate. He is Vice Chairman of the Senate Committee on State Government.

J O S E P H L. M c G A H N: Thank you, Assemblyman Codey, for your courtesy in permitting me to sit with this Committee as the representative of your counterpart committee in the Senate, and in permitting me to testify with respect to the proposed "Casino Control Act."

As you know, the Atlantic County delegation has labored throughout our legislative careers, first, for a constitutional amendment which would authorize casino gambling in Atlantic City; and now - thanks to the people of New Jersey who approved just such an amendment on November 2nd - for legislation which would implement that authorization.

I believe that Assemblyman Perskie and Assemblyman Kupperman, who will follow me, will more than adequately and accurately explain the purposes and provisions of their own A 2366. There are only a few points I would add to their excellent presentations.

I thought that A 2366 was sufficiently responsive to the needs of Atlantic City and was sufficiently protective of the public interest of all New Jersey citizens, to deserve the most immediate and the most serious consideration in both Houses of the Legislature simultaneously. To achieve these ends, I introduced S 1780 on Monday, a bill in every way identical to A 2366. With this action, both Houses can simultaneously fulfill their responsibilities with respect to casino gambling in Atlantic City, and the constitutional amendment approved in November can, hopefully, be implemented in law before June.

But being "sufficiently responsive" and "sufficiently protective" does not necessarily mean that A 2366 and S 1780 are perfect. Perhaps no piece of legislation in an area so potentially important in terms of revenues and controls and so definitely new to New Jersey could ever be perfect. There are, however, a few amendments that I believe would significantly improve the legislation we are considering today. I intend to offer these amendments in their proper technical form, as soon as they are ready, to the Senate Committee considering S 1780. I respectfully submit that they may merit your consideration as well, and I shall direct staff to see that you receive copies as soon as they become available.

These amendments do not affect the substance of the "Casino Control Act." They will not, in other words, increase the number of permitted casinos or decrease the significant

powers of the New Jersey Casino Control Commission. They do, however - at least hopefully - make this legislation more capable of leading to a rebirth, reconstruction, and redevelopment of Atlantic City; make the Casino Control Commission more free from the possibility of political influence; and make it even more clear than it is at present in this legislation that the protection of the public interest in honest gaming is more important than the provision of revenues for the public purse.

In essence, the first of my amendments would make it perfectly clear that any new hotel-casino construction in Atlantic City should be consistent with a comprehensive master plan, and should be directly associated with the provision of parks, and other recreational and open-space areas.

The principal point I wish to make in this context is that I know that casinos will generate hundreds of thousands, if not millions, of dollars in revenue for the citizens and businesses of Atlantic City and the State of New Jersey - I know that. But money is not enough! I want - and the citizens of Atlantic City and all New Jersey deserve - an Atlantic City of which they can be proud, a city with fine hotels, yes, but also with well-planned, well-designed, well-constructed shopping centers, residential areas, industrial sites and commercial districts - a city of sand, sea and sun, a city with parks and open space areas, which would make every city planner pleased and every city resident proud.

To accomplish these purposes, my amendments will add to the "public policy" statement of section 1 of this legislation, language which specifies that:

"legalized casino gaming in Atlantic City has been approved by the citizens of New Jersey as a unique form of urban redevelopment. . ."

and language which considers casinos as:

"the catalyst to stimulate the redevelopment of existing blighted areas, the refurbishing and expansion of existing hotels, convention, tourist, entertainment, recreational and cultural facilities."

In addition, I am proposing an amendment which would increase the minimum size of hotels in which casinos could be operated, from 400 to 750 rooms. The purpose of this amendment is to permit the comprehensive master plan for the development, redevelopment and rehabilitation of Atlantic City to be based on a relatively small number of relatively large hotels, rather than to require a multiplicity of small hotels with literally dozens of gaming casinos. I am firmly convinced that a limited number of fairly large hotels will make planning for open space, parks, and recreational areas far more practicable and feasible, and that such large hotels will make very much more efficient use of available land in Atlantic City.

The next concern of my amendments is to eliminate to the greatest possible extent even the slightest suggestion of political influence in the operations of the New Jersey Casino Control Commission. Although Mr. Perskie, Mr. Kupperman and I were certainly well intentioned in the preparation and introduction of legislation, and although our present Governor may well be above politics himself, I have come to believe that it is inappropriate for the Governor to exercise a veto over the minutes of the Casino Control Commission, as is now provided in section 53 of both A 2366 and S 1780.

While it is certainly true that the Governor has, at present, a veto over the minutes of the Sports and Exposition Authority, the Turnpike Authority, and several other autonomous agencies of the State government with substantial power to construct, or undertake the construction of, major State projects, I have come to believe that the New Jersey Casino Control Commission is rather more analogous to the New Jersey Racing Commission than it is to the Sports and Exposition Authority or any of the others with a gubernatorial veto. I might also add that even the Hackensack Meadowlands Development

Commission, which has extensive construction powers, does not possess a gubernatorial veto.

Because I do not want there to be the slightest suggestion of undue or improper influence in the decisions of the Casino Control Commission, and because I feel it is essential for that body to operate with the greatest political independence, my amendments will remove the Governor's veto power over the minutes of the Casino Control Commission.

I do not, however, wish to deprive the Casino Control Commission of the advice and counsel of the Governor, the expertise of the various executive agencies with law enforcement responsibilities, or of the view of private citizens.

For this reason, my amendments propose the creation of a Casino Policy Committee to consider, debate, and study matters of casino gaming policy, and to make recommendations thereon to the Casino Control Commission. As an advisory body, the recommendations of the Casino Policy Committee will, of course, be non-binding on the Casino Control Commission. It is, however, only to be expected that any such recommendations will be given serious consideration, deriving from a committee with the following membership:

The Governor, as Chairman; one member of the Casino Control Commission, designated by the Chairman, himself, to act as liaison between the Committee and the Commission; the Attorney General or his designee; the Superintendent of the State Police or his designee; the Chairman of the State Commission of Investigation or his designee; one representative of the gaming industry in Atlantic City; one representative of the tourist industry in New Jersey; and two citizens and residents of New Jersey to represent the public interest.

The gaming industry, tourist industry, and public interest representatives of the Casino Policy Committee shall be appointed by the Governor and shall serve at his pleasure.

The third concern of my amendments is to insure the maximum degree of honesty and integrity in the conduct of casino gaming in Atlantic City, and to reassure the citizens of New Jersey - and, indeed, citizens from all other states and nations who will visit Atlantic City to partake of its attractions - that corruption and vice will not be tolerated, and that the most intensive law enforcement supervision will be maintained.

I seek to accomplish these ends by adding language to section 54, which will make the officers of the New Jersey State Police the agents of the Casino Control Commission, for the purpose of investigating any applicant for a license, and for enforcing any of the provisions of law, or the rules and regulations of the Commission concerning casino gaming. An additional amendment to section 58 will provide that whenever the State Police are used for any of the aforesaid investigatory or enforcement purposes, the Casino Control Commission shall reimburse the State Police for the costs of providing such services. In addition, an amendment to section 60 will provide that applicants to the Commission for licenses shall pay all or any part of the fees and costs of investigation of their application as may be fixed by the Commission. This, despite the fact, as Assemblyman Perskie has mentioned, that this particular provision of the Nevada statute has been recently overturned by a lower court in Nevada. But I still would like to see this in. That is going to be appealed, and I think the costs should be borne by the applicant.

Further public protection is, hopefully, provided by making it a misdemeanor for any person to serve as a member or employee of the Commission with three years of any association with gaming or pari-mutuel betting, or for such a member or employee to be interested in any gaming establishment within 5 years after his term of office or employment.

To protect employees of the Casino Control Commission from retribution for any action performed in the course of their duties, I am proposing an amendment to section 45 of this legislation to require the Commission to adopt, by rules and regulations, a comprehensive plan governing employment, job classifications and performance standards, and retention and discharge of employees, to insure that action is not taken against

such employees, except for cause. Such rules and regulations shall include provisions for hearings in personnel matters, and for review of any adverse actions taken with respect to any employee in any such matters.

The final amendment in this group will provide for the Casino Control Commission to license, supervise and regulate all "schools" which purport to teach casino gaming or any aspect of casino gaming. These "schools", ranging from those which instruct pupils in the repair of casino equipment, to those which instruct pupils in the art of dealing cards and spinning roulette wheels, to those which instruct pupils in the art of gaming, can be expected to proliferate in and around Atlantic City as soon as casino gaming becomes a reality. My amendments will make the Casino Control Commission responsible for the proper conduct and operation of those schools wherever they may be located in New Jersey. Through this provision, not only will the consumer or the pupils of these schools be protected, but the citizens of New Jersey and of all other states and nations who will engage in casino gaming in Atlantic City will be assured that the arm of State regulation and control extends not only to the size, shape and types of games permitted in casinos, but to the conduct of casino gaming itself, both by operators of the games and the players.

Likewise, I propose an amendment to section 42 concerning the members of the Commission; said amendment will be: Members of the Commission shall be most qualified and preferably no two of whom shall be of the same profession or major field of industry.

The hours of operation have been touched upon before by Assemblyman Perskie. He, of course, proposes 16 hours, and 16 hours are in the bill. I think the projections of the Economic Research Associates' Study that we used in selling casino gambling were projected on the basis of a 24-hour operation. Certainly, from the standpoint of the industry, this would be most favorable. However, I do not think it is realistic and attainable at this time. However, if we are considering 16 hours, I would propose that we make that 18 hours instead of 16, because under these circumstances there could then be three complete shifts of six hours. If this is not the case, there will actually be a reduction in the labor force from what we had originally projected when we were going out and selling this.

Conditional license, Section 70 C (4) - Assemblyman Perskie has already spoken about that. Basically, what would happen here is that no license would be issued until a hotel has been completed and a certificate of occupancy has been issued.

In Section 112, I would completely prohibit all political contributions by any corporations or any members of corporations that are dealing with gambling in any way whatsoever. No political contributions would be permitted.

Section 94 (6) - Permit executive of corporation to execute powers of office until approved by Casino Commission since denial of this would create a situation where no one would be authorized to act for a period of time and thus impair the business operation of a licensee.

These, in essence, are the amendments I intend to propose to S 1780, in addition to some other technical amendments which have no relevance at this time and which I will, as I said, respectfully submit to you for your consideration as soon as they are drafted in proper technical form. I hope you will view them as I do, as proposals which do not in any way alter the concept of the very fine piece of legislation you have before you today, but which strengthen that legislation significantly by making it capable of serving the interests of sound, comprehensive planning in Atlantic City and, most importantly, of all the citizens of New Jersey. I believe that with these amendments, the legislation we enact to control and regulate casino gaming in Atlantic City will totally fulfill the hopes and expectations of the citizens of New Jersey who, by their votes on

November 2nd, authorized our action. The people of New Jersey want and deserve the very best possible legislation on this subject. I believe that with the amendments I have discussed and will soon formally propose, the legislation you have before you today, quite clearly fulfills our public commitment.

One final point I wish to mention concerns the possibility of deriving some direct revenue from casino gaming. I cannot speak with specificity as yet, since this is a matter concerning federal taxation, but I have asked staff to study the possibilities and make a report as soon as possible. It appears that the federal government imposes a tax upon slot machines. It further appears that the federal government permits states to tax these slot machines in an amount equal to the amount of credit allowed against federal tax. I know this sounds very complicated, but, in essence, what the federal government appears to permit is for New Jersey to collect a portion of the federal tax without increasing the tax liability of the slot-machine owner. If this is, in fact, the case, it would appear that a relatively simple amendment in the bill you are considering today would produce potentially significant revenues for the State. As I said, I will communicate the results of my staff study as soon as they become available, so that you may take whatever action you deem appropriate in this respect.

Thank you very much.

ASSEMBLYMAN CODEY: Thank you, Senator. Any questions?

ASSEMBLYWOMAN CROCE: Senator McGahn, if at all possible, I would like to have in there that the clergy be represented on the Commission at all times. They had quite a lot to say when the referendum was being considered and I think it is important to have them represented. What is your feeling on that?

SENATOR MC GAHN: The intent of my amendment concerning the make-up of the Commission, that not more than one member would represent any particular industry or profession, was primarily aimed at something similar to this. I think there should be a broad scope of representation. I think undoubtedly there should be somebody with judicial experience, but I don't want to see four lawyers on that Commission. I don't want to see three doctors. I don't want to see four people representing the tourist industry. I think your recommendation carries quite a bit of validity. I do not think, however, that we can place in the statutory language those who shall be members. I think that is a matter that should be left to the discretion of the individual who appoints those members; in this case, that is the Governor. But I think it is an excellent suggestion. You can keep them honest that way.

ASSEMBLYWOMAN CROCE: I don't know whether or not I can go for the 18 hours. I represent the 6th District and there are quite a few hotels and restaurants in my area, which is on the way to Atlantic City. I wouldn't want my people to lose their businesses, which they are afraid of. I would like to make sure that they stop in at Cherry Hill and Pennsauken and stay there for awhile. How do you feel about that?

SENATOR MC GAHN: Let me say this: I feel there is a lot this Committee and the Committee in the Senate has to know about the gaming industry. I think it is a very difficult thing for legislators, without knowing what the industry is about, to write appropriate legislation recognizing some of the situations that may actually prevail.

I believe that there will be presented to this Committee, if not today, at some subsequent time, an economic model that is being drawn up by the Treasurer, concerning what the economics of casino gambling are. Both I and Assemblyman Perskie have heard stories from both sides. We have heard from the gaming industry and we have heard from others. If, in fact, the type of operation that we are visualizing that will bring in investment capital to be invested in Atlantic City is to be realized, we have been told

that they cannot make that type of commitment on an eight-hour operation.

We also must realize another thing. There will be increased tourist traffic to Atlantic City through personal transportation - that is, by car - from point to point. As you mentioned, a lot of these cars will actually be going through your district. They will be coming from Philadelphia, from the Delaware Memorial Bridge, from Maryland, Delaware, or whatever. I think the more people passing by, the more business is going to be done, whether it be gasoline stations or restaurants. Not everybody is coming for the sole purpose of gambling.

Assemblyman Codey brought out earlier about family resorts. I do not think that we can ever find ourselves going back to what one might have considered a family resort before because the family unit is a completely different structure now than it was twenty years ago. But people do bring their families down. One member may be interested in gaming, but the others probably are interested in other things. We offer "sand and sun," the boardwalk and the beach; and, hopefully, we will be able to offer recreational facilities that we do not have at the present time. A profitable, casino-gaming industry today is no longer just a casino. There must be space for recreation and entertainment. There has to be certain types of things, such as tennis matches or golf matches. All of these are important parts of the entire aspect of the gaming industry.

Frankly, I think the hours are something that I think are going to be an extremely important part of this. Nobody yet can tell what the actual impact of casino gaming is going to be upon Atlantic City. We do not know as yet what changing market conditions will dictate in the way of regulation changes that may have to be made. As Assemblyman Perskie mentioned, we feel that guidelines should be in the statute that are broad enough to cover and touch all of the areas, for the protection of the State, the consumer, and, for that matter, the industry, itself. There has to be a certain degree of flexibility in the rules and regulations because these may have to adjust more rapidly than the time it would take to repeal a statute. So you have to have confidence in the integrity and honesty of the Commission that is appointed and the Advisory Committee that is going to be recommending certain changes, and permit them to come up with rules and regulations.

As a matter of fact in Nevada, the rules and regulations are this thick (indicating). The statutes are only about this thick (indicating). So rules and regulations do implement every provision of the statute.

But I think, Assemblywoman Croce, if there is any increase in business at Atlantic City, there is going to be an increase in business to all of South Jersey. There is going to be a spin-off effect and it is going to encompass not only South Jersey, but the entire State.

ASSEMBLYWOMAN CROCE: Do you think the beaches of Atlantic City will remain free or do you think there will be a fee placed on their use?

SENATOR MC GAHN: Frankly, I cannot answer that. The Mayor of Atlantic City is here today and that might be a more appropriate question for him.

ASSEMBLYWOMAN CROCE: These are questions that people ask me.

SENATOR MC GAHN: The beaches in Atlantic City at the present time are free. I cannot anticipate what the future will be, but I think this is a question that you could ask Mayor Lazarow.

ASSEMBLYWOMAN CROCE: Thank you.

ASSEMBLYWOMAN BURGIO: On this Control Board you mentioned, how many members did you say you would have on that?

SENATOR MC GAHN: The Control Commission would be five. Are you talking about the Policy Committee?

ASSEMBLYWOMAN BURGIO: Yes.

SENATOR MC GAHN: I think the Policy Committee would have nine.

ASSEMBLYMAN CODEY: Any other questions? (No questions.) Thank you, Senator.

SENATOR MC GAHN: Thank you.

ASSEMBLYMAN CODEY: I will now ask Attorney General Hyland to testify.

W I L L I A M F. H Y L A N D: Mr. Chairman, Senator McGahn, and members of the Committee: I am not here today to discuss the specifics of the bill before you or some of the amendments that we will be proposing. I feel, after some reflection, that our position should be presented at one time because the issues that we are dealing with have an impact on each other. We are going to push as hard as we can - and we have been pushing very hard - for a completed result as early as possible in January.

The Legislature and voters of New Jersey have approved casino gambling for Atlantic City. This has been done notwithstanding the opposition and concern of many thoughtful citizens. The law enforcement community has expressed its fear that casino gambling may again make New Jersey a fertile ground for organized crime, and thus set back the outstanding success we have had during the past years in containing it. Other opposition has been based upon the proliferation of legalized gambling, or over what this new venture might do to the family atmosphere Atlantic City and other resort towns in New Jersey have projected in the past.

Nonetheless, our State Constitution has been amended to reflect the will of the majority of our voters. Many of these voters obviously supported the referendum more as a lifeline for a dying city than for the sake of legalizing casinos. So the responsibility has been handed to you, to the Governor, to me, and to a great variety of governmental and civic leaders to see that we restrain the potential harm that casino gambling can bring, while at the same time strive to produce the economic advantages for Atlantic City, and for New Jersey as a whole, that the proposal was designed to produce.

The legislation you will be called upon to enact will be one of the most important pieces of legislation passed in New Jersey in our lifetimes. It will have an impact not only upon Atlantic City and New Jersey, but upon the entire region, because other states are bound to follow in our footsteps. And it will also have an impact upon hundreds of thousands of people, whose lives can be enriched by having a revitalized resort area to visit and in which to find entertainment, or whose lives, families and fortunes can be devastated by easy access to what is clearly one of man's most touchable weaknesses - the lure of an "easy buck."

Because of the mandate of the voters, and my announced determination to see that casino gambling is put in place with as many safeguards as we need, my office, and others in the State administration, have made a massive commitment to this task since November 2nd. Approximately 30 members of my Department, primarily lawyers and State Police officials, have been engaging in a day and night analysis of the casino gambling industry and the approach taken in Assemblyman Perskie's bill, and now Senator McGahn's bill, to implement the referendum. Some of the issues we are addressing are set forth in the outline that I will provide in just a moment to this Committee. Other issues are still being identified. Governor Byrne has also appointed a Cabinet Committee to deal with the overall subject; that is, the rehabilitation of Atlantic City, rather than merely the creation of casino gambling, for quite obviously, a revitalization affects municipal and county planning, transportation, our environmental concerns, the viability of the economy, and perhaps, most important of all, the quality of life in our State. The thought that casino gambling would produce a "Las Vegas East" has been rejected by virtually every voice I have heard. But, on the other hand, how do you attract and protect investors, how do you provide the "fun and games" that will bring in the tourists - or, to put it another way, how do you create a "gambling city" without endangering its fundamental

character?

So, I respectfully suggest, our work is cut out for us - both yours and mine. We must keep our heads about us as we do that work. We must not succumb to pressures to do this, or to do that, without being sure we know what we're doing. We must beware of the "pitchmen," and rely instead on our own good instincts, fortified by advice from disinterested experts, as contrasted with those who are representing some personal interest.

The work being done by the Governor's Cabinet Committee, by your Committee and staff, by the State Commission of Investigation, by the State Treasurer's office, by my office and others, should proceed with all "deliberate speed." But, the Legislature must not act before it is ready. Haste in this case may mean not only waste - it may even mean ruin. Even when we are finished, and a bill is enacted, a commission appointed, regulations adopted, and casinos in operation, our work will not be done. Perhaps it will just be starting. Vigilance will be our eternal need. But we should approach the tasks before us confidently, with a determination to be positive and constructive, not negative and uncommitted to success.

If you haven't received it, I will ask Mr. Martinez to give you a copy of the issues that we have been dealing with, identified as of approximately a month ago. There are other issues that become apparent as we go along. These deal with licensure, operational integrity, credit, service industry integrity, street crime, overall regulation and enforcement, and costs; that is, the costs of maintaining the governmental apparatus required to regulate this industry honestly and effectively, so that, as Governor Byrne has indicated, the State can recover those costs in some fashion from the industry, itself.

Thank you very much.

(The Issues Outline submitted by Attorney General Hyland can be found beginning on page 2 X.)

ASSEMBLYMAN CODEY: Before any questions, I want to thank you for the cooperation that you have given me thus far. It is certainly appreciated by me and the Committee. I look forward to continue working with you and your staff in this very important bill.

Any questions of the Attorney General?

SENATOR MC GAHN: General, only one: Could you possibly give us some idea of what you think should be statutory language and what should be rules and regulations? Do you think a number of the questions you have brought up here could be adequately covered in the rules and regulations rather than by statute?

MR. HYLAND: I think we should put as many of the controls into the statute as we possibly can. That means trying to identify those controls that are needed to satisfy ourselves that they have a reasonable degree of permanency, and to put them in place if the Legislature can provide the votes to do it. I have more confidence in our ability at the outset of this job to do it objectively and free from some of the influences that may creep in over the years. I have more confidence in our being able to do it properly at the outset than at some point in the future.

I think you probably know in just the last week or so a judge in Nevada invalidated some very significant regulations dealing with the policing of collection on an out-of-state basis of receivables. I would hope that we could decide as many of those policy questions at the beginning as possible and put them in the statute, so that the Commission in its regulatory responsibilities will be dealing only with those transient problems that may require adaptability from one year to another.

ASSEMBLYMAN CODEY: I know that you have been looking into the problems of a 16-hour operation. I have voiced some concerns that with a 16-hour operation, you encourage a lot of illegal activities during those off hours, especially illegal gambling because, if a man is going strong, shall we say, certainly he doesn't like to be closed

down and he wants to continue his gambling. Would it be fair to say that you are doing some work in that area?

MR. HYLAND: Yes, we are giving a great deal of attention to the hours. Someone facetiously suggested today that, whether you have 16 hours or 24 hours, you might restrict anyone from being in a casino more than 6 hours and require him to spend at least 3 hours on the beach or the boardwalk, so that they do justice to the sea, sand - and what was the other one, Senator? - the sunshine that Atlantic City wants to preserve.

This is a very difficult question. It goes not only to the law enforcement issues, but also to the economics of the industry. What is the way that the industry must be run in order to make it economically viable? It is an illusion, of course, if we create something that has no viability, that has no chance of success; because I think then we will just be pushing Atlantic City under. So we have to balance out the economic and the law enforcement issues and come up with some recommendations on hours that I don't have at the moment, but we should have sometime in early January.

ASSEMBLYMAN CODEY: Thank you. I would ask if there are any members of the press who would like to speak to Mr. Hyland, that they do so outside of the chamber, so we can continue our hearing.

Thank you again.

MR. HYLAND: Thank you.

ASSEMBLYMAN CODEY: Our next witness will be Assemblyman Howard Kupperman.

H O W A R D K U P P E R M A N: I wanted to say, good morning, but instead I will say, good afternoon.

Maybe I will start off by speaking my mind, as I usually do, and let the chips fall where they may. Casino gambling, in Atlantic City, as it was sold to the public during the campaign and as it appears in this legislation before us here today, is to reflect a good, clear image of Atlantic City - to show the credibility of Atlantic City and the legislators who proposed this and sold it to the people - and, secondly, to provide for a successful operation of it.

It is not designed to be for special interest groups; and, most certainly, it is not designed for the furtherment of politics in any way. I think a good example of that statement is what happened here this morning. I won't say there are partisan politics involved in government. Of course, we all know there aren't any partisan politics involved in government. But, as a joint sponsor of the bill who was scheduled to speak second, being bumped twice by the Chairman of a different party, for a member of his own party ---

ASSEMBLYMAN CODEY: Excuse me, Mr. Kupperman. There is no list of witnesses here; there never is and there never has been. Witnesses are called at the Committee's discretion, not by any list. The only reason you followed the Attorney General is because the Attorney General asked me if Senator McGahn could speak next and he could speak after him. That is the only reason for that. But I think there are more important issues here today, and let's get on to them.

ASSEMBLYMAN KUPPERMAN: I was referring to the list you have in your hand ---

ASSEMBLYMAN CODEY: That list does not indicate the order in which people are called.

ASSEMBLYMAN KUPPERMAN: (Continuing) --- and the fact that I was bumped by a member of the administration. That is exactly the thing we want to eliminate. That is why I bring it up ---

ASSEMBLYMAN CODEY: We are here to talk about casino gambling.

ASSEMBLYMAN KUPPERMAN: (Continuing) --- because of the importance of this bill to the State of New Jersey and to the City of Atlantic City. Politics and partisanship should play no part whatsoever. Perhaps if I say nothing else today, that is the most

thing, as well as keeping the criminal element out of it.

The first part of what I was going to say was I think, very ably said by Assemblyman Perskie and that had to do with the image of Atlantic City, which we cannot lose sight of in this entire project. We are not looking to be the Las Vegas of the East. We are not looking for casinos all over. We are not looking for slot machines on every street corner. We are not looking for the housewife to be losing her shopping money on the way to the market or for the working man to lose his pay check on the way home. That is why we have casinos limited to the hotels. We are looking to built up Atlantic City, not as a gambling town, but as a tourist center and as a family center, if that can possibly be worked in with it.

We are also anxious to maintain the image of the whole State of New Jersey. The language in the proposed statute, which Assemblyman Perskie quoted, I think ably sets forth our goals.

The other side to this is, you can have the highest ideals and you can have the highest goals in the world, but unless your operation - by "operation," I mean the gambling itself - is successful, you are going to have a very bad bust. This legislation that has been proposed has been worked on very diligently by Steve Perskie, Senator McGahn and myself. Basically, I think it is sound. I think it is good. I am prepared to defend and answer questions on any of the points in here, as my predecessors before me this morning have done.

However, as you go through life and as you go through different areas of expertise, in which you are not expert, you learn. It is a learning process. And things that we thought were good in September and things that we thought were good on November 2nd, we find, due to our lack of experience perhaps more than anything else, are not as good as they should be. For this reason, this Committee is here today to hear testimony from all of us and to get input and possibly change this. This is not the last word. This is not a bible and it is going to be changed. There are going to be amendments to it. You are going to suggest amendments yourselves. I noticed in the newspapers that several of the members of the Committee have had their own ideas, which may or may not be good. But they certainly deserve to be talked about and thought about.

For this reason, I think I will limit the rest of my remarks because I know there are a lot of people waiting to speak and I know the Committee wants to get on with this. So I will limit myself to five specific things that I would like to see modified or changed, or at least considered by this Committee. These five particular items, I put forth on your desks for consideration for possible amendments. I think they will make this a better bill. Anything other than these five things that I am going to mention that are for the betterment of the bill, I think should also be discussed and offered by way of amendment.

The first one, I think was already mentioned by someone before me; that is, on page 18, Section 53, somehow inadvertently or by design - I don't know - a clause was put in stating that the Commission has to have meetings and minutes of the meetings. The minutes are then sent to the Governor and the Governor has to sign them in order for them to become effective. If the Governor doesn't sign them, he, in effect, vetoes the minutes. In thinking this through the second or third time I went over it, it seems to me that the Commission, which is supposed to be a "blue ribbon commission" and has the power to grant licenses, would then be placed in a position of reviewing an applicant, reviewing the hotel facilities, reviewing the plant - and four of the five members of the Commission have to vote "yes" in order to grant a license - and approving it. Then it would go to the Governor's Office and the Governor without any reason, according to

this section, could either veto it or not sign it. I think that is a bad provision, no matter who the Governor is, and no matter who the Governor may be in the next ten or twenty years. I think it is putting too much power in the hands of one man. I think it takes politics and puts it smack into the legislation, which is exactly what we wanted to keep out of this legislation. So for that reason, I would suggest to the Committee here that one page 18, lines four to fifteen, be taken out, and let the Commission be the ones to decide who will get the licenses under their rules and regulations.

Incidentally, while I am on that subject, I think the concept of a strong Commission is elementary to this plan. The Commission is the agency that can be on the scene, so to speak, and see the problems first-hand. They will have the power by rules and regulations, hopefully, to change things that are wrong, realizing also that we don't have 40 years of experience in gambling as other places like Las Vegas might have.

I think to go through the legislative process, as all of us know, to have the bill go to Committee, and have both houses pass it, and have the Governor sign it, it sometimes takes more than a few weeks. It sometimes takes more than a few years. So I think having a commission with strong powers and rules and regulations is a concept that would be in line with what I have proposed here.

The second change is, when we campaigned for the bill, when we worked on it, we went around the State, and we strongly said there should be no 24 hour gambling. And I still maintain that, and I still propose that the hours of gambling be less than 24 hours, full time, around the clock. My original thoughts, I must say, were something like Mary's. I was thinking of more limited hours than even the 16 that are in this draft, but then we go to the second thing I said about not only image, but success. In talking to people who are planning on building hotels which will house casinos - and by this we are talking about \$40 million to \$50 million enterprises or more - to get the financing to build these places - not to have gambling in the back room of some bar, which I think somebody said before we don't want; we want only the finest and the biggest types of places - we have to provide them with something they can live with, and it seems like the 8 or 10 hours that I was originally thinking about are much too limited, and perhaps even the 16 hours - which is in the bill, page 23, lines 36-38 - may also be somewhat limited. I don't know whether I can completely agree with Senator Mc Gahn on three 6-hour shifts or a total of 18 hours. Although I will say it seems to make good sense to me in view of the labor force, in that it will help to create jobs and allow people to work, which is what we really want to do. It may be that those three 6-hour shifts may be something we should be looking into, rather than 16 hours.

The point that I wanted to raise regarding hours was not so much the 16 or 18 hours, but I think some consideration should be given to a period of 24-hour gambling on the weekend, on a Saturday night, perhaps. Again, I rely on those people who are much more expert than I am on that. They have told me that by allowing casinos to stay open the 24 hours on a Saturday night, they retain people who would leave early Saturday morning or early Sunday morning, and they would stay over to see a show or for lunch, or to enjoy the boardwalk or the beach, and I would like to see some consideration given to these hours. Sixteen hours is not fixed. It may be that is the right thing to do, but I think Senator Mc Gahn's thoughts deserve a lot of consideration and also the possibility of one 24-hour period over a weekend should be seriously considered. I think other people may testify on this later.

The third suggestion I would make is about conditional licenses, which I think you will find in Section 70 on page 28 of the bill, and I think Assemblyman Perskie made some reference to this before, but I think this part of the bill is extremely important. We are talking now about someone coming into an area and building a \$40 to \$50 million hotel or even something more expensive than that. In order for them to do that, they don't have the money available unless they go out and finance it through a bank, insurance company, or group of investors. Very few, if any, groups of financial people would loan that kind of money out to a possible hotel or casino if they thought that after a hotel was built a license would not be issued. So I think when someone comes in with a plan, a detailed architectural plan, that would meet the proper plan and specifications in this bill, and assuming that the personnel involved can pass all of the rigid investigations that can be made by the State, the Attorney General's Office or anybody else that you see fit - and I think a strong investigation should be made - then at this point I think the intent is not to have a conditional license but something that may be termed as an option on a license, and using that they can go out and get the money and build a facility. When it is completed, and when it meets all the qualifications and specifications, then if nothing else happens, they will be granted a license.

The concept that somehow got in here of a conditional license that a hotel could operate a casino before it was completely finished, I think, is wrong. There are all sorts of problems in this. Someone could have a lesser facility without the proper rooms and without the proper space, and be granted a license, and then delay for a year or two or three, and operate a casino in a substandard place. I don't think any license should be issued until the place meets all of the qualifications and specifications in the bill which will eventually be passed. But I do think an option should be granted, so that financing can be obtained.

The fourth point is going back to page 11, line 9, and that is that all games are allowed with these specific exceptions such as bingo and keno. Now, bingo I certainly think should not be a part of a casino. I think the churches have a right to have that. I think that during the campaign when we asked people to vote, we said we were not going to infringe on the church's right to bingo, and the casinos would not compete with them. If you were to ask me right here today what keno is, I honestly couldn't tell you. I have never played it. I haven't the slightest idea what it is, but I have received a lot of calls, a lot of letters, and I have met with people who are in the gaming business who claim that keno is a very important part of their establishment, and they gross up to 25% of their revenues from keno. Now, I am not the expert to ask about keno, but I would like to bring that point out before this Committee. You should maybe look into what keno is. If it is not like bingo, maybe it ought to be considered and allowed to be in casino establishments. If it is like bingo, then I think we have to live up to our credibility and ask for it not to be included - as it is now. Due to the importance of it, I think I cannot just let it pass without saying that that is something you should look into. Again, I will say, I don't have the slightest idea what keno is, and never heard of it.

ASSEMBLYMAN CODEY: Excuse me, Assemblyman, keno is bingo in just a slightly altered way.

ASSEMBLYMAN KUPPERMAN: It may be. I said I don't know. I wouldn't know if you put a card or board right in front of me.

ASSEMBLYMAN CODEY: It is just a different word for it.

ASSEMBLYMAN KUPPERMAN: It seems to be an extremely important part of casinos. It is not an amendment that I would propose, but I would like you to take a look at that.

ASSEMBLYMAN CODEY: I can understand your concern for churches and other organizations, and hopefully, if we allow keno, we can make some kind of provision to make up to those organizations whatever losses would incur because of the keno.

ASSEMBLYMAN KUPPERMAN: Maybe that should stay out. I don't dispute that at all.

The last point that I want to talk about is on page 46, Section 107, and this also is something that has been brought to my attention by people who are a lot more expert than I think any of us are now, unless there is someone who is going to testify on gambling, and that is the subject of bringing in gambling devices into the State. There are federal laws which are controlling, and I think our statute is somewhat weak in that we just provide that gambling devices can be brought into the state. I think that should be tightened up. I can conceive of a situation where somebody wants to get some games of chance - and I won't discriminate against cities like Newark, Elizabeth, Patterson, Hoboken - or operate some kind of illegal establishment, and when they are caught they may say in their defense that these games were only in transit to Atlantic City, and that's why they happened to be in Newark, Patterson, Elizabeth, or Camden, or wherever. So I think that section of the statute should be tightened to provide that all games should come into one of two places, either to a licensed gaming establishment in Atlantic City, or a licensed distributor who would be authorized by the Commission to pay a license fee and be investigated - to distribute these. I think that would stop the gaming devices from popping up in other parts of the state where they don't belong.

Also, if it came to a licensed distributor or a licensed casino, or perhaps even to the Commission itself, I think you would possibly cut down the chances of tampering with or rigging these machines or tables. Believe me, you start to hear a lot of stories about the rigging that goes on in other areas, which we don't want to happen here. There have been stories of a table being taken out of a casino at 5:00 A.M. in the morning to be recovered, and then taken in the alley way and put in a van. Not only was it recovered, but it was wired up, and it just so happened that the first customer who came in was an elderly gentleman in a wheelchair which was battery operated. So when his battery operated wheelchair came close to the electronically wired table, the table started to smoke, and the felt caught on fire. These are the kinds of things that can be done with machines and with gaming tables. To eliminate that sort of thing, to eliminate the rigging, I would like to see that section tightened up so that only a certified licensed distributor or gaming casino can have it brought into the state without passing through other people's hands.

Other than those specific changes, I have no further comments. I will answer any questions you have, and I think that this is a good bill, and not only Atlantic City is depending on this, but I think the entire State of New Jersey is depending on how we work out this bill.

There will be those who will talk who will have a lot of good ideas. There will be some who will have bad ideas, and there will be some who were against gambling initially who will always be against gambling, who just may want to throw a monkey wrench in to try and delay this as much as possible, but it is law now, or will be when this

bill is passed. I urge this Committee to use its knowledge, and the testimony it has before it today, plus other information it will receive to help strengthen this bill, to go ahead and do it. Anything that is going to weaken it, don't listen to anybody, whether it is me or anybody else. Thank you.

ASSEMBLYMAN CODEY: Are there any questions?

ASSEMBLYMAN Mc MANIMON: The only comment I have to make is, I am a little disturbed by the insinuation that Mr. Kupperman made prior to his presentation, because I don't think you took time to consider the fact that the gentlemen prior to you happen to be the prime sponsor of a comparable bill, and the witness prior to that is a member of the cabinet. At most committee hearings, we extend that courtesy. That is the way it has been for the last five years.

ASSEMBLYMAN KUPPERMAN: I have no objection to courtesies being extended.

ASSEMBLYMAN CODEY: Assemblywoman Burgio.

ASSEMBLYWOMAN BURGIO: Yes, Assemblyman Kupperman, Senator Mc Gahn and Assemblyman Perskie suggest a policy committee of nine members as an amendment; what do you think about that?

ASSEMBLYMAN KUPPERMAN: The first time I heard about that was when Senator Mc Gahn first talked about it. In fact, I would hate to comment on it without giving it some thought. I don't know whether there is a need for that. I think the legislature may be a good body for policy. I think the administration and the regulatory agencies, and the attorney general's office, and the police who will be involved in this can certainly have a lot of input as to policy. It might be a good idea, but to create jobs just to create jobs or another bureaucracy, I would have to be against that, if we are just creating more red tape. If there is a good legitimate reason for it - and perhaps there is; I am not saying there isn't, because I have not thought about it - I wouldn't object to it. But I wouldn't want a policy committee just to have another body to go through more bureaucratic red tape.

ASSEMBLYWOMAN BURGIO: Well, I would like you to consider it and give us your ideas about this commission.

ASSEMBLYMAN KUPPERMAN: Fine, I will.

SENATOR MC GAHN: In reference to your last point, considering the legal shipments of gambling devices, actually, in the Nevada statutes there are seven pages on the rules and regulations that take into consideration the specific points that you brought up. The casino policy committee--- Of course, there is no pride of authorship here. This is simply something lifted from what is actually in effect in Nevada at the present time, and I think really, in essence, what it is doing is simply giving legal language to what would really be the committee that the Governor has already set up to look into this thing. As far as a further bureaucracy is concerned, it is not a further bureaucracy, because they serve at the pleasure of the Governor. They serve without pay. So we are not talking about paid jobs as far as this policy committee is concerned.

I think, very frankly, it is an area in between giving the Governor complete control, veto control over the minutes, and: also giving him input. Since he will be appointing most of the members, and others, of course, will be members of the various offices such as the State Police and the Attorney General's Office, he will also be acquainted with the members of the Casino Control Commission itself.

ASSEMBLYMAN KUPPERMAN: There may be some hangover members, since the members will be serving for terms of five years, and the gubernatorial term is four years.

Considering the fact that it takes four out of five to pass it, there could be some problems. Initially I made that statement to bring out a point, not to criticize. My point is, politics doesn't belong in something like this. I think all of us agree with that.

SENATOR MC GAHN: The policy committee serves at the pleasure of the Governor, not concurrent, necessarily, with his term. They have recommending powers only. They do not, of course, set policy.

ASSEMBLYMAN CODEY: Thank you, Assemblyman.

ASSEMBLYMAN CODEY: Our next witness will be Joseph Lazarow, Mayor of Atlantic City.

J O S E P H L A Z A R O W: Mr. Chairman, members of the Committee, I want to thank you for giving us the opportunity to appear. As the Mayor of Atlantic City and also as Chairman of the Committee to Rebuild Atlantic City, I would like to preface my remarks, and give a word of thanks to the Legislators and also the voters of New Jersey for their support and understanding of the critical problems and needs with which Atlantic City and Atlantic County have been plagued. And we believe that this understanding accounted for their assistance and for this we are all most appreciative. It is difficult for people out of our area to fully realize how serious our situation really is.

Now that we are being given a chance to revitalize our economy, we feel it is essential that the New Jersey Legislature pay particular attention to our basic need, and that is, getting as many people to work as possible. We don't believe that enough stress has been put on the number of people in Atlantic City and surrounding areas that are out of a job. They say that the unemployment rate nationally is somewhere from 6% to 8%, and in New Jersey they talk of figures of 11%. But the exact figures for the percentage of unemployed people of Atlantic City, as of January, 1976, is 26.1%. That means that of a civilian labor force of 22,113 there were 5767 people in Atlantic City out of work. Our population has decreased from as high as 66,000 in 1933 to 40,780 which is the figure of just a few days ago. So we really need a much greater effort put forth to get as many people as possible to work. When you consider these figures against an unemployment figure of 1.8% in Sweden or 1.6% in Japan, then it shows that we are just not doing the job.

I would suggest that as part of the statement of intent of this bill, as a statement of public policy, that we set forth as one of the primary objectives for the creation of this bill the improvement of the unemployment situation in this area. I would request that a special committee be designated perhaps as part of the Gambling Commission to work with private industry as well as municipal authorities to set up training facilities for every type of job available in the gaming industry to be regulated by this enabling act. To this end we ask that the New Jersey Department of Education be directed to make necessary provisions for this type of training within Atlantic County.

This Committee should commence immediately to study the number and types of jobs which will be soon available, and to work with the applicants for casino licenses for a special effort to employ local residents, which includes Atlantic City and nearby communities, to employ them in all job categories including management levels, so that job preference is given to local area residents. I also feel that it is very important that this particular legislation be expedited. I think you ought to reconsider the time frame. I understand what the bill has to go through to be brought before the Legislature. I understand that regulations have to be drawn, and that applicants will have to be studied, but you have to remember that there are many people, proposed buyers and builders, who are not going to buy and who are not going to build without knowing whether they are going to be entitled to get a casino license or not. So to that extent we are holding up the economic revitalization and we are not filling these jobs during the time that we take to let people know what the basic requirements will be for a license. I know that if

this was an emergency there would be a lot of midnight oil burned. I know that studies have been made and that regulations will have to be flexible so that changes can be made in the future. But I very seriously want you to consider expediting this legislation. Most people say that gambling licenses will not be available until the summer of 1978. I would hope that we could have them ready for action in the summer of 1977. You might say that is impossible. Nothing is impossible. I know this Legislature works very hard. I know they are here many times until two o'clock in the morning, and they work more days than they used to work. But I want to ask very seriously for these three requests, one, that we put more stress in the statement of intent of this act; that the people of New Jersey did intend that we get new jobs from this industry; that we have a committee actively working for some type of permanent action - if you want to call it that - to actually get the people in our area to work. Sometime ago I suggested a residency requirement, but the court since then has frowned upon any particular figure as to percentage of local employees, so far. I think it is more important that you have someone working on the task of getting the people of Atlantic City, 6,000 of them who desperately need jobs, to work immediately.

I appreciate your consideration of that. I would be happy to answer any questions you might have.

ASSEMBLYMAN CODEY: Thank you, Mayor.

ASSEMBLYWOMAN CROCE: I am going to ask you my question now. Do you think the beaches will remain free in Atlantic City?

MR. LAZAROW: Well, we would very much like to have free beaches. We don't want a dollar sign to be put on everything. As we said, we wanted to be a family recreation city. I think it can be that. It has been for over 100 years. We have catered to the family trade, and we would like them to enjoy something for free. We want the sunshine and the air to be free, walking on the boardwalk to be free, and a romp on the beach to be free. We think that the problems that we have economically will be alleviated as soon as we have some ratables in the city, so we can afford to have a free beach. However, we are continually giving a careful look to the beach, to see that people do not abuse that privilege, because if they abuse that privilege, then changes may have to be made. But we would much prefer to see a free beach, and to see that beach available to residents, to people who come to the small hotels that don't have casinos, and the families who just want to come for the beach.

ASSEMBLYWOMAN CROCE: Thank you.

ASSEMBLYMAN CODEY: If there are no further questions, we thank you.

MR. LAZAROW: Thank you.

ASSEMBLYMAN CODEY: Our next witness will be Victor Lownes, President of the Playboy International.

V I C T O R L O W N E S: I thank you for letting me come and address this Committee today. In addition to being President and Managing Director of Playboy Clubs International, I am also Chairman and Managing Director of the Playboy Club of London, Limited, the Clermont Club, Limited, the Manchester Casino Club, Limited, the Portsmouth Casino Club, Limited, and Playboy Bookmakers, Limited. The first four of these English companies operate casinos - the first two in London, and the latter two as their names indicate in Manchester and Portsmouth, England.

In addition to my experience in the casino industry, I am also President of Playboy of Sussex, Incorporated, a company which operates a 700 room hotel in northern New Jersey, the largest employer in Sussex County. Therefore, I am vitally

interested in the effect gaming in Atlantic City will have on tourism throughout the State. I have watched the progress of this legislation from the time of its first consideration some years ago in a somewhat different form through to its present state, and I must say I am very much encouraged by what I see has been accomplished so far by Steven Perskie and Mr. Kupperman in drafting legislation which is going to tightly control the given industry and at the same time bring additional touristic values to Atlantic City itself. However, I don't think by any means that the legislation that is presently drafted goes nearly far enough. You may think that coming from a casino operator some of the things I advocate seem strangely restrictive or almost anti-casino, but I can tell you that as a casino operator, and an extremely profitable one - last year our profits from casino operations totaled almost \$14 million pre-taxed in the U. K. - the best thing that can happen to a casino operator is to have an industry which does not result in community backlash. I am thankful for the British authority who put together a law which puts social values above economic considerations in drafting their legislation. I think you could do worse then take a good look at some of the things that the British law has brought to bear.

I am giving you a complete draft of my statement, including such things as the social objectives I think you should consider in this legislation. I want to address myself first to certain specifics that I think - and I already see signs that there are forces at work, backstage, perhaps - are going to try to undermine the kinds of strict controls. You continually hear references to the economic motivations. Well, you see, I am not so naive. I am in the business, and I understand what is required. And I can tell you that many of the things that are being put forward to you as absolutely essential to the economic success of casinos are a lot of baloney.

For example, I would like to take up the subject of limited hours. The British statute permits gaming in London from 2:00 P.M. in the afternoon until 4:00 A.M. in the morning, which I think works out to fourteen hours, two hours less than the already mentioned 16 hours in the statute, except on Saturday nights when gaming must stop by 3:00 A. M. I think drafting the statute to limit gaming from 2:00 P.M. in the afternoon until 4:00 A. M. in the morning seven days a week without the special limitation on Saturday night-Sunday morning is desirable. Limiting the hours prevents people from gambling for such long stretches of time that their judgement becomes flawed. It encourages repeat business by giving people a more balanced vacation experience, assuring an opportunity to do other things, and it prevents the creation of a demi-world of night people whose living habits run counter to the rest of society. In other words, everybody gets a chance to go home and rest up including the casino staff, casino supervisors, and the players themselves.

Limiting hours also insures that other businessmen in the community will have an opportunity to provide goods and services to people who might otherwise spend their entire visit at the gaming tables. There is even a road safety factor involved in limited hours, as gamblers who have been up all night without respite will constitute a hazard on the highways in the early morning as they race to work at the same time children are going to school. So stick hard on that one. As a matter of fact, tighten it up tighter than you already have it.

Prohibit gaming on credit. Now, I have heard continually that the word is put about that you can't run casinos without credit. As you know, British law permits gaming only on a cash or check basis. Admittedly the acceptance of a check is a limited form of credit, but this has proven to be a most workable compromise in England.

Under British law, checks given for gaming tokens are enforceable in the courts and a person thinks twice before giving a check which he cannot cover with readily realizable assets. There is some interesting testimony in the U. S. Commission's hearings where the British concept was compared with the Las Vegas credit arrangements. The Las Vegas people continually maintained that there were people who did not want their accountants, their wives, their banks to see that they had written checks and that this justified credit on an I. O. U. or even called-bet basis. It seems to me that it is socially undesirable for a person to gamble when he is motivated to conceal his gaming activities from those persons who would ordinarily see his cancelled checks. Again, I can refer you to the British statute for guidance in drafting the proper regulation.

There is a flaw in that statute which I won't go into now which doesn't enable people to gross up their checks at the end of the evening, but even the Gaming Board of Great Britain agrees that ought to be corrected. From the standpoint of the State, casinos should be allowed to deduct worthless checks from their winnings before taxes are calculated for tax purposes. It is to the State's advantage for casinos to be as liberal as possible in granting check cashing privileges. The casino, obviously, does not wish to gamble against its own money, so some cautions will at all times be exercised. I have gone into that in some detail here, and I also want to emphasize that when you have checks, you can process them through the courts for collection. On the other hand, where you have I. O. U.'s and things like that around, you have people resorting to unusual methods of collection, such as breaking legs and things of that sort to enforce payment. I think that is very socially undesirable.

I have emphasized at great length in here about prohibiting tipping at the gaming tables or otherwise in respect to gaming, and I notice Assemblyman Perskie mentioned this morning that he also believes that this should be enacted into the statute. I think it is very important. Don't listen to anybody who says it isn't. Read my section on this particular subject, and I think you too will be convinced. I also would refer you to a book called "Turning the Tables on Las Vegas," which is now on the best seller list, I think. In that book the author explains how he uses a form of tipping, that is placing bets for the casino staff in order to actually corrupt the staff - a word that he doesn't use by the way - but it is obvious that is what he is doing. I think this takes money away from the State and away from the casino and tends to corrupt the staff of the casino. The practice of no tipping has worked very successfully in England, and I would recommend it to you very highly. It incidently happens to be something that I fought against when it was first introduced. I now see the beauty and the logic of it.

Now, you will find a section of my paper entitled, "Prohibit Live Entertainment on Casino Premises." This restriction as it is framed in British statute is going to be a particularly difficult one for a destination resort like Atlantic City to accept. I don't hold out much hope that you are going to be entirely successful in putting forward such a suggestion, but there ought to be a way for people who want to see famous artists and tab Broadway shows and colorful reviews to do so without being subjected to the temptation to gamble. In England, it is absolutely essential that there be a complete separation between the casino premises and any premises with live entertainment. This means that anyone who wants to see a show and also gamble has to go out of doors and come in through a separate entrance into the casino, without there being any communicating doors between these two amenities. I think this is very desirable from a social point of view as it prevents entertainment from being used as a lure to get people to gamble. I strongly recommend some

kind of restriction akin to the British system. At the very least, I would advocate the prohibition of the arrangement they have in Las Vegas where it is necessary to walk through the casino in order to get to your hotel room, to the restaurants, and all the entertainment attractions and even the shops. This should not be necessary, and in fact, the way this could be limited is to require that the casino have its own entrance off the hotel lobby and not be a gauntlet that people must negotiate in order to get to the various other amenities.

There is another reason not to follow the Vegas pattern, and that is that by concentrating entertainment in the hands of the casinos, it puts ordinary entertainment entrepreneurs out of business. Other people who are in the business of providing entertainment to the public are at a great disadvantage as compared to the casinos. They use the attraction to lure people to the gaming tables. Of course, other people don't have that. I, for example, in the northern part of the State find it very difficult to employ certain headliners because of this terrific inflation that Las Vegas and Tahoe and the Bahamas have created for the services of these entertainers, and I don't think that kind of economic power should be concentrated in the hands of the casino people - one of which I hope to be, by the way.

I would prohibit the sale and consumption of alcoholic beverages in the gaming areas, another good thing that the British law has introduced. The restriction is imposed upon casinos in the U. K. although it is possible to have a restaurant where beverages are served immediately adjacent to the casino area; that is, in the casino room but separated by a dwarf wall. Patrons are not permitted to take drinks into the casino area; and they are not allowed to be served drinks in the casino area - by that I mean alcoholic beverages. They may enjoy soft drinks and sandwiches with the compliments of the house, et cetera, but no alcoholic beverages. This all relates to the social objective of not encouraging people to gamble when their judgement is flawed. I think it is essential to introduce this in New Jersey. Again, I want to tell you from an operator's standpoint that it reduces problems in the casino area and it assures that the people who are most hung-up with gambling are at least sober - another sensible restriction which helps to avoid community backlash.

Now, I have also indicated that you should establish by regulation at least, and perhaps even by statute what games may be played and under what rules. From both the standpoint of the casino and the State it is best to limit games to those which have the least disadvantageous odds against the player. In other words, the classic games should be the only ones that are permitted - roulette, baccarat, as it is called in Vegas, which is called punto-banco in England, blackjack or "21" and craps. I think games like wheel of fortune and keno, which has incidentally something like a 50% edge against the player, are bust out games which take advantage of what is referred to in England as the "mug-punter." The public deserves some protection, which assures their having more pleasant experiences in Atlantic City casinos and hence insures their return more often. Also, if they go from casino to casino, they should not be confronted with a lot of different games with different rules applying to those games, but should always know what to expect in each casino. They also make the job easier for the Gaming Commission's own inspectors, as all of the games would be played under the same rules and in the same manner, so they can see what is going on. They don't have to readjust themselves every time they go into a different casino. It is important to specify how much square feet of space is needed to be allocated to each type of table to avoid overcrowding in the casinos, and there is plenty of experience of that.

I would definitely say that casinos should be out. On the other hand, I think we should be able to provide facilities not necessarily in the same room as the so-called casino, which I know is defined as a single room, for such games as backgammon and bridge, where the house does not have a percentage, but where the players are playing against themselves, because there are frequently times when hotels will want to introduce, as they do in Monte Carlo and other places - which incidentally is very difficult to do in England, I might add - tournaments where you attract people from all over the world to come to the place to play in these games, and the house puts up additional prize money, et cetera. It is essentially gambling, but it also has an element of skill, and there should be some specification in your regulations or law for card rooms of that variety, not necessarily connected with the casino, but as part of the casino operation.

On the other hand, there is a kind of limitation on gaming which I think is highly socially undesirable, undesirable from the casino's viewpoint and undesirable from the State Treasurer's viewpoint, and also from the viewpoint of the gambler, and that is, putting maximum limits on the amount that can be wagered on different games. I recommend permitting casinos to set their own minimum and maximum limits, which I would require be posted above each table, and I would require also that the Gaming Commission be notified of any changes in limits before they go into effect - even on individual tables. Experienced gamblers know that they have a better chance to break even or win the higher the limits are, and high rollers will stay away from places like Puerto Rico where the State puts a low ceiling on the amounts that can be wagered. Unfortunately, putting a ceiling on maximum bets suggests to the public that the State is protecting the punters but the opposite is really true. The sooner you run up against a house limit, the less chance you have of recouping losses.

You realize, of course, if there were no limit whatsoever, a man like Paul Getty could go up to a casino and keep doubling his bet until he won ultimately, so the house will put sensible top-side limits, have no fear of that. Where there is no limit, the punter could always beat the house.

Permitting high limits also attracts the kind of people who can best afford to gamble and it virtually has no effect whatsoever on the little fellow, as there is no danger of his being able to gamble at the high limits just because they exist. The more affluent punters, like the Arab oil sheiks, are attracted by the high limits, and winning money from them is not regressive as is the case when you are taking money from people who can't afford to gamble. Don't drive away this kind of business by putting statutory limits on the maximum amounts of bets. Casinos themselves, as I said, will put reasonable limits on and so on.

Now, restrictive advertising is another point I have raised. In Britain, gaming casinos are not permitted to advertise the availability of gaming at any specific location in any publication which circulates mainly inside the U. K. Furthermore, there are restrictions on the number of signs that may appear outside a casino. Again, I think there is a great deal to be learned from the U. K. experience here in terms of not enticing people to gamble. In Britain, for example, it would be illegal for me to advertise that we have casino facilities inside the Playboy Club. As a matter of policy, I do not advertise at all in England. People who want to gamble in casinos find out about these available facilities soon enough and it would seem to me that a similar restriction might serve you well in connection with advertising which primarily circulated within the State.

If this restriction seems to be inhibiting and prevents casinos from maintaining a viable level of business, you could always relax the restriction at a later date. I would

say that virtually about everything I have mentioned so far, if any of these things seem unduly restrictive, you could always relax them, but you will have one hell of a time trying to ever tighten up anything that you made too loose at the beginning.

The restriction on advertising might be a regulation by the Commission requiring a statute if it is thought that that is something that might have to be changed. I would further recommend extremely tight local ordinances be drafted to prevent garrish signs which entice newcomers to gambling and have a special appeal to children. Don't spoil Atlantic City by filling it up with flashy signs competing for business. It has a lot of those already, but I would suggest that casinos not contribute to that urban despoilation.

Prohibit casino employees from gambling in their own or other casinos. In Britain, casino employees including management are prohibited from gambling in their own casinos in order to prevent the use of skills, which must be avoided in any event. Casino employees are not, by law, prevented from gaming in other establishments but most casinos include that prohibition in their contracts of employment. I think you would do well to include this additional restriction in your enabling legislation. As I said before, gaming casinos can be an extremely expensive and dangerous activity, and there is no reason in the world why casino employees - who ought to know better - should be permitted to engage in this activity when it may very well lead to conspiracies and could very well corrupt an employee who gets in over his head. Jockeys are forbidden to gamble on the horse races in most jurisdictions, so I see nothing preventing you from making a similar prohibition as regards licensed casino employees with the sanction that they would lose their licenses if found gambling in any casino in New Jersey. I don't see any reason why they should be prohibited from gambling in casinos in other jurisdictions, because that is generally a holiday or vacation activity and so on.

Now, this is a very important point, I say, "Introduce some minor barriers to prevent casual introduction to casino gambling." I am a proponent of the British system which involves the "Club" concept and the 48 hour waiting period. However, this policy may not be feasible for Atlantic City, which is a destination resort and where most people would not plan on spending more than 48 hours for a start. I can accept this, but I still think there ought to be some kind of an admission charge, either on a one-time or an annual basis which would involve the casino visitor registering and giving such valuable information as his name and address on the occasion of at least his first entry into a casino. This would also help you enforce your black listing regulation and give you some means of identifying individual customers. If you were to charge, say, a \$1 admission charge each time a person visited a casino, it would discourage those people at the very lowest economic level from utilizing casinos, and these admission charges could be used to support some local civic cultural amenity. For people who intend to use the casino facilities on a regular continuing basis, an annual charge of, say, \$25 might be suitable and one time visitors would be charged \$1 on each visit. Not only does this concept prevent casual gambling by those least able to afford it, but it also provides a substantial sum of money; which, for example, could give Atlantic City a major symphony orchestra or ballet or opera company. Alternatively, it might be used to subsidize major touring cultural attractions in Atlantic City. The money might be used, for example, for something that I just learned about, the Atlantic Performing Arts Center, which was never gotten off the ground. This could be the source of finance for a worthwhile civic activity like that.

I can't emphasize often enough the importance of structuring casino gambling in such a way that nobody can ever say that it destroyed the quality of life in Atlantic City, but rather that casino gambling enhanced civic amenities for gamblers and non-gamblers alike.

That is very similar to the way it is done in Monte Carlo, where the money there is used to support a ballet company, opera company, and all administered by Princess Grace, a very social and very good contribution to Monte Carlo's quality of life, you might say.

I emphasize that casinos should be permitted to pay large winnings by check. At the casino's option, it should be possible for casinos to pay out winnings in excess of \$1,000 by check, rather than by cash. I feel this is important, if you don't want to increase the level of street crime in Atlantic City. If casinos are obligated to pay everyone, no matter how large their winnings, in the form of cash, you are going to find burglars and robbers flocking to Atlantic City to prey on the people whose pockets are stuffed with cash - not that there are that many winners, mind you, but at the same time it will have that kind of a lure, and I think that frequently the gambler has to be protected against himself. He likes to feel \$10,000 in \$1,000 bills in his pocket, but it is very easy for other people to notice that and take advantage of the chap, especially if he has had too much to drink on the other side of that dwarf wall.

Furthermore, the records of check payouts, available as they are to law enforcement agencies, can frequently be useful in other matters of fiscal control. If the argument against paying by check is that some people might wish to conceal their winnings in some way, I should say that neither the casinos nor the State of New Jersey should be a party to such an activity.

I notice that Mr. Perskie and Mr. Kupperman in their draft statute have already limited slot machines to casinos, and I think that is desirable. I think also by regulation there should be at least an 80% payout, and also there should be a limitation on the number of slot machines in a casino, the slot machine being the most progressive form of casino gambling, because it appeals to the complete idiots who don't know anything about how to play the other games, so they just walk up and feed those machines. But the other point about the slot machine is that -- well, I mentioned that they should be restricted to the casino. I think you already have that pretty well covered, I would think. You know, something that has occurred to me in the course of these discussions in the last couple of days, which is not included in my paper, which I would also suggest as a useful regulation for Atlantic City, first of all, I think it is very important that you limit the total number of casinos that you are going to have, because if you overbuild Atlantic City, it will be very short sighted, because what you must realize is that other states are not going to stand idly by while this is happening. Other states are going to pass their own casino laws, and there will be pressure from, oh, the people in the Catskills, or wherever, and Pennsylvania is already studying the situation, and Delaware is also. So if you have the economic situation which you currently have, it will only be advocated if you overbuild the town, and then all of a sudden half your business is taken away by competing states, and all those hotels are running 50% occupancy; you would then be plunged into the same sort of thing, and Atlantic City will be coming down and asking for legalized prostitution, or God knows what, for their then problems. And this is bound to happen, so it is very important to limit the number of facilities in Atlantic City and the number of new hotels, et cetera, that go up as a result of this draft.

One thing I would suggest so that you at least do get some building - and this is something which has occurred to me in the past few days - is that any old hotel receiving a license, the operators of that old hotel should have an obligation to open a new hotel with at least 400 rooms, et cetera, within a period of three years. And if they

fail to do so, then their license should be automatically suspended at the old hotel. That would prevent you from just having these lovely old buildings being the only things that are being refurbished, and the new investors will stay away. That commitment will assure Atlantic City of at least getting five or six new hotels that they obviously need. They don't need 50 hotels, or anything like that. So I would say that what we are looking at is 10 or 12 licenses on the outside, and 5 or 6 refurbished old hotels, and 5 or 6 new ones. That is my personal opinion, of course, from my observations, and I think it would be one that you would well consider.

I hope it will be possible for Playboy to directly participate in gambling in Atlantic City. I have visited Atlantic City. As a matter of fact, I was there yesterday, and I must say I was pleased with what I saw. She may be a somewhat faded lady, but she is still very attractive. Thank you very much. (Statement appears on page 5x in the appendix.)

ASSEMBLYMAN CODEY: Thank you, Mr. Lownes. Are there any questions?

ASSEMBLYWOMAN BURGIO: Yes. Mr. Lownes, do you have any residency requirements for employees?

MR. LOWNES: Well, obviously, it would be difficult to live in Paris and commute to London to participate in the gaming there.

ASSEMBLYWOMAN BURGIO: I am interested in the employees.

MR. LOWNES: Yes, I understand. Obviously, I meant as employees too. We don't have to employ just British nationals. Well, I for one am not a British national. I am a United States citizen. Admittedly I am the only U. S. citizen who has been granted a gaming license. We don't have any specific limitations. It takes somewhat longer to get a check on people whom we employ who come from other parts of the common market. It is very difficult to get any kind of work permit for anyone who is not a resident or a citizen of the common market.

SENATOR MC GAHN: Mr. Lownes, what is the demographic breakdown of the patrons who go to your clubs?

MR. LOWNES: We haven't done any study like that, but I would say, offhand, 75% of the people who patronize our club are not U.K. citizens. They may be the residents, but they are not citizens. Most of them are foreign businessmen. A large percentage of our income comes from the Middle East.

SENATOR MC GAHN: Not Americans?

MR. LOWNES: Yes, we get quite a few Americans. When I said foreigners, I included Americans. I had my British hat on.

SENATOR MC GAHN: Do you pay the winners from the Middle East by check too?

MR. LOWNES: Oh, yes. And under exchange control regulations they are allowed to take out money that they get at the gaming tables from the country.

SENATOR MC GAHN: They don't have to pay taxes when they get back.

MR. LOWNES: That's true.

ASSEMBLYMAN KAVANAUGH: I have been looking through these regulations, and what do we know as far as percentages? You had mentioned an 80% return on the slot machines. What are the other percentages, and how is that regulated? Would it be the same as Nevada? Would New Jersey have the same return to the gambler?

MR. LOWNES: It is possible to regulate the way the slot machine returns. Incidentally, in the U.K. we are only allowed to have two machines in the clubs, so it hasn't been a great focus of my attention. But it is possible to regulate that by the number of symbols that appear on the wheels.

ASSEMBLYMAN KAVANAUGH: I understand that, but I am talking about the other games.

MR. LOWNES: How do you regulate them?

ASSEMBLYMAN KAVANAUGH: Yes.

MR. LOWNES: Well, you set the rules and regulations regarding those games. For example, I would---

ASSEMBLYMAN KAVANAUGH: Should that be written into this?

MR. LOWNES: I think it should be. I really do. I think you should have a single zero. I think it would be well if Atlantic City would be able to put up a big sign like the Casino Association of Great Britain - my idea by the way - which has a big sign on the way to the airport from Las Vegas, and it says, "Next time try London, the odds are better." I think it would be a great feather in Atlantic City's cap and will attract tremendous amounts of tourism if you have a reputation for offering the best kinds of odds for the player. Believe me, in the longrun - and I have seen this in the situation in England - it is a great advantage to the casino. More people leave with a pleasant experience, and that incidentally brings them back more often, and so in the longrun, you make a lot more money by having the best kind of odds from the punter's point of view - the gambler's point of view.

I would only have a single zero on roulette. I would have the kind of advice--- We have eliminated all the sucker bets. We don't have the horn and the seven's and all those kinds of bets on the craps layout. That is by law. You can study the British law and see what they have done in terms of tightening it up. Their regulations are readily available. I sent them all to Assemblyman Perskie. On blackjack, certain propositions are not permitted. For example, you can't split ten's and things of that sort, which are renowned sucker propositions which casinos in Las Vegas and the Bahamas encourage people to do. In the Bahamas, they don't even have a come line on the craps table, which is really a tremendous disadvantage to the punter.

ASSEMBLYWOMAN BURGIO: What does that mean?

MR. LOWNES: Well, we don't have a line where you can bet on the next roll of the dice, nor can you back up your bets. This gets very technical. I don't think this is the time and place to explain all this. I know you are all hungry. I am always available and will always be available, even if I have to come over from England as I have done in this case, to assist you to get your law right, because if you don't get it right now, you never will. So get it right before you go into operation, and don't listen to these people who say, "Oh, we have to have this type of permissiveness or we have to have that kind of permissiveness." I can tell you that we make as much money with our little operation in England as many of the big Vegas casinos do. So I know that operating under the right kind of laws is not all that terrible.

ASSEMBLYMAN CODEY: Your reason for being here is not solely that you want to help us. Obviously, your interest in being here is that the Playboy Club wants to operate a casino in Atlantic City.

MR. LOWNES: That is true. I indicated that. But I want to operate under the kind of terms and conditions that are not going to be attractive to fast-buck operators and the criminal element. I want to operate under the terms and conditions that will attract responsible businessmen who have a feeling about the community in which they live. That has been my policy in my entire business career, and I can say that it has paid off. I am a rich man today. That is my belief. I think I can help you by putting your act together. Thank you.

ASSEMBLYMAN CODEY: Thank you very much. That is our last witness this morning.  
We will recess for an hour for lunch.

(Whereupon a luncheon recess was taken.)

AFTERNOON SESSION

ASSEMBLYMAN CODEY: I would like to get started now.

Our first witness will be Edmund Colanzi, Commissioner, Atlantic City.

EDMUND COLANZI: Good afternoon, Mr. Chairman and members of the Committee, before saying what I originally came to say, I would like to make a couple of one-line statements.

I am 100 percent in favor of destroying the present quality of living in Atlantic City. Anyone who wants to maintain it, couldn't have been in Atlantic City for at least the last 15 years. I want to see a betterment of the quality of life in Atlantic City. One of the reasons we asked for casinos for Atlantic City was to change the quality of life for the people of Atlantic City.

Another thing - and possibly I am being facetious, but the previous speaker leads me to say this - we are in a Bicentennial Year. Two hundred years ago, we freed ourselves from Great Britain - I think most Americans are grateful for that - and the United States has fared rather well in comparison to Great Britain over the last 200 years. So I don't know how much I would like to follow British law.

There were several reasons why I wanted to come up here today. I wanted to thank those people in the Legislature who supported us. And I would hope that those who didn't, as a result of what is accomplished by this enabling legislation and what the people in Atlantic City do, will in the future say, "We did make a mistake because Atlantic City has come back and our misgivings were unfounded."

When I spoke here many months ago at a hearing dealing with the referendum, I made a statement that I saw casinos to Atlantic City as I saw a liquor license to a restaurant, making it quality, making it first class and making more people want to come there. Fortunately - at least, I believe it is fortunate - the electorate of the State of New Jersey saw fit to pass the referendum on November 2nd and, right now, we feel like people again in Atlantic City. The blood plasma is there, but we can't get an injection of this plasma yet because no one is giving it to us yet.

I understand the job you people have is a very difficult one. I understand the job that the Senators and Assemblymen are going to have is a difficult one because you are going to have various types of input from all over. From reading the papers and listening to the radio and television, I know that many people throughout this State are concerned about what could happen in Atlantic City and they would like to see certain limitations. But I tell you this for the people of Atlantic City, they are very concerned right now, because what they see and what they hear seems to tell them that they have something but they can't use it. They may never, when this things goes into effect, be able to be a part of it. They may not have the jobs. They may not be able to live there.

Above and beyond all of that, there is another concern. Governor Byrne who was on national television made the statement that it would be at least 18 months before casinos come to Atlantic City. This concerns the people of Atlantic City and the general area. I believe around the 3rd or 4th of November, if I were a legislator in the State of Florida - that state concerns me more than any other - that I would get out there and try and promote casinos or some form of gaming in the State of Florida to insure its tourism is not destroyed. I would tell the people in the State of Florida, whether behind back doors or openly that the \$5,000 exemption they receive could well be lost if the tourism money was lost to the state and its people. I would do everything I could to see that casinos were passed in Florida by November, 1977.

And, at that time, I would have enabling legislation ready to be passed the day afterwards, which I would have started to prepare the same day I started the campaign. This is my belief, but it is only an opinion.

As the Commissioner of Parks and Public Property, I am responsible for the airports in Atlantic City. Many major corporations throughout the country, and some in other countries, have been to Atlantic City and spoken to me personally. But, in particular, there is one home-based aircraft service in Miami International. They happened to hear my opinions which I have just given to you, because I was stating it on the phone to a local radio station. When I ended my phone conversation, they told me, "You don't have to think that. That is exactly what is going on in Florida right now. There are legislators in Florida doing this and they are going to try to get this passed as soon as possible." So I then repeat, the blood plasma that has been given to us by the voters, we will never be able to use, because unfortunately we can't control the climate of New Jersey and the climate of Florida is more conducive to interesting investors. If New Jersey takes that long to allow those casinos to open in Atlantic City, the first casino may never open because they will be in Florida before we have them here.

That doesn't mean that you can make a decision by tomorrow morning. But I would hope you will be as hasty as possible and still have enough time to use the best possible judgment. It is going to be very important.

Another thing - in interviewing some companies that were going to do some planning for us, a financial firm from New York City, a very professional one that has dealt with most of the large construction of hotels in the country and throughout the world, informed us that they doubt that the major loaning firms of the world would put money into Atlantic City. They felt this money would not be available to the city and, therefore, we might not see the casinos. I tend to doubt it. I think that this particular group is trying to overemphasize the point, possibly to sell something. But the fear is there. If they are because of their professionalism knowledgeable and they are telling us the truth, that is all the more reason why we can't wait and have this hanging 18 months to 2 years before the investors are going to be able to find out what the ground rules are.

I think we all realize the major investment in casinos will not take place until the enabling legislation is passed. First of all, they won't know what they can build. They won't know if they want to build. We talk about hours. Should it be 24 hours or 16 hours or even 3 hours? The primary reason we wanted casinos in Atlantic City was to act as the liquor license does to the restaurant. I don't believe that national statistics will show that all the alcoholics in the world live in Atlantic City. We have bars open 24 hours a day. In fact, in Atlantic County alone, we don't have the problem that some other places do that are not open 24 hours. I am not saying here casinos should be open 24 hours or 1 hour. I am asking you though to talk to major investors in the country and find out what has to be the least amount of hours before it would be conducive to them to invest, because the reason we wanted this for Atlantic City was for jobs - for construction - to rebuild the city. I don't know that we are looking for the high-rollers. We are looking for numbers of people which will stimulate the construction and put people to work. Having a club that is the best in the world with the finest clientele in the world is not going to satisfy the needs of the unemployed in our city.

There is another problem that we are going to have, for which I don't even have a suggestion as to a solution. I would like to see the Affirmative Action Law stay

in the enabling legislation and to be as firm as possible. I know somewhere along the line - you may hear it today, if there is time, or some other time during the hearings - you will hear from minority groups that because of their past histories are not able to have the moneys necessary to build casinos. However, I am not in favor of a casino on every corner or in every building. I think the enabling legislation that is being introduced would make casinos first class and would save the family tourist business for Atlantic City. The fact that you won't even see the casinos from the outside, to me is a plus factor and proves that our legislators and the people are not looking to have a casino row that would ruin the morals of any of the youth of the families that come down. But, at the same time, I would hope somehow, someway, that you people can find a solution to the problem for the minority groups who have lived there, who have suffered, and who have starved there, that they might have some way to get into the mainstream.

If this can't be done, the affirmative action part of this enabling legislation must be firm enough so that at least they have their share of jobs in this. I have heard throughout the State people feel these jobs aren't only supposed to be for people in Atlantic City, that they are supposed to have some of them. That I believe to be true and that is the way it should be. But there is a belief in Atlantic City that many of the people there, especially the minority groups, may have to move out, let alone be able to go to work in a venture they fought so hard for. How these problems are going to be resolved, I don't know. You have a tremendous task in front of you. I am emphasizing them now because I would like you to consider them.

I don't want to see x number of casinos written into a bill, whether it be 6 or 10 or 1,000. I like the idea of its saying x number of rooms are needed and x number of floor space. But remember we are not totally looking for gambling in Atlantic City. We are looking for construction. We are looking for hotel rooms. The Convention Bureau right now is being swarmed by people throughout the country in the convention industry, not wanting to know when they can gamble, but wanting to know, "When are you going to have more rooms in Atlantic City? When are you going to have the rooms that exist refurbished so that people would want to come back?" There are conventions right now that we can't bring into Atlantic City because there is not a sufficient number of rooms in the town.

We in Atlantic City need rooms. We asked for casinos to stimulate the private sector to put money into Atlantic City for that. Therefore, I beg you not to limit the number of buildings that can have casinos, but rather, the way it is said in the enabling legislation, that it should be x number of room or x number of square footage. However, if the Legislature deems it should be done that way, it is all right with me, but I hope they use that avenue instead of a set number of buildings.

There is another thing that I would like to suggest be put in the enabling legislation. I don't know that I want a member of the clergy as a member of the Commission. I say this half with tongue in cheek and half seriously. But I would have to assume that the church that clergy belonged to then should not have a bingo, because that is gambling and, therefore, would be a conflict of interest, just as I don't want any politician or someone elected by the people on that Commission. I don't want to see an attorney who works for the public sector involved with any casino. And I think that should be in this legislation. I don't mean just in the public sector in Atlantic City or Atlantic County, but anywhere in the State. I think it would be healthier not to have that, and I would like to see that put in the enabling legislation.

I would like to see on the Commission - and I think it should be part of the enabling legislation - one person representing organized labor in the State of New Jersey because "jobs" is the name of the game. I believe if the State Labor Councils were asked to submit ten names, then the Governor or whomever you decide is going to appoint the Commission could fill one spot from someone from organized labor. It would also be nice if at the same time someone from the Atlantic City or Atlantic County area could also be on the Commission because they know the needs of the area and understand the problems. Because if the members of the Commission are from other sections of the State and are never down in that area to understand what is going on or to understand the problems, I don't know that that is any better than having all five people from Atlantic City. One is just as bad as the other.

I would like to see put in the enabling legislation that any union leader that is involved directly with casinos, with his labor force, that that union leader must go through the same procedures as someone applying for a license. And I know that the labor leaders in our area are not opposed to that. That is not strange. I understand it is being done in Nevada. Because of the nature of the people we have in our area, they are not opposed to that type of thing and they do think this would be a constructive thing. At the same time, I would hope if the suggestion were taken, it would not just apply to one, but would include the others. But I think this would be of assistance.

On page 23 of the copy I have, the word "inimical" appears. That word is a tongue-twister to me. I might make light of it, but it is sort of important. In Webster's Dictionary, it says "inimical" means, an enemy, hostile, unfriendly, opposition, adverse or unfavorable. That possibly means that a member of the No Dice Committee - and someone from that group may also be speaking before this Committee - may be asked to leave a casino because they were an enemy, hostile, unfriendly, opposed, adverse, or unfavorable to casinos. I believe it is possible that President Ford could be asked to leave because he was opposed to casinos, and said it on national television. The same would be true of a rapist, a draft dodger, and it could be true of a union leader who was arrested and spent six months in jail because he refused to break a picket line. I don't know how such a person could undermine, or be considered part of the underworld, or how he could hurt casinos. But this whole Section 61 should somehow be reworded. This may be an extreme example. But someone 18 years old could have committed a crime that had nothing to do with what we call "the underworld," been found guilty and served a sentence and then come out and become a member of the clergy. His life could have been changed. Then 20 years later, according to this enabling legislation, that person technically could be asked to leave any casino should he walk in. Possibly that is an extreme case. But after looking at the definition of the word and reading that section, I believe I understand what they are trying to do. But I can't understand how someone who would work in a flower shop or someone who would work in a coffee shop would have to be, in general, so restricted in being allowed to go to work because of something that they did in the past that was not what we commonly consider underworld activities or those types of things that would undermine casinos. I would hope that you would look at that particular section because it is possible that thousands of people who need jobs may never be able to get them. I don't know how extensive you are going with that, whether you are going to limit it to the building, to the purveyors, or what. I speak for many people who are truly concerned about that issue.

Another thing I am opposed to is the Governor's veto. If the Gambling Commission

makes any decision, I think the Supreme Court of the State of New Jersey or some court in the State of New Jersey should be the one to decide whether they are right or wrong. I don't want to see one person have that kind of power because he could be either pro-casinos and allow everything to pass or could be anti-casinos and veto every action taken. I think human beings being what they are and the structure of government being what it is in this country - being an officeholder myself, if I am insulting anyone, then I guess I am included - I would think the purest people of those who control the public are in our court system rather than anyone elected to office, commonly called a politician.

I would repeat that I would like to see a labor leader on the Commission. I would like to see someone from the local area on the Commission. I would not want to see an attorney be allowed to become involved in casinos that held public office anywhere in the State. But I beg you somehow, with all the good judgment that you have, to please help this come into being, because the people of this State got a gift on November 2nd and they may never be allowed to use that gift if another state picks it up because we took too long. In your haste, some things may have to be changed, but at least we can start moving. But if you wait too long, I don't care what anyone else says, that's the biggest mistake that might occur, because what was given to this State may never become a reality because then the investors will go somewhere else.

In answer to one of the questions asked, I would say, in the City of Atlantic City, the beaches were given to the city by deed by the landowners. It was given to be used as a recreational area and a public area. If the City of Atlantic City ever chose to charge a beach fee, those lands would revert back to the hotel owners. I do not think anyone in Atlantic City wants to see that happen. Again I repeat - I hate to be redundant, but it is very important - that liquor license to the restaurant and that casino license to the hotel are of similar importance. We are looking for people - we are looking for numbers. We, in Atlantic City, are not necessarily interested in how much money will be spent in gambling. We are looking for people to come to Atlantic City, to use it as a place to relax, to increase the economy of the area, and to give jobs to people. We need numbers of people for that. We are going to need free activities and that beach and boardwalk must be one of them. And I don't think you will find any or few people in the whole general area that would want to see that public area given back to the private sector.

Thank you very much for hearing me.

ASSEMBLYMAN CODEY: Thank you, Commissioner. Any questions?

ASSEMBLYWOMAN CROCE: Not all members of the clergy believe in bingo or even believe in gambling. I just thought I would put that in. I know some of my ministers down in the Cherry Hill area are against gambling of any type. That is just food for thought.

SENATOR MC GAHN: Commissioner, let me respond to your concern about Section 61 (a) 3. Basically, this is similar to a so-called black book which bars from the premises of a casino any convicted or known gambler. The language here is perfectly normal. This has nothing to do with any employee on which a background check has been made. This is your so-called black book, barring an individual from the premises of that gaming casino. So I don't think you have to worry too much about the language there.

COMM'R COLANZI: Senator, I am not necessarily opposed to the concept. I agree that there has to be something in there. But, to be very frank with you, in reading the enabling legislation, the word "inimical" interested me and I looked it up in

Webster's Dictionary. I thought, "If this were followed to the letter of the law, some people that we may not like because they didn't support us could actually be chased out of a casino." I don't think that is the intent of this.

SENATOR MC GAHN: No, I do not, and I think that is an unfair accusation. There was a good relationship back and forth with our opponents. I think their position was well presented.

Let me also say in relation to this, just recently in Nevada the courts have turned down a known gambler from being barred from a particular casino because of the failure of due process. So I have no idea what is going to happen in the State as far as this is concerned. But, if I have anything to do with it, that section will remain.

As to your point about gaming employees and labor organizations, one reason this was not considered is because we are not initially confronted with exactly the same situation that exists in Las Vegas today or, should I say, Nevada today. We are not faced as their Casino Gaming Commission is with regulating and investigating 197 casinos licenses and some 4500 limited licenses. Here it is going to be a very small operation, at least to begin with.

I think you have made some valid points. And there will be a draft submitted to provide in the enabling legislation investigation of union leaders. That will be submitted to this Committee and the Senate Committee.

You have touched on one thing that is something that has distressed me no end. Two years ago, at the time that we were unsuccessful in getting the State-owned and State-operated casinos in Atlantic City, it was understood by everyone in Atlantic City that there would be possibly one State-owned casino that would probably be a glorified bingo parlor, assuming it passed. This is what the people at that time fought for. I think that the purposes for which this referendum were approved have been articulated by Assemblyman Perskie this morning; and, they were, mainly to rebuild Atlantic City. This would bring money in for investment purposes. The goal was set for 9,700 first-class hotel rooms by 1985. Gambling was a tool; it was a catalyst. It was not the end in itself.

I find myself being very distressed now by everyone wanting to get into the act and everyone wanting to have a license. Neither Assemblyman Perskie nor I, myself, think it is proper to put a limit on the number of casinos. This is why we went on the basis of certain standards: x number of hotel rooms, x number of square feet, x number of square feet as far as public space is concerned, x number of square feet minimum for casinos. This was a concept we felt was perfectly fair. I cannot agree with my honored colleague next to me as far as bidding procedures are concerned. It reminds me of the off-shore oil drilling as far as leases are concerned. I think it is an alternative procedure, but I don't think it is a realistic one. Perhaps this is the first time I told you that.

I think we are dealing here today with alternatives. We are dealing with what is going to be the best situation. I don't think any of us consider this bill to be the "end all." We are attempting to get the best degree of impact we can. In talking about that, I personally hope that we will have appearing before this Committee or before the Senate Committee individuals from the gaming industry and people testifying as to the internal security that is necessary as far as casino operations are concerned. It would not only be educational as far as the Committees are concerned, but could give us some idea of what realistically the industry

will find itself involved in. It is a very difficult thing for legislators, as informed as they may be, to write and draft legislation and rules and regulations for an industry they know nothing about. I have seen some of the legislation coming out of here pertaining to the medical profession and I cringe. And I don't always support the medical profession. But I think there is a degree of expertise, whether it be the Judiciary, the churches or what not, that we may not have, and we have to get input from all sources. I do agree with you as far as that is concerned.

I say to you in all honesty and fairness, as I did in my testimony this morning, that I think Atlantic City should be developed according to a comprehensive master plan that I know people are working on at the present time. Remember that the gaming industry is a hospitality industry. We are talking not only about casinos; we are talking, despite what Mr. Lownes said this morning, about first-class entertainment that would and possibly could rival Vegas. We are talking about recreational facilities. We are talking about the judicious use of open space. All of this should be part and parcel of the consideration of an applicant for a license.

COMM'R COLANZI: Mr. Senator, I think we both agree that rather than take an arbitrary number, it should be based on the number of rooms, because gaming is not really the primary concern here, but making those things available that would bring in more tourists and more conventioners.

As to the statement made earlier by the gentleman from Playboy that entertainment is hard to come by because of the prices being paid in Vegas, we can't control Vegas. Therefore, the situation already exists and entertainers won't come unless you pay those kinds of prices. We will have to be competitive with that.

Another important matter - if an outside investor doesn't want to spend his money in Atlantic City because the ground rules are such that it would not be profitable for him, that has to be one of the concerns of the Committee and the total Legislature of the State of New Jersey. We don't want to see them chased away.

Some of the things I mentioned that are in here I am really in favor of, and other things I would like to see changed.

ASSEMBLYWOMAN BURGIO: There are quite a few groups that have had conventions in Atlantic City and they would like to continue to do so. Many of them are afraid that when gambling comes in, the prices for rooms and meals will go up higher than they have been. Has any thought been given to that?

COMM'R COLANZI: Rooms in Las Vegas are cheaper than the rooms in Atlantic City because they have other things from which they can make profits. It is quite possible that the conventions would find lower-priced rooms when they come to Atlantic City. I really believe this because if you only have one way to make money, you have to make all your money from that. Another thing, Atlantic City has a limited season, first of all, because of the deterioration of hotel rooms. In those hotels that have gone down, we see less conventions and shorter summer seasons. Therefore, you have to pay your bills in a shorter period of time. Give Atlantic City a 12-month economy and then you would be able to get by with a lower profit and could lower the price of the rooms.

As the Commissioner of Parks and Public Property, Convention Hall comes under me. We are getting calls now from people who want to come back. They really don't want to know when the first casino is opening. They ask us: "Will you be ready by 1981 to give us the thousands of first-class rooms we need so that we don't catch hell from the people who come to the convention?" These are the convention managers I am talking about. The thing that took them out of Atlantic City wasn't the price of

the Convention Hall or wasn't the proximity of the buildings to the Hall, but it was the deterioration of the rooms in Atlantic City. They want to come back and some have called us up to extend themselves into 1985 if we would give it to them at the current price. We are thinking strongly of renting it at today's price for 1985, knowing there will be an escalation in energy cost because the PUC allows increases, etc., but then it would be made up by people coming to town and spending money, and we would be revitalizing the economy of the city. I believe everything I have said is factual to this point.

ASSEMBLYWOMAN BURGIO: That is very reassuring. I would like to comment that I realize your people are rather in a hurry to get this legislation through, but I think it is going through as fast as it possibly can. The legislation was prepared before the vote was even taken. It was filed on November 22nd and here, less than a month later, we are having public hearings. I think we are going about as fast as we possibly can.

COMM'R COLANZI: I hope you understand, because I have the opportunity to be here today, that I am bringing out some of the things that I see on television or printed in the newspapers or some of the rumors we hear. I am pointing them out because of our concern.

ASSEMBLYMAN CODEY: Let me just say, Commissioner, we are only going to do this once; and, as far as I am concerned, we are going to do it right. If you have to wait a few more months, so be it; that's the way it is going to be, as far as I am concerned.

Thank you for your testimony.

COMM'R COLANZI: Thank you.

ASSEMBLYMAN CODEY: Our next witness will be Judson Hamlin, Prosecutor of Middlesex County.

C. J U D S O N H A M L I N: Thank you, Mr. Chairman and members of the Committee. I would like to indicate that the remarks I am going to make are oriented toward law enforcement and I am going to make some recommendations that are going to be specific regarding the legislation before you that I think will strengthen the enforcement end, in which as a County Prosecutor I am interested.

I would also like to say that for law enforcement, the most important thing, apart from this legislation, is going to be the rules and regulations. I don't intend to get into the specifics of rules and regulations. That is for another time and will require a great deal more expertise, as you point out.

If you will bear with me now, I will go to very specific points and ask you to read along with me so I can explain these points. I have very specific recommendations.

On page 18 - that is Article 2, Section 53 - there is an indication that the information that will be in the possession of the Commission will be confidential, except in the course of the necessary administration of this act or upon the lawful order of a court. Then Paragraph (3) says, "To a duly authorized agent of the Federal Bureau of Investigation, the United States Treasury Department or the Commissioner of Internal Revenue of the United States, pursuant to rules and regulations . . ."

I would point out to you that I think the various 21 county prosecutors have just as strong an interest in the legality or background of information as do federal law enforcement agencies. I think the Act would be remiss if it did not include with the FBI and United States Treasury Department, a provision for county prosecutors also to have access, in the due course of a legal investigation, to that same information

that the federal agencies have access to. I think that would help the situation.

I would bring to your attention on page 20, Article 3, Paragraph (e), line 49, it says: "The commission and its agents, inspectors and employees shall have the authority, without notice and without warrant" to do any number of things. Not specifically included in there, although I think necessarily it should be, is a provision, such as in an ABC situation where there is a gross violation and they can take the license off the wall and close the place down on the spot for later hearings. I think we have to understand the potential for abuse is such that, in order to see that casino operations are open and above board so that they will earn the respect of everyone there, the enforcement agents of the Commission should have the power to close a place down on the spot if they find a gross violation. It is not explicitly included in there and I would suggest that you give some consideration to expressly including that power in the Act.

In Article 4 on page 23, Section 60, Sub-section 7, line 30, it says the Commission shall have the power to control the practice of extending credit to patrons, etc. The legislation limits extension of credit by a licensee to any member of the State Legislature, any member or employee of the commission or to any member of the family of any such legislator, commission member or employee. Might I suggest to you that some of the more difficult abuses that have occurred in Nevada happened where owners or part-owners of casinos or their families have had credit extended to them and have gambled in their own casinos and others. It is a very real problem and I suggest to you there is a very easy way to avoid it in this State; and, that is, by simply adding to that section a prohibition against the granting of credit to any owner of a casino or any members of his family, and not permit him to gamble in his own casino. If that is permitted, it brings nothing but trouble. I think that is a simple device that can be used to prevent it.

Further down on page 23, Sub-section (2), the bill talks about people who should be barred. You will notice it reads, "Who has been convicted of a criminal offense under the laws of this State or the United States, which is punishable by more than 6 months in prison, . . ." Noticeably omitted there is the reference to conviction in any other state. We are talking there just about federal and State convictions. I suggest to you that it would be appropriate drafting if we included in that section, "this State, any other state, or the United States." I think we should describe the commission of the offense rather than say the six months in prison because of the variations that occur in different states. We could describe it by saying any crime which would amount to a misdemeanor under the State laws of New Jersey.

Directing your attention now to Article 5, which has to do with the licensing, supervision and disciplinary actions, I would like to make a general comment. In there it talks about applications being filed.

ASSEMBLYMAN KAVANAUGH: What page?

MR. HAMLIN: I'm sorry. I am making a general comment now as to Article 5 of the proposed legislation rather than a specific ---

ASSEMBLYMAN CODEY: Will you point out the page?

MR. HAMLIN: It begins on page 26 and extends to page 36. There are provisions there for publication, regarding applications, persons who have filed applications with the Commission, owners, operators and employees, and likewise there is a provision that disciplinary hearings for violations be held. I suggest to you that you consider an added provision that the Commission be required by law to serve on each of the 21 County Prosecutors, either on a monthly basis or some other basis, a list of all the applications they have received and the names of persons who are to be cleared for

Commission licenses, and approvals. Likewise notice of disciplinary hearings should be served on the 21 County Prosecutors. This would be a very valuable law enforcement tool because we may know people living in our county who are interested in casino operations and we may have valuable input for the Commission; likewise, it is a way for the Commission to gain more knowledge. It is, very frankly, a useful intelligence tool in determining where we are likely to have problems, if any. So I would suggest a mandatory notice both as to disciplinary hearings and applications should be filed with the County Prosecutors, each one individually.

Regarding Article 7, I have taken the liberty of proposing a draft to replace that Article, which I have handed to you. I am concerned, as any Prosecutor would be, with the possibility of cheating and of defrauding the public. And, if we do get a casino industry in this State, I think there can be no worse thing than getting a reputation for problems, which would turn off the public. In that regard, I urge you to give serious consideration to the idea of instead of permitting casinos to purchase gaming supplies - by this I am talking about dice, dice tables, cards, and the like - directly from manufacturers and then only have spot check, having the Commission purchase specific gaming supplies, which are listed in the proposed legislation, and having them checked and examined for accuracy and for honesty. Every dice should be inspected by the Commission, not by private persons for profit. I further urge that casino operators must, in fact, purchase all of the equipment enumerated directly from the Commission. This insures protection for the public and I think is a very valuable device for doing something else.

One of the problems, very frankly, casino operations have had is the question as to the amount of business they really do. We have all heard the word "skim" and I think we all know what that is. By controlling and knowing how much they are ordering both in terms of dice and cards, you can have a pretty fair idea about what they are doing. because you know what the turnover is on these items. For instance, we know that the casinos use tokens. They all make tokens that don't fit the other casinos' apparatus. I would suggest that we make one uniform token, contracting for same with the Franklin Mint, for New Jersey casinos; then they would be sold to the casinos. The casinos would use them. We know people take those things home for souvenirs. By determining the amount of reordering that a casino has to do on tokens, we would get a pretty good idea in general terms about what they are doing and how much they are making. These are control items which are very valuable and are little things which people don't think of, but are important.

So I have proposed a draft for Article 7, which I would ask you to look at in --- I was going to say your spare time, but you don't have any of that. (See page 19 X.)

Lastly, I have noticed there have been a number of things on gambling schools. I suggest to you that any legislation that purports to control gambling in the State should also control the schools that teach the gaming. Just as people who work in casinos should be licensed and examined for their expertise, so should schools that teach one how to be a croupier, a dealer, or whatever, under this legislation. They should have the same kind of licensing requirements and, obviously, their expertise must be determined before they are permitted to take money to teach these courses.

The thing that is the most interesting to me and to which I now direct your attention is Article 11, which is the last substantial Article in the proposed legislation. It is "Crimes and Penalties." I would think after four years as a public defender and five as a Prosecutor, I have some passing experience with this. I think this is where the legislation is probably the weakest and where I think you can make a very

substantial contribution. You will notice that the violations for the various statutes mentioned here are either misdemeanors or high misdemeanors. Misdemeanors in this State are punishable by three years in prison generally and/or fine. A high misdemeanor is punishable by seven years in prison and/or fine. I think you know what the situation is. We are having a tough time getting rapists, robbers and muggers in jail. I assure you that white-collar violators who haven't hurt anybody, notwithstanding the fact they may be involved with a lot of money, are going to be very unlikely candidates to go to Rahway or Trenton State Prison. Indeed, I think most people involved in the gambling industry today— and we have a gambling industry in New Jersey. I don't think there is a police official in the State who will deny it. That is why this business is really nothing new. We have been fighting gambling for years and we are going to continue to fight it. They are willing to take the shot to go to jail. What are they going to do - let's be honest - two to three years? They are really not going to do that anyway. They might do eight months in Leesburg. If the opportunity to make enough money on one hit is there, they will run the risk. I think that you have to recognize that this is a gambling business that we are talking about. Yes, I know it is supposed to help Atlantic City, and I hope it does. But in controlling it, we have to understand it is a dollar-and-cents percentage business. How do you hurt a business? You kick the hell out of its pocketbook - that's what you do.

So I suggest to you, ladies and gentlemen, that in addition to the misdemeanor and high misdemeanor penalties, which the court may or may not enforce, you provide here for the imposition of a fine for up to \$100,000 for violation of this Act, because a gambler knows what that money is. The possibility of his doing a probationary or a one-to-two-year sentence a year and a half from now when the case finally comes to trial is entirely different. Therefore, I suggest you provide in there that any person who violates this Act be given a very stiff fine. The numbers I am talking about are not outlandish at all.

Then I suggest there should be a provision in here that should a casino operation be found to condone, participate, aid or abet an individual working a fraud or what is known in the trade as a skam, in addition to the penalty against the individual, not only should the casino lose its license, obviously, but there should be written in the imposition of a fine equal to five percent of its gross revenue the previous year. I tell you honestly, you hit them in the pocketbook and that is going to scare them more than the possibility of going to jail, which is essentially non-existent.

So those are the most important things that I think you should consider. I, at this point, would like to make one or two observations generally. It is statutory law in New Jersey that gambling debts cannot be collected in the courts since they are not legally incurred. There is some consideration, I know, given to the fact that perhaps the casinos would prefer it that way because it is easier to write off the debt; you then don't have to sue a deadbeat before you get a tax write-off. I differ with that theory. I think what we want to encourage is legal collection of debts. When a guy goes down to gamble and he knows he can't be sued for it, you are not adding too much inducement for him to stay within his means. Therefore, I think there should be companion legislation to legalize the collection of casino gambling debts - obviously not other gambling debts - by casinos within the rules of civil jurisdiction. That will also encourage an honest attempt to collect debts. If somebody blows ten, fifteen, twenty or thirty grands in a casino, sometimes collection methods become a little difficult, shall we say. I suggest to you that we should legalize collection of

casino debts through regular legislation.

I would also point out to you, as you also know - and, if you don't, I'll tell you - gambling debts incurred in the Commonwealth of Puerto Rico are collectible in New Jersey by reason of a case called Caribe-Hilton versus Toland. It just seems to me if Puerto Rican casinos can collect debts here, it doesn't make much sense for us not to be able to do that. So I would suggest that.

Through law enforcement, I have had some practical experience in gambling. If you are not a gambler or if you haven't worked with gambling for any period of time, it really doesn't seem all that difficult. It is an art in a world unto itself. I tell you that unless you are into it really heavy, you are like babes in the woods. I think, very frankly, it would be absolutely crazy for this Committee not to engage either experts or appoint a commission of experienced, able law enforcement people and people who have experience in gambling. I like members of the clergy. But they can't tell you what happens in a gambling world and you have to know where the pitfalls are. You are not going to learn it from very well-meaning people who aren't there.

I suggest for the very small investment that would be involved in relation to the total over-all money that is going to be involved both for and by the taxpayers in this situation that the Committee here ought to think very seriously of appointing a small commission, because big commissions accomplish nothing, of perhaps three or four men or women who are knowledgeable in this area, to study it and give you a report. The report can be done in short order. It doesn't have to be a major six-month project. One can be done within a month or a month and a half and be a good product. I suggest if you try to make judgments without that basic fund of knowledge, the likelihood of your being had is pretty good. That is all I have to say.

ASSEMBLYMAN MC MANNIMON: Any questions?

SENATOR MC GAHN: Mr. Hamlin, I likewise thought that there was not a sufficient amount of authorization for the Gaming Commission to levy fines and take disciplinary action. I was dissuaded from submitting an amendment, however, because of what has recently happened in Nevada where a \$25,000 fine was set down by the court as being unconstitutional as far as the state Act is concerned. This was a disciplinary action.

MR. HAMLIN: Senator, I share your concern in view of recent litigation about the propriety of the Commission levying a fine. My suggestion was to have as an alternative penalty for the court to impose, upon adjudication of guilt, a fine of that amount.

ASSEMBLYMAN MC MANIMON: Thank you, Mr. Prosecutor.

MR. HAMLIN: Thank you.

ASSEMBLYMAN MC MANIMON: Our next witness will be Richard Lavin, Cope Director, Atlantic-Cape May Central Labor Council.

R I C H A R D L A V I N: Ladies and gentlemen, my name is Richard Lavin. Once again I am here before you as spokesman for the Central Labor Council which is composed of 35 unions in Atlantic and Cape May counties. When I was last here on behalf of our 42,000 members, it was to plead that the people of the State of New Jersey be accorded the right to decide for themselves whether Atlantic City is to have casinos or continue to face hunger, deprivation and chronic unemployment.

When I appeared here before, I believe I mentioned that I am, by trade, a humble bartender. I might add that, right now, like so many of my co-workers in Atlantic City, I am a bartender with no bar to tend. I might also add that, right now in Atlantic City, the kid with the torn sneakers whose daddy hasn't had a job since Labor Day, is still wearing those sneakers back and forth to school each day in 20 degree weather. The hotel waitress who fed you so nicely if you were here for a weekend last summer, is feeding her family with food stamps this winter. Right now, we are in the midst of what may well be the worst period of unemployment, and all that goes with it, that we have ever experienced - made even more terrible for those with inadequate heating and inadequate clothing by what promises to be an unusually cold winter.

There is one great difference, however, between Atlantic City now and the way it was before. There is the feeling all around us that this is our last Christmas of hunger and our first Christmas of hope.

For this, on behalf of all of us in the Atlantic City area, I wish I had some means of expressing to you a gratitude that is so profound that words do not exist to do it justice. I mentioned, when I appeared here before, that my friends all call me "Reds." The way I feel right now, I would like to invite everyone within hearing distance of my voice today and, in fact, throughout the length and breadth of the entire State of New Jersey to please call me "Reds." You have proven to be very dear friends, very close friends, very true friends. You did not turn your backs on us in our direst hour of need. You did not shut your ears to our cries of despair. You did not close your hearts to our hungry children. In overwhelming numbers, the legislators of this great State voted to let the people decide and, in overwhelming numbers, the people in virtually every corner of the State went to the polls and voted to let Atlantic City live.

And now, in the few short weeks that have passed since that fateful first Tuesday in November that decided our destiny - while our economic situation, of course, has yet to change - there is now hope in the faces of Atlantic City where, before, all that could be read was bitterness and desperation.

That spirit of hope must not be betrayed and it is what you, the lawmakers of this great State, do in the way of enabling legislation that will determine to what extent this new-found spirit of hope will now become a reality.

For the sake of not prolonging our poverty, our hunger, and unemployment for a single moment more than necessary, I would urge you - beg you - to act upon the enabling legislation as expeditiously as possible. To live with hope is a very wonderful thing but it isn't very nourishing. For the sake that our hope not be betrayed, I must ask you to remember the purposes for which the Atlantic City casinos are to come into being. It is not merely for the purpose of making some rich people rich that Atlantic City should have casinos, nor even just to provide a plaything for some well-heeled visitors who might otherwise be bored with us.

The purpose in having casinos in Atlantic City is to end hunger in Atlantic City and the surrounding area. The purpose in giving Atlantic City the right to have casinos is to provide jobs for the jobless. The purpose of the casinos is to make

Atlantic City a financial asset to the great State of New Jersey instead of a liability, a center of prosperity that contributes significantly to the overall prosperity of the State instead of a slum-infested, ghost town with hungry mouths that have to be fed welfare checks and unemployment checks at the expense of the rest of the State. And, the purpose is to give aid to the disabled and the elderly throughout the entire State.

I am, therefore, here before you once more on behalf of the working men and women of the Central Labor Council to plead that there be no undue delays in completing the enabling legislation that will end our hunger and our unemployment, and that this enabling legislation be so written as to do the greatest good for the greatest number and not be an instrument so restricted that it can only serve the special interests of some privileged few.

At this point, we have the vote which has given us the hope, now give us the enabling legislation that will provide the jobs, a chance to earn our daily bread as proud working men and woman who do not have to face a supermarket cashier with a bowed head and a handful of food stamps. We want jobs for the idle hands, a chance to pay our way, to be one of our State's great assets instead of a liability, to provide revenue instead of being on the dole. All we need from you is the kind of legislation that will truly enable us, and for the sake of an awful lot of half-empty-bellied in the Atlantic City area, we pray that you provide this legislation with dispatch.

ASSEMBLYMAN CODEY: Thank you Reds.

Our next witness will be David Satz, Counsel to the Atlantic City Racing Association.

D A V I D S A T Z: Mr. Chairman, Assemblymen, Assemblywomen, and Senator McGahn, I appreciate the opportunity to appear before you today, not only on behalf of the Atlantic City Racing Association, for whom I am Counsel and a member of the Board of Directors, but I am also here to speak for Robert P. Levy, its President who cannot be here. He is on his way from the Coast. I am also here in my interest as a citizen of New Jersey who has had some law enforcement experience and I want to be constructive.

You have an awesome task, as many of my predecessor speakers have said and I hope that you do take sufficient time to improve the bill as it now stands because I know all of you are interested in doing this and doing it right, as has been stated.

Atlantic City Racing Association is not, as its name infers, located in Atlantic City; it is located in Atlantic County, in Hamilton Township, some 14 miles west of Atlantic City.

Our interests, it is true, are self-interests, in a sense, but they are also interests of the State of New Jersey and Atlantic County, not just Atlantic City. As you know, Senator McGahn, personally, Mr. Levy's interest, as well as his father's, has been in the conduct of racing at Atlantic City for the past 30 years. It has been first quality racing and I might add, having had some experience before I represented Atlantic City, that it is one of the finest racing plants in the country. It generates for the State of New Jersey - and this is why this is of concern to this Commission - some \$7,200,000 in revenue - of State take - per year. It pays \$550,000 in real estate taxes to Hamilton Township. It employs 2,500 people during the racing season and countless others are employed and profit by the services that are rendered by the various restaurants, businesses, and related industries that serve racing in the area during the time when racing is conducted. We generate over \$200,000 in sales tax.

Naturally, we are very much concerned with the advent of casino gambling, with respect to controlling it properly so that this industry - the racing industry

conducted at Atlantic City during the summer months - will not suffer, nor will the State suffer, and so on down the line. Most importantly, we do not want to see the citizens of Atlantic County and the related area suffer. So, you can see why we are concerned and we want to be helpful. As you know, we did support the referendum and we support the legislation, but we want to make sure that all of you who have this duty in the Assembly and in the Senate to pass upon it, will take certain things into account. I feel you will do it constructively.

We are concerned, generally, because of the competition for the entertainment dollar that is generated by any type of gambling which is part of the competition for the dollar. More specifically, as you all know, there has been a problem in recent years because of the increase in racing competition in Pennsylvania, in Delaware and in New York. It has been very difficult for the Racing Commission in the State to fit in the number of days that have been allotted to racing so as to generate more revenue. In turn, as you know, there have been less horses and possibly a weakening of the quality of racing, which makes it difficult to meet the competition. This isn't only a problem for this Legislature, it is also a problem for the Commission in the States of Pennsylvania and Delaware, who are trying, in the South Jersey area, to equalize this.

We feel very strongly that - and this has something to do with the bill with which you are dealing - increasing competition, whether it is inter-industry or within an industry, will tend to decrease the quality of that competition and, in turn, turn off the public. So, to that extent, whether it is within our own industry or the one that you are considering, we believe that, first of all, the Committee here, that is considering the bill, should take heed of some of the constructive criticism that others have voiced here today. While there may be initial employment, and there may be initial tourism, if this Commission and the legislation is not going to be strong enough, perhaps people will go away and seek entertainment in other states. I am sure other states will want to get into this industry too. I hope not, but, realistically, they will do this, possibly, in the near future.

Naturally, we do not want a Las Vegas. I don't think anyone here wants a Las Vegas. That is a city that was built around gambling and I believe the referendum and the legislation you have before you is designed to do just the opposite. You are trying to fit gambling into what you already have, with all of the environmental qualities of Atlantic City and environs. To that extent, I am sure you will take that into account.

This gambling bill should keep in mind that gambling should just be one of several diversified attractions, including racing when it is conducted, to encourage tourism, generally. I keep thinking of the child who is in the hotel room with his father at 5:00 in the afternoon and when he says, "Daddy, can I go out and play baseball?", the father says, "Shut up and deal." Perhaps there shouldn't be too much emphasis on gambling in what you are generating here.

My concern - and I just have a few brief comments to make with respect to the bill itself - is that this is designed to insure that the legislation will give to the Gaming Commission sufficient leadership in the way of standards for the purpose of having that Commission act within those standards with sufficient flexibility, within the next few years, to insure first-quality gambling in Atlantic City.

In turning our attention directly to the legislation and without being too specific - because I have made some recommendations directly to law enforcement officials, such as Attorney General Hyland and I know you just heard from Prosecutor

Hamlin - I do feel that you should take into account certain things of a general nature with the bill. Specifically, I refer to possible implementation of your policy statements where there is some confusion in the bill - and I know you want to eliminate that - with respect to the number of casinos. That is not only with respect to the policy statement, it is also with the powers of the Commission. I believe there should be sufficient power given to the Commission to have a restrictive policy in the beginning so that on an experimental basis they can, with legislative sanction, open the door slowly, instead of having a lot of casinos competing with each other and possibly falling by the wayside and causing a lot of trouble. To that extent, I feel the policy statement which says that you may have gambling and casinos and also convention facilities should be limited and specific heed should be given to that.

The second, and to me equally important, factor is that in your policy statement and also in the Commission's standards, there is little, if any, consideration being given to not just Atlantic City and the State of New Jersey, but also to the restriction of licenses and other factors in places surrounding Atlantic City - the environs if you want to call them that, or the region. So, the Commission, in granting licenses and in restricting practices should not have to just limit themselves to what is so, factually, in Atlantic City. It can take the related area into consideration also. I am talking about the seashore area and the tourism that is generated there. Atlantic City Racetrack, the restaurants, and the businesses can then have some say when licenses are being issued and as to whether or not there are too many, or if they think one particular license should not be granted - or whatever. So, you don't have to take into account just Atlantic City. I think that would be helpful to the Commission, to have in the legislation something to be taken into account that they can rely on, such as those other features.

Third, we feel that within the confines of a gaming casino, the legislation should be more restrictive. As I indicated, it is unclear right now whether or not gaming is really restricted to hotels and also what a convention facility really means if someone wanted to apply beyond a hotel. I know that these are things that could be worked out.

I also feel that within the confines - as I said before - there should be, as Mr. Lowmes suggested this morning, restrictions on the fact that the gaming should take place within the confines of the casino. More specifically, we are concerned about slot machines being located in hallways within a hotel, and bathrooms - as they are in Las Vegas. That is something that I think this Committee should consider in writing this legislation, to insure that the gambling takes place strictly in the casino and that that type of gambling, namely slot machines, be especially limited to one spot and nowhere else. It is very easy to put slot machines out in hallways and in alleys, etc., much easier than it is to put a roulette table out there or have a blackjack dealer deal out there. So, I think you ought to take that into consideration.

Very important in our minds, and you can understand why, is the number of hours that I have heard suggested this morning within which casinos can operate. I have to respectfully differ with Assemblyman Perskie, after hearing him this morning and also my good friend, Senator McGahn, with regard to expanding the number of hours that are in the bill. I suggest, if anything, the present standard of up to 16 hours stay where it is. It should not be a specific number of hours, maximum/minimum, written in the legislation itself. I think, if anything, the Commission should have the flexibility of being able to have a maximum number of hours in which to operate and perhaps

during particular seasons.

There may be disagreement with my position here, but I think that seasons when the racetracks are running will be in competition with the gambling casinos. I have to be frank and honest with you in that regard. However, I do feel that you are dealing not with competition against my Association but also against the State of Jersey. I don't feel that the State should cut off its nose to spite its face. I think this is something that the Commission should eventually have the power to consider at the appropriate time. But, if you give a maximum number of hours now, you will be saddling them with something they will have no power to control. Again, you will have experimentation, I hope, within the bill so that they can try different combinations.

I might point out to you that Atlantic City Racing Association, last year, for the first time, went to night racing. This was the first time in New Jersey before the Meadowlands opened. We conducted a very successful attendance. We are hopeful of generating more revenue for the State this forthcoming year with a better schedule. But, you can see why there is a problem. We are investing another substantial sum of money to put in a lighted turf course, something we didn't have last year, so that we can start our races later and attract more people. We had to start them at 7:00 and during the daytime because we had no lights for the turf course. That, in turn attracted better horses and so on down the line.

So, I urge you to consider restrictions on the number of hours and have it flexible for the Commission to consider.

We also feel that what Mr. Lowmes said today about credit is valid and should be adopted in Atlantic City. I know their objection to that. As you may know, there is no credit extended in racing. Racing has gotten along very well over the years and I believe casino gaming can prosper without the extension of credit. I think there are many problems that arise out of credit extension and to that degree, I feel that is something you shouldn't have to bother with.

We also feel that Las Vegas gambling, generally, will discourage, not encourage, tourism and that casino gaming, as I said before, with a diversified balanced tourism, will attract families to Atlantic City. We try to attract families to the race track, and when I say that, I mean within the proper age limitations of the Commission regulations. We do feel that it is part of a diversified balance to attract people. They shouldn't stay in the casino all day, or all night long. Maybe daddy will, but what about mom and the kids? I think there ought to be standards given to the Commission to do that. To that extent I feel that entertainment ought to be outside of the casino itself, within a hotel or a convention facility, and possibly beverage dispensation should be the same way. Those people are going to be going from outside into a hotel and they will be doing the same in the way of seeking entertainment and also doing their drinking.

Again, I appreciate the opportunity to appear before you. We offer our help in whatever way we can. We do want to encourage the gaming industry on its advent in Atlantic City but we feel it should be in balance and that the legislation you are about to adopt will take that into account. Thank you very much for letting me appear.

ASSEMBLYMAN CODEY: Are there any questions?

SENATOR MC GAHN: How is the Racing Commission working as far as the regulation of racing in the State is concerned? The Commission, I understand, appoints the Executive Director and the Governor does not have the right of veto over the minutes

of the Commission. Would you care to comment on that? There is a provision in this bill that the Governor should have the right of veto over the minutes of the Commission that he appoints. Do you think that is appropriate or inappropriate?

MR. SATZ: When I say this, I am not trying to duck the question. I have been involved, as you know, in State Government for a long time, as well as Federal. I have no comment on the specific policy determination. I know what some of the problems that have been raised are. The Racing Commission does not have it. It is strictly a policy determination as to control. I don't have any specific feeling on that. I want to be honest without ducking it.

To me, the important thing - and I have to emphasize this by putting my law enforcement hat on - is, a lot of you have been criticized by authorities and so on as to what might happen. You can write all the legislation you want, Senator, and have all the restrictions and regulations that you want, but the important thing is to exercise leadership and to have quality people administering the law, right down to the bottom, the croupier, if I might say so. As you know, all that has to happen in a Las Vegas or in an Atlantic City is to have someone to know how the wheel is fixed and that gambling casino will get wiped out economically because they will just bet against it. It is strange, it has to be honest or it won't work. To that extent, you just have to have quality people doing it. It may cost more money but it is going to be worth it.

To that extent, I think that what Mr. Lownes said today - and I guess a lot of people in the audience were surprised at this - is true, the more restricted it is-- Look, in gambling it is the same as it is with racing; "x" number of dollars go to the State; there are odds; and there is something that comes off the top. You are guaranteed an income. You don't have to go further.

I didn't mean to digress but to me it makes no specific difference as to who has veto power. It is still going to be cutting the mustard with the quality of what you are going to have running it.

ASSEMBLYMAN CODEY: Thank you very much.

Our next witness will be Milton Gralla.

M I L T O N G R A L L A: My name is Milton Gralla and I am a resident of Teaneck and I am a publisher of 12 national business and trade magazines. In this connection, I regularly visit and frequently exhibit at many of the shows, conventions, seminars, and meetings conducted in major and secondary convention centers in several dozen cities around the United States.

My company also has a division which conducts and manages some of these conventions and seminars so that we are involved as well in the decision-making and selection of what you have heard referred to as destinations - cities, convention centers, and the hotels therein. In addition, during the recent election I was State Chairman of a group called Concerned Citizens Against Casino Gambling which was organized rather hastily but which did attract membership among industry, legislators, law enforcement, and a variety of citizens groups.

Naturally, our committee and the members thereof no longer oppose casino gambling but as a result of the considerable research that we did we have a number of constructive suggestions so that the economic benefits promised to Atlantic City and the State during the election are recognized while diminishing in every way possible some of the threats and dangers to the State.

We are concerned specifically with two issues: The economic issue and the political issue. I want to make it clear at this point that neither I nor any member

of my committee were involved at any time in the moral issues. We are concerned with the economic and the political health of our State.

Now, the most serious consideration, we believe, affecting the long-term economic health of the State is the question of where the visitors and the gamblers to the casinos will come from and whether the millions of dollars lost at the gaming tables will come from residents of the State and, therefore, deprive the State of the mainstream of these millions of dollars that might be spent elsewhere, or whether, indeed, we can hope to attract visitors and gambling money and fresh dollars from all over the United States.

You may recall that we were promised thousands of jobs and hundreds of millions of dollars which would result from the expansion, development, refurbishing, and construction and operation of a number of new hotel facilities. Not only would this create immediate and long-term employment but the added hotel facilities would then accommodate and attract out-of-state visitors, tourists, meetings, conventions, and so on.

By the way, I think you are aware of, and certainly those people from Atlantic City are aware of the fact that the tourist business to these destinations - whether it be Atlantic City, New Orleans, Atlanta, Miami Beach, Huston, Dallas, Anaheim, and so on - is no longer primarily a retail business. All of these destinations depend very heavily on meetings and conventions, booked months and many years in advance, to deliver a wholesale year 'round business. I am speaking of the meeting and convention as well as the tourist business which is very significant to the future of Atlantic City and to the many destinations now competing vigorously with our State for this business.

Now, directly opposed to this type of business is the fact that the casino rather than the hotel facility is the primary source of profit to the operator, or licensee. During the campaign I distributed - and I will give copies to you again - copies of the most recent annual statement of Resorts International, one of the most prominently-mentioned casino operators and perspective licensees, showing that although this organization is in the hotel, restaurant, night club, land sales, and a variety of other businesses, its primary, single, largest source of profit is from the operation of its single gambling casino in the Bahamas. So, it is no secret that while the people of the State are primarily interested in the construction and the development of the hotels and the hotel rooms and facilities that would attract out-of-state business, to a degree the business interest of the prospective casino operator is at odds with this. He would like, from the business point of view, to make a minimal investment in order to get that most desirable thing, which is the license to open and begin operating the highly profitable casino.

Further, since the State of New Jersey has 7.5 million residents and the population density of our State is the largest in the United States - we have almost 1,000 people per square mile, in fact the population density is 192 times the population density of Nevada - you can easily see that a ready, nearby, drive-in market exists for these casinos without making it necessary to build additional hotel room space to accommodate these gamblers.

The conclusion from these two facts is simple. Each time we permit an erosion of the proportion of hotels and rooms and space as compared with the size and number of casinos we license, there will be immediate and long-term cost to the State running to the hundreds of millions of dollars. We will lose jobs. We will lose hotels. We will lose rooms. We will lose the national and international visitors

and the promised identity of Atlantic City as a national attraction. The money lost at the gaming tables will be removed from the economy of the State of New Jersey and its citizens rather than being attracted from outside.

To prevent this type of erosion, casino gambling enabling legislation must oppose the proliferation of casinos. It must oppose the granting of a license based on a promise rather than the fact of hotel size and facilities. We have already seen talk along these lines: "We will give you the casino now, and you will build the hotel rooms later." We must oppose also any erosion of the size, number of rooms, amount of room space, etc., which have been originally promised. In addition, the law must be so carefully worded as to leave no discretion on these matters to the Commission. The law must spell out exact specifications, leave no room for change or modification, and leave it to the Commission to enforce, rather than to decide.

Our second concern is that the rivers of money and huge gambling profits from the casinos could conceivably, slowly, steadily, and eventually totally engulf the political life of the State through a variety of legal, questionable, and illegal procedures and contributions of the type already apparent in Nevada, the Bahamas and other centers of legalized gambling. The laws must be stringent. The controls must be complete, and the penalties must be most severe, including loss of license for the giver and quick criminal action against the receiver of illegal funds or favors with financial value.

Some of the action we recommend should include, but not be limited to, these points. Casinos should be classified as a regulated industry and we must pass specific stringent laws against campaign or political contributions of any type by casinos, parent companies, affiliates, shareholders, directors, officers, employees; and two, political parties, officeholders, campaign groups, relatives, or business associates of elected officials or candidates. We must specify severe penalties, including loss of casino license. We must take other actions to prevent the State from eventual domination by the big-money casino lobby.

Second, we must refine more exactly the functions, obligations, salaries, areas of conflict of interest, and severe penalties for same, restrictions on present and past political office, etc., regarding the office of Casino Control Commissioner. Our policy is that five loosely-controlled political friends of casinos cannot do the job of protecting the citizens interest against the potential casino dangers.

Third, we believe there could be created a committee entity, or a continuing function, in which there would be consistent review of the activities, decisions, potential conflicts of interest, and functioning of the casino control commission itself. In simple language, while the control commission is watching the casinos, the public should have a way of consistently watching the control commission.

Finally, no law is useful unless it specifies a mechanism for enforcement and a method for keeping that mechanism swift and clean and with muscle for the imposition of swift and severe penalties when that mechanism fails and the law is broken, or when the mechanism itself gets involved in skirting or breaking that law.

As you can see from my statement, I am a suspicious individual. I represent, hopefully, a lot of suspicious citizens of the State. Unfortunately, the political history of this State is such that it has given us sound and continuing basis for such suspicion. I thank you and I will answer any questions you may have. (See page 50X.)

ASSEMBLYMAN CODEY: Thank you. Are there any questions? Senator McGahn.

SENATOR MC GAHN: Mr. Gralla, I agree with your summation. Certainly, if I or Assemblyman Perskie have anything to do with it, we will see to it that what you have

stated will be carried out.

MR. GRALLA: Thank you very much.

ASSEMBLYMAN CODEY: Thank you very much, Mr. Gralla.

Our next witness will be Mrs. Margaret Auer.

M A R G A R E T A U E R: Mr. Chairman and members of the Committee, my name is Margaret Auer. I live in South Orange. Since 1952, I have been engaged in public relations and fund raising for some of the major New Jersey institutions engaged in the fields of health, education and the arts. I speak today as a private citizen and a life-long resident of New Jersey who is concerned for the welfare of this State.

It is my suggestion that the casino gambling legislation include a research function vested not in the Casino Control Commission but in an independent, recognized organization experienced in economic and social research. The introduction of casino gambling will have broad consequences to the lifestyle and economy of this State. On Atlantic City there will be more specific impact - on the consumption of energy, insurance rates, law enforcement, traffic patterns, etc. The regional ecology too will be greatly affected by the projected increase of visitors to Atlantic City.

What will be the effect of increased sewerage on the nearby wetlands nesting birds and ocean fishing? New Jersey deserves answers to these questions. Some, if not all, of these issues should be studied from the very beginning as part of the casino gambling package. The study should be long-term, preferably over a 10-year span, with an annual progress report. It can be financed by a small percentage - less than 1% - of the gross revenues from casino gambling.

The legislative provision should be twofold - one, a planning grant of \$25 thousand. Legislation should include provision for a planning grant of \$25 thousand with which the designated research organization may plan a cost study - that is, develop a project goal and methodology. The second part would be the actual research grant. The legislation should also include a provision for the funding of the actual research. This sum, to be used within 10 years, should be no less than \$200 thousand and no more than \$600 thousand, which amount should be regarded as seed money to attract further funding from private sources.

Organizations which might be considered for the research contract are these: The Hudson Institute of New York; the Institute of Urban Issues, Washington, D.C., New York University; Princeton University; Rutgers the State University, specifically its Bureau of Economic Research; the 20th Century Fund, New York City; the University of Michigan, specifically its Institute for Social Research; and the University of Pennsylvania.

An independent cost study of the social and economic consequences of introducing casino gambling would give New Jersey the opportunity for a leadership role in the creation and dissemination of knowledge on an issue with long range implications for this State and for the many other states which are watching New Jersey's experience. Thank you.

ASSEMBLYWOMAN BURGIO: I would just like to comment. It sounds like a good idea. Thank you.

ASSEMBLYMAN CODEY: Thank you.

Our next witness will be Bill Varanyak.

W I L L I A M V A R A N Y A K: Assemblymen, Assemblywomen, Senator, ladies and gentlemen, residents of the State of New Jersey, United States of America, Atlantic City New Jersey and whoever wants to listen, my name is William Varanyak. I am a lifelong resident of the State of New Jersey, County of Mercer.

I have no malice for anyone in Atlantic City. I have no interest in Atlantic City, other than a great love for New Jersey. I see the City back in the '50's as a playground that I played in. I campaigned in the last two elections in favor of gambling, strictly as a man who loves the game, especially one phase of it - dice.

My qualifications as an expert in dice stem from the 1951 era and Havana, Cuba and right on to the present day approach in the great State of Nevada. I will take any person head to head and debate this issue because I know it. I consider myself quite an authority in this game of dice.

I have no special interest and I am not sitting here for any selfish reason. I do not want a job, nor any part of getting involved with the Commission by being on its payroll. I volunteer my services to that Commission today, tomorrow, or the next day, free of charge. I am retired, therefore I have a lot of time. I have extended myself throughout the entire world in various casinos, not having all the answers but surely knowing the one area of dice.

My first presentation is in the form of a question. We started out earlier with Assemblyman Perskie and from his testimony right on down to the Senator - Senator McGahn - I notice that their entire approach and the drift of the testimony during this hearing has been "we." Who are "we", I would like to ask this question? I would also like to ask this Committee a second question. The context of the legislation that was introduced by Mr. Perskie and Mr. Kupperman back on November 22nd brings me to ask my first question, if I may: Who is the expert witness that supplied the information that Mr. Perskie and Mr. Kupperman introduced before this body today in the form of this Assembly bill? I would like to have an answer to that, please.

ASSEMBLYMAN CODEY: Since Mr. Perskie is not present right now that would be rather difficult to answer.

SENATOR MC GAHN: I will attempt to answer that, however, I think that we are here to ask you questions. It is not up to you to ask us questions.

MR. VARANYAK: Well--

SENATOR MC GAHN: Now, just a second, please. The draft of the legislation was prepared to a large degree in Assemblyman Perskie's office. You must realize there is a legislative drafting service here. This is simply a vehicle from which we are going forward. Now, we as legislators have a right to introduce any type of legislation that we feel is fit. This is implementing legislation, which was a draft introduced prior to the referendum in an effort to answer some of the questions that had arisen. This is not a sine auanon. This is not final. This is basically -- When you say, "Who is the expert?", I am prompted to ask you, "the expert in what particular thing?"

MR. VARANYAK: Basically, Mr. McGahn, in the publication of this 53 page volume of this Assembly bill, certainly you did not just take this and bring it before us today. I am sure you were advised--

SENATOR MC GAHN: You say, "Who was the expert?"

MR. VARANYAK: Yes, sir.

SENATOR MC GAHN: In what, for instance? What particular section are you speaking about? Are you talking about the whole thing?

MR. VARANYAK: Starting with the very first page, sir.

SENATOR MC GAHN: The background for that is the Nevada statute.

MR. VARANYAK: The Nevada statute?

SENATOR MC GAHN: That is correct.

MR. VARANYAK: Everything in this?

SENATOR MC GAHN: No, no, no, not everything in there, no. Actually, it was a comingling of the U.K. and the Caribbean but, primarily, the background of that is the Nevada statute.

MR. VARANYAK: Primarily?

SENATOR MC GAHN: That's correct.

MR. VARANYAK: May I take it upon myself, without knowing who you had--

SENATOR MC GAHN: Will you kindly make your statement and not be argumentative?

MR. VARANYAK: Everything in here pertains to your expertise and Mr. Perskie's along with Mr. Kupperman's, is that correct?

SENATOR MC GAHN: We recognize one very important fact. We recognize the fact that we as legislators do not know that much about the gaming industry, okay?

MR. VARANYAK: Okay.

SENATOR MC GAHN: Therefore, we do need experts. If you are saying that you came here today to testify as an expert, where are your credentials?

MR. VARANYAK: I have five areas that I would like to cover, if I may. First, on page 1, number 23 - I'm sorry, page 23, line 27: "Defining and limiting the areas of operation, games and devices permitted, and the method of operation of such games and devices." Method of operation? Type of casino room layout? European or American, U.S.A.? There is quite a difference. I would like to state that if we are going to work these casinos, that the Americans made the flair in casinos in the form of craps. We made the system work by introducing what they call a come line and a don't come line. For people who don't really understand the game, this might be over their heads. But, I am sure there are some people in the audience who know what I am referring to. I would imagine that is the method of operation, am I correct?

ASSEMBLYMAN MC MANIMON: Mr. Varanyak, I would like to correct your statement here. As Senator McGahn has stated, we are here conducting a hearing today. We assume that you have read the proposed legislation. All right?

MR. VARANYAK: Yes.

ASSEMBLYMAN MC MANIMON: We expect you to come in and make your statement on specific areas of this as to why you feel the way you do. We, as a Committee, will then evaluate all these statements that are made here today when we have a meeting and will come to a conclusion on all of these recommendations. We are asking for advice. This is why you are here to present your statement today. I would appreciate it if you would confine yourself to that. If you have a criticism of the bill, state your criticism and your recommendation. That is all we need.

MR. VARANYAK: Assemblyman McManimon, the only criticism that I have is in the form of the question I asked earlier. Of course, I was shot down, so to speak, due to the fact that I wanted to know how the State -- or, who was the expert that proposed this 53 page document.

Okay, we are now into the area of my six categories and the first one is on page 23 - "Method of Operation." It is spelled out here. I took this to be a method of table layout.

ASSEMBLYMAN MC MANIMON: Correction - we are not here to answer questions today; we are here to listen and then to evaluate what is presented.

MR. VARANYAK: Okay. If I may continue. I just want to emphasize the fact that it is a must - it is almost a certainty that we adopt, within the United States of America, the American system used in the game of craps, simply because we, the Americans, have made this game what it is today. We added the flavor and flair to this game by using this format and the American layout. Our largest producing revenue

without question shall be the crap table in Atlantic City.

Incidentally, throughout the State of Nevada, the only other Commission-controlled atmosphere, the largest revenue is the slot machine. We are limited in that capacity. The second is the Blackjack tables. We are limited in that capacity, simply because they have hundreds of licenses in Nevada and we will be limited in Atlantic City. So, therefore, I know for a fact that we should be realistic about it. The casino layout - the crap table - is imperative, ladies and gentlemen. It is imperative that we have the American system - the American layout. This is my testimony.

SENATOR MC GAHN: May I interrupt you for a second?

MR. VARANYAK: Certainly.

SENATOR MC GAHN: What you are talking about actually comes under rules and regulations that are drafted by the Commission, as far as the actual operation of the number of games, etc., and so forth, is concerned. Now, that is not a proper place for statutory language.

We are talking about the statute. We are not talking about rules and regulations.

MR. VARANYAK: I am here to help you, Mr. McGahn.

Now, placing and security - second: "Each casino operation, I feel, should be, from the operational standpoint, divorced entirely and separate from the policing body within Atlantic City or the State of New Jersey. This policing operation should be housed within each house. They should have their own police force, paid for by the establishment of either the gambling casino or the hotel.

Thirdly, the committee representing the casino committee - we presently have a three-phased program here in New Jersey, two that are presently working in the form of gambling in pari-mutuel racing - horse racing and harness racing. We also have a New Jersey State Lottery. Now, we have the passage of the casino bill.

We also have a State Commission who governs the pari-mutuel horse racing and also a separate State Commission who governs the New Jersey State Lottery. I think if we explore these two avenues, surely we can combine them rather than bring on a third Commission, such as you are proposing here today. Why not look into it? It could well be that we can combine this with the two who presently have the knowledge of many years in the form of pari-mutuel horse racing and, in the last few years, the State Lottery. These could house and handle the small amount of casinos, if only for a start, in Atlantic City. I feel strongly that what we presently have in these two areas - staff, administration cost, equipment and office space - can surely do the job, with just a few more, perhaps, in personnel to control and oversee this as a one-head, gambling czar in the State of New Jersey.

Fourth, employee work permits - on page 37: "Resident of the State of New Jersey", under line 5 -- question, how long? Six months? Two months? One year? I think it is important that we spell out the residency requirements simply because, for example, someone can come in from Nevada and say, "Well, I now live in New Jersey." Someone can come in from California and say, "I live in New Jersey." Someone can come in from Europe and say, "I now live in New Jersey" and go to work, taking the work force out of Atlantic City, still keeping the City much like it is today. The nature of this legislation, I think, is to bring back the work and take the welfare out of the City. It is to put people back into the work force. So, I think it is imperative that we sit down and look into the residency - the month, week, or year requirement.

Number 5, Cost of Operation, page 21, paragraph 58: Where is this money coming from? I am talking about the cost of the operation. I would like to know where the

money is coming from. I see an area here on page 52, article 12 which spells out to the tune of \$300 thousand - the bottom of article 12, page 52 - an appropriation effective date - June 3, 1977. It reads--

SENATOR MC GAHN: The start-up fund money that shall be paid back as soon as revenues are taken by the Gaming Commission, which will be raised through license fees, investigation of the employees, fines, or various other things - when this goes in, it does not go directly under the jurisdiction of the Casino Commission; it goes into the general fund and then the control of the budget is legislated. It would be through the appropriations process. At the beginning of the year the appropriation would be made to the Casino Gaming Commission. That is where the money comes from.

MR. VARANYAK: To the tune of \$300 thousand.

SENATOR MC GAHN: \$300 thousand at the start-up. That is seed money to start. Then, of course, this will be paid back into the general operating fund. It will be paid back into the general fund as soon as the amount of monies for the new licenses and for the applications comes in; as soon as the monies for the investigation - \$250 for the investigation of each employee - come in, that money will be paid back to the general treasury.

MR. VARANYAK: Specifically, Mr. McGahn, it mentions here - very intelligently, I read - for the period ending June 3, 1977, okay? That is my question: Why does the State revenue fund need \$300 thousand for six months? Six months credit. Why not the gamblers? We must appreciate the fact that to have a successful operation in the form of casino wagering, a gambler is a different type of individual. You are not talking to a man that runs a \$2 bet to a race track. You are talking to someone who perhaps has a few dollars put away.

We want to face the fact that Atlantic City, New Jersey has a handicap because of climate. We are there for 12 months out of the year, ladies and gentlemen. Conventions are held, granted. However, the airplane is our biggest competitor. Back 20 years ago Atlantic City was the world's playground. It was a playground within New Jersey. This is before the airplane became so reasonable to use. You can get on an airplane here in Mercer County and fly to a warmer climate. So, therefore, by not extending credit we are only spiting our noses to feed our face. It will never work unless some form of credit is extended to the gambler. I am speaking of the man with the "bucks", who we want down there.

In closing I would like to say that if I can help this Committee, or any other person within the State of New Jersey in any area of investigation, I would be only too glad to do so, free of charge. Thank you.

ASSEMBLYMAN MC MANIMON: Thank you, Mr. Varanyak. Are there any questions?

ASSEMBLYMAN KAVANAUGH: Just one. What is your work experience, or what exactly do you do, Mr. Varanyak?

MR. VARANYAK: Well, I am retired, presently, sir. I retired from several areas of property investment. Presently I am not a professional gambler, I am a recreational gambler - such as a man playing chess, or golf, tennis, or what have you.

Most gamblers, you will find - I don't know how much exposure you fellows have had to gambling casinos - do not go to gambling casinos to make a fast buck or to make a profit. We go to enjoy ourselves, there is the difference.

I will say this in all sincerity, the gambler is a different type of character; he is a different type of specie. He prefers casinos as opposed to those who play the horses or the lottery or bingo. You are talking about a different type of clientele.

ASSEMBLYMAN MC MANIMON: Are there any other questions? (no questions)

Thank you very much, Mr. Varanyak. Dr. Paul Stagg, please?

P A U L S T A G G: Mr. Chairman, my name is Paul Stagg and I am here as the General Secretary to represent the New Jersey Council of Churches.

May I first express appreciation to the Committee for holding open hearings on the proposed casino control act. Because the issues at stake are so great, the Council urges that the legislature broaden the scope of the hearings, making this democratic process available to all the citizens of the State by holding hearings in various regions.

While there has been wide disagreement on legalizing casinos in New Jersey, there has been consensus that casinos should be controlled effectively with strict controls and in the public interest. Proponents said many times during the recent referendum that the controls would be of the most stringent sort. This was their response to the public. The legislature, may I respectfully suggest, now has both the prerogative and the responsibility to see that this promise is kept, while proceeding with due deliberation to write a bill that safeguards the public interest.

I was glad to head Mr. Codey, the Chairman of the Committee - when he was here - say that if it takes three months - and I think I am quoting him correctly - that is the way it is going to be. It seems to me that this certainly points us in the right direction.

ASSEMBLYMAN KAVANAUGH: That is because of the type of business he is in, as an undertaker he has all the time in the world.

DR. STAGG: I see. Well, let's hope also that it grows out of a decent respect for the democratic process.

Unfortunately, analysis of the proposed bill - A-2366 - shows that it is loosely drawn, suffers from a lack - a general lack - of specific procedures in its enforcement aspects, and essentially authorizes a free-wheeling commission, which lacks adequate accountability both to government and to the people of New Jersey.

The bill proposed confirms the fears of many that casino gambling in New Jersey was pushed through by special interests who expect to reap quick profits at the expense of the public.

Now, there are many criticisms of the bill which have been made, or which may be made, but I shall deal with only a few of the most salient weaknesses and make some recommendations correcting them. I am glad to note that in hearing that part of the hearing that I have been exposed to, some of these recommendations have been made by proponents of casino gambling.

The first recommendation has to do with accountability of the proposed casino control commission and the responsibility of the legislature to write specific guidelines and standards spelling out this accountability and manner of operation. These provisions should include specific regulations regarding the number of commissioners, for example, one commissioner to attend investigative hearings is not adequate; salaries; time spent on the job; how many commissioners to establish a quorum; when and where they are to meet; and where their records are available.

The proposed bill is vulnerable in that it tends to give away the sovereignty of the State of New Jersey to a commission whose accountability will be difficult to assure. Unless the guidelines and standards are spelled out with precision, specificity, and in sufficient detail, the commission will be free to be arbitrary, capricious and a granter of favors. Not to specify these guidelines would be giving a carte blanche to a small group with no significant accountability. The legislature has the responsibility to hold the commission to accountability and the public has the right to hold the legislature to accountability, to see that this is done.

The assumption during the referendum, both by proponents and opponents of casinos, was that strict control would be written so as to assure this accountability.

The second recommendation is somewhat related to the first. It is that the legislature needs to spell out the guidelines for the functioning of the commission. Clear and specific guidelines need to be written by the legislature with respect to the granting of licenses. For example, how many licenses are to be given and what are the guidelines for handing them out? Friends? Neighbors? First come, first served? The legislature should set the number of casinos, the process for changing the number, and the process for acquiring licenses, especially among eligible competitors.

Once the State establishes the guidelines, all the processes of the commission should be open to the public under the provision of the Open Public Meetings Act, the so-called "Sunshine Law." The only exception should be for the very restricted limitations of the right of privacy. The only way that the promise for strict controls will be kept and the public mind assured that corruption, bribery and breach of trust would be ruled out is to see that all significant decisions are made in the public eye and not behind closed doors where deals are made.

Recommendation three has to do with political contributions. As proposed, the present draft allows certain persons to give up to \$100 thousand each to any candidate's election campaign.

SENATOR MC GAHN: That is \$1,000, Reverend.

DR. STAGG: What did I say?

SENATOR MC GAHN: One hundred thousand.

DR. STAGG: Oh, I'm sorry. Thank you for the correction. In my notes I have \$1,000.

It sets no limits on contributions from other persons and no protection from collections from lesser employees. Since the casino industry already has a track record of using money to influence New Jersey elections, we recommend that political contributions from anyone in the industry to any candidate for any office or to any election, including public questions, be prohibited with appropriate penalties established. We warn that the possibility of corrupting the political process in New Jersey through use of money through special interests, with or without links to organized crime, is very real. The public expects that strict regulations be written into the bill for prohibiting the use of money to influence elections from special casino gambling interests. There must not be any loopholes.

The fourth recommendation is that no alcohol be permitted within casinos, that it neither be given nor available for purchase. Obviously, alcohol has the effect of undermining judgment and just as it is dangerous and forbidden on the highway, it is dangerous to casino customers and should be ruled out completely. The public has the right to expect the legislature to provide strict guidelines to hold lincesees - the houses themselves - and not merely the employees to strict accountability, ruling out all use of alcohol within the casino bounds.

The fifth recommendation has to do with credit. At this sleepy time of the day it might be interesting to note that I have at last found one point of agreement with Playboy. The present provisions scarcely limit credit at all, despite the promise that strong regulations would be written. Obviously, credit encourages people to overextend themselves and most of us have done a bit of that. The harm to casino customers and their families is ever present. We recommend that no credit be given by or in casinos. The legislature should charge the State Police to see that loan-

sharking does not occur because loansharking is the most vicious practice preying upon the weaknesses of people. The legislature has an obligation to enact a bill that rules this out. Institutions and persons in Atlantic City should be prohibited from lending money to persons who have not resided in Atlantic City for 30 days. Provision should be written requiring anyone who makes loans in Atlantic City to file a certificate of operations with the Commission, the Attorney General and the State Police. Further, such institutions, or persons, should be required to make semi-monthly reports of their transactions and identification of their customers. The State Police should be responsible for the enforcement of these provisions. Violation of provisions against loansharking should be subject to the penalty of a high misdemeanor.

The sixth recommendation has to do with promises which appear to be broken in the proposed bill - just two of them. First, relating to compulsive gamblers -- We should have some compassion for them. A member of the National Council on Compulsive Gamblers indicates that assurances were given to him during the referendum that money to rehabilitate compulsive gamblers, which the industry helps to create, would be provided by the enabling legislation. It is not mentioned in the bill and in a moment I will make a recommendation to correct this oversight.

SENATOR MC GAHN: Reverend, may I ask who made that commitment?

DR. STAGG: It was made by a proponent of casinos and I had been reliably informed of this.

SENATOR MC GAHN: To my knowledge, it was not made by any of the legislative team from Atlantic County.

DR. STAGG: To my understanding, it was.

SENATOR MC GAHN: If that is the case, I would like to know who it is.

DR. STAGG: Is there somewhere that we can talk about it privately or do you wish it to be said publicly?

SENATOR MC GAHN: Put it on the record.

DR. STAGG: Well, it is my understanding that it was said by Mr. Perskie and it was said to a member of the National Council on Compulsive Gambling.

SENATOR MC GAHN: The reason I say that is because, very frankly, we intend to keep our commitments which were made during the campaign.

DR. STAGG: Yes, I appreciate that; that is just why I am calling your attention to this point. There were a lot of promises made. Hopefully, they were all made in good faith. Hopefully, all of them will be fulfilled.

The second promise was to senior citizens and this was written in - as you know, Senator McGahn and members of the committee - to the actual wording of the referendum - the promise to senior citizens and disabled persons. The passage of the referendum was facilitated by assurances that revenue would relieve the needs of eligible senior citizens and disabled persons. The word "eligible" was skillfully glossed over and never defined but the impression on the public was that there would be substantial relief. The promises were that the cost of the Commission and the controls would come from license fees. However, the proposed bill indicated that the cost of operation of the Commission will come from the State casino reserve fund.

SENATOR MC GAHN: May I answer that right at this moment?

DR. STAGG: Yes.

SENATOR MC GAHN: This was done for the simple reason that constitutionally and from a budgetary standpoint, the appropriation process is handled by the legislature who would then have oversight over the Casino Control Commission. They would

not be setting up a dedicated fund that they themselves could use. All the monies received from the license fees, fines, or anything else, goes back into the general fund. The Gaming Commission, as the Racing Commission, then puts in a budget which must be approved by the legislature. This is mainly the reason for that. It gives the legislature, if you will, budget control and approval over the actions and bureaucracy that will be set up under the Gaming Commission.

DR. STAGG: Yes. Well, thank you, sir and--

SENATOR MC GAHN: It is not to be implied that public monies are going to be used to carry on the function. Because, very frankly, if we find the license fee of \$150 thousand is not sufficient to carry on the operation of the Commission, then that fee will be raised.

DR. STAGG: Well, this, I think, moves us in the direction that I was moving in. Whatever the intent is - and I certainly won't question the intent - it is the effect that I am very much concerned about because it doesn't appear to be a raiding of the fund which was expected to bring relief to the senior citizens and disabled persons. It would appear that scarcely any of the promised funds will be available for senior citizens.

SENATOR MC GAHN: Doctor, you are misinterpreting this. There is a dedicated fund. All the monies collected from the 8% on the gross revenues of gambling go into a dedicated fund which is handled by -- But, it is a dedicated fund and of all those revenues, not a penny of that goes to support any of the operations of the gaming casinos. We are talking about two things: We are talking about the license fees and we are talking about these monies, that will be collected by the Commission, going into the general treasury. That will then be subject to the appropriation process of the legislature, as far as their own budget is concerned.

But, all the monies collected, the 8% of gross revenues, will be handled by the treasury, but under a separate fund and those funds will be dedicated for the specific purpose mentioned in the referendum.

DR. STAGG: Well, thank you very much for that explanation. I certainly will want to weigh that. I may add that according to our legal advice, unless the license fees are raised appreciably, there will not even be sufficient funds to pay the high cost of the operation of the Commission itself. Now, in order to keep the promises that have been made, we recommend that a tax of 16% be enacted to be paid by the casino houses - 2% to be spend by the legislature to rehabilitate compulsive gamblers in New Jersey, and 14% to reimburse the State for the cost of the casino industry to the state. This tax would be in addition to the 8% tax on gross revenue to benefit senior citizens and disabled persons.

SENATOR MC GAHN: Doctor, could you supply us with an economic report that would substantiate those costs? I think you are being arbitrary in your figures right now. If you could document for us the fact that this is what, in fact, is going to be necessary to carry on this operation, fine. You are attempting right now to place unreasonable constraints upon an industry that has not had a chance yet to even blossom forth.

DR. STAGG: Sir, you are - I think - not taking into account the infrastructure which was glossed over in the referendum - the cost of traffic control, the cost of police control, sewerage control, and all of the other infrastructure that is related. I have not seen from you any cost control on this.

SENATOR MC GAHN: Could you answer me this, what is the State going to pay as far as sewerage control is concerned in Atlantic City? The hotels themselves, frankly, will be paying the cost of sewerage. We have a new County Sewerage Authority

going on line in September of 1977, which is fully capable of taking care of all of the effluent that would be generated by 10,000 first-class hotel rooms in Atlantic City. This cost will be paid for by the hotels themselves. This will not be going back.

As far as enforcement is concerned, if you noticed this morning, in one of my amendments I suggested that the State Police, who already have the manpower and the expertise to do this, be the agency responsible for this and also that they be directly reimbursed from monies that will be coming from the casinos.

Transportation, yes, I agree with you. This may be a different proposition. But, don't forget that if there has to be increased roads into Atlantic City, you have the two Authorities, both the Garden State and the Turnpike. These are existing Authorities. This does not come out of taxpayer's money, except, if you will, from the tolls they pay. The Atlantic City Expressway is exactly the same. Any transportation coming into the airport - the cost of this would be borne by the City and it would simply be in the users fee. The airplanes coming would carry the cost of that.

Now, I have heard this in the past. You are saying the fees are going to be going back to the State. I would like to see documentation of that, to be perfectly honest with you, Doctor.

DR. STAGG: Well, let me simply say that legal advise, with cost accounting ability, has indicated to us grave questions as to whether there will be sufficient funds to cover the high cost of the operation of this Commission. I am sure we cannot settle this here, Senator McGahn, but I would respectfully suggest that this is something that the Committee will want to look at very, very seriously.

SENATOR MC GAHN: I think we would and I think that what we will be presented with, it is my understanding, by the Governor and by the Treasurer's Office, will be an economic model that will take into consideration all of the factors that you are mentioning. But, I think we will then have a cost analysis, or a cost benefit study, and certainly I think a lot of this must be trial by fire. Therefore, you are going to find that there has to be a certain amount of these things that you are specifically referring to.

In Nevada, if you will recall, even the Gaming Commission study - the national commission for establishing the policy towards gambling - made the statement that there should be certain of the areas that should be dealt with by rule and regulation. While they do have all the impact of law, they do have a certain degree of flexibility in order to be able to assess, more properly, the impact of casino gambling and the changing, if you will, market conditions.

Now, the initial things that you were talking about are all included in rules and regulations of the Nevada Commission and these are the rules and regulations that are in here. Everything that you mentioned is in here.

Now, under the Administrative Procedure Act, once the Commission is appointed, they must promulgate these rules and regulations. This is going to take three, four, five, or six months to do this. They then will be published in the New Jersey Register and they will have a public hearing before these are actually enacted. So, there will be another process as far as the public is concerned. They will be able to comment upon rules and regulations that are simply promulgated to carry out the intent of the legislation. Therefore, at that time, they will have a chance to make comments on that before they are finally enacted. But, this then will be the responsibility of the Commission, not the legislature.

DR. STAGG: So, the legislature will not really assume responsibility for the specific regulations of the Casino Control Commission?

SENATOR MC GAHN: Yes, I think in the bill there are directives specifically

addressed to the Gaming Commission - the Casino Policy Commission - directing them to draft rules and regulations in those particular areas. We have established the guidelines for that but it is up to the Commission to come up with the specifics as far as rules and regulations are concerned, which have all the impact of statutory law.

DR. STAGG: Yes, but I think it is that we are questioning. We are questioning the right of a sovereign body, such as the State Legislature, to turn over to an unelected, appointed committee prerogatives which belong to it and for which the public has a right to hold it accountable. This is really what we are saying. We feel that this is your prerogative. Thank God you have been elected. This is your prerogative. We think you ought to exercise it and we would support you in exercising it. We don't think it ought to be surrendered to a group of people who are not accountable in any direct way to the public.

Now, I would certainly agree with you, sir, in terms of the cost accounting. I am very glad to see this direction in which you wish to move. I certainly will not propose any percentage of an inflexible figure but I certainly would propose a figure that would be sufficient to cover the cost. I think that we must assure that the public's interest is preserved in it.

If I may conclude, I would like to say just one word about another recommendation. This concerns the Civil Service Commission. We would recommend that employees of the Commission come under the Civil Service statutes. Despite any criticisms of the Civil Service, it would provide a worthy stabilizing factor to depoliticize the employees of the Commission. By ruling out Civil Service, the proposed bill is vulnerable and opens the way to political corruption. So, we would certainly strongly suggest that. The Civil Service Act should be involved.

May I close by saying that what I have attempted to do, obviously, is not definitive but it is enough to show that the bill before us is not the bill that was promised and I think perhaps we are all in agreement that it has to be amended very much. It certainly needs radical revision in the public interest. The public will monitor the developing situation, you may be sure. And, in the end, the public will judge whether their interest has been protected in the democratic process. This is the final reckoning. I thank you very much and I will be very glad to try to answer any other questions.

ASSEMBLYMAN MC MANIMON: Thank you very much, Dr. Stagg, for your input. You know, this is the primary purpose of a hearing. We are well aware of the fact that there are flaws and we are looking for expertise. We are looking for good, sound guidance. You can rest assured that all of the testimony presented here today will be evaluated and when we put this into its proper perspective the necessary amendments will be put forth.

Are there any further questions?

SENATOR MC GAHN: I have a few comments. Dr. Stagg, this is the same bill, as you know, that we put forth for public perusal on approximately September 20th. This is, of course, not the final bill. I think possibly your notes do not reflect this, but if you paid attention, in my testimony this morning concerning amendments that I want to make, I also mentioned Civil Service.

DR. STAGG: I also hear that you raised the number of rooms to 750 and I think that is moving in the right direction.

SENATOR MC GAHN: That's correct.

DR. STAGG: I think that is moving in the right direction.

SENATOR MC GAHN: Thank you.

ASSEMBLYMAN MC MANIMON: Thank you very much, Doctor. Alfonso Cruet.

A L F O N S O      C R U E T: Mr. Chairman, Assemblymen, Senators, and guests, I am here as a concerned citizen on the issue of casino gambling. I came here all the way from the city of Camden. I work in the school system there, and I feel it is my obligation to be here to bring to this Committee some recommendations.

Since I am from Puerto Rico, I can tell you that we have horse races; we have Christian people; we have many churches; we do also have casinos. For twenty years the casinos in Puerto Rico have been operating very successfully. I would like to think that the casinos in Atlantic City will be for entertainment. I would like to see casinos in Atlantic City so the State will have the advantage of revenue sharing. I was very frustrated the first time the casino bill was defeated. Now that casinos will be operating legally in Atlantic City, I sometimes still get very upset when I read the newspapers and see how many people misunderstand the concept of the casinos. Many people talking about the different issues of casino gambling show a lack of knowledge in this field. I feel casino gambling is one of the best deals for New Jersey.

In Puerto Rico casinos are under the Bureau of Duties. The entire casino is under very strict government supervision. I just read the other day in the local newspaper that someone recommended that casino licenses be auctioned. I disagree completely on this aspect, because the issue of licenses for the casinos is the basic and most important step in order to preserve a safe business. Casino licenses should be issued to world established hotels with a minimum standard set by the government. The Commission granting the licenses should study the background of all investors and casino operators. They should check and be sure that no one is connected with illegal activity, and this knowledge should be made public, possibly through the newspapers.

Due to the lack of experience and a new event in the State, casinos should start only with the basic games like dice, roulette and blackjack. Coin machines or slot machines should not be recommended at this time. Casino hours for operating should be from 8 P.M. to 3 A. M. and a dress code should be very strict. Men and women should be properly dressed in order to be admitted to the casinos. Alcoholic beverages should not be allowed in the casinos. Any private institution for training dealers should be prohibited. The training school should be provided by the State, and the selected candidates must have completed the requirements for training, and when that training is over, the license should be issued and those candidates should be evaluated every two or three years. The State should have to select the personnel for casino supervisor with experience and high qualifications. They will be responsible for opening, closing and supervising the casinos. This person would play a key role. They will check every night the functioning of the games involved. Another function of the supervisor will be to act as the liaison between the State, casino, and customer. And if there is a discrepancy about any bet, that will be decided by him, and his decision will be final.

This supervisor would be present at closing time and with the hotel management they will save the money collected, and it will be counted in the morning under State supervision. Betting should be recommended to be a maximum of \$100 per bet, in order to discourage racketeers and big gamblers to come to the State. Hotels should be controlled in the way they extend for gambling purpose. And my last comment, casinos should be located in an area of the hotel separated by a main entrance to the casino. All these recommendations are based on my own experience.

I once attended a casino school to be a dealer, and I used to work in a hotel, and as a hotel employee, every morning we used to go down and count the money and there was always a government representative there. The supervisor would count the money in the morning and he would make a report to the State and from that every so often the State would count the sharing according to the profits.

ASSEMBLYMAN MC MANIMON: Very good, Mr. Cruet.

ASSEMBLYMAN KAVANAUGH: Your concern is mainly about the control. The problems that you have brought up have occurred in Puerto Rico, and you want to make sure we have tight controls, as far as the enforcement. You are not opposed to the gambling itself. You are in favor of that, but you want strict regulations.

MR. CRUET: Yes. I am focusing on the city of Atlantic City, but my concern is that we are looking at casinos in Atlantic City; Las Vegas is a poor example. We would like to see the casinos operate without any problems, but if you go 3,000 miles to Las Vegas, you will see a poor example.

ASSEMBLYMAN KAVANAUGH: Thank you.

ASSEMBLYMAN MC MANIMON: Thank you very much. Dr. Samuel Jeanes.

S A M U E L A. J E A N E S: Mr. Chairman, members of the Committee that are left, some of us have been here for a long time today. I am going to skip over some of my statement here in the interest of time, Mr. Chairman. I trust that it will all be put in the record. Some of it is good reading.

ASSEMBLYMAN MC MANIMON: Yes, Mr. Bockelman will see that everything gets put into the record, any written statement that is submitted. I intend to stay to give everyone an opportunity to make their presentation here today. My colleagues had to travel some distance.

DR. JEANES: To identify the coalition, Mr. Chairman, the Coalition has a long name, "Casino? No Dice! A Coalition of Religious Bodies and Other Concerned Groups Against Casino Gambling in New Jersey." This Coalition with the cooperation of the press, radio, television together with many volunteers from across the State representing many fields of employment presented the facts against casino gambling to New Jersey. With a very limited budget of approximately \$21,000 and without any possible material gain to realize and without any attempt to utilize advertising of a deceptive nature, or to enlist the assistance of any political organization, with money for "Election Day Work," the coalition was pleased to see 1,180,799 citizens - according to the Secretary of State's Office - voting against casino gambling. We feel, of course, that these people have a real interest in this. Many people are already realizing that we now have a little monster that could grow into a Frankenstein whose influence will not necessarily be chained down to the casinos in Atlantic City, but may be felt in other areas of life beyond the boundaries of that resort.

I am not going to comment on what the extension of the facilities the Federal Bureau of Investigation made, I am sure you are familiar with this, and the fact that already they are finding the influence of organized crimes moving into subsidiary businesses. Let me move on to say that we would like to make the following observations and recommendations for Assembly #2366 which is before you:

We note that Section 5 on page 8 admits that an integral and essential element of the regulation and control of casino facilities by the State rests in

the public confidence and trust in the credibility and integrity of the regulatory process. We must remind you that such an appeal for public confidence, however, will require much more than legislative rhetoric.

Section 6 on page 8 would admit the possibility of individuals engaging in illegal practices, methods and activities but it is silent as to the possibility of corporations engaging in such activities. A corporation is a body formed and authorized by law to act as a single individual. The same rules and regulations as well as the same judgements and penalties should apply to gambling corporations as well as to the individuals who act for them.

This piece of legislation that is before you contains many things which were not told to the general public during the campaign by the gambling proponents. For instance, Section 17 on page 11 lists slot machines as one of the gambling devices that will be employed. Many, many thousands of pieces of literature - I am told 300,000 - were distributed to the public by the casino gambling interests which said specifically, "There will be no slot machines anywhere." Interestingly enough early in July of this year the Gambling Control Board auditors in Nevada uncovered what they believed to be the biggest casino gambling scandal in Nevada's history ---

ASSEMBLYMAN KAVANAUGH: May I interrupt you for a moment. Do you have a piece of that literature?

DR. JEANES: Oh, yes, yes indeed. I will supply that to you. I have it right here. This material, I understand, was used to get recommendations and endorsements from various organizations of the State. We can give you several copies of this, if you would like it.

ASSEMBLYMAN MC MANIMON: I would appreciate that for the record.

ASSEMBLYWOMAN BURGIO: Many people have asked me about that.

DR. JEANES: In fact, I had members of my congregation who had been in the shore area in restaurants, and they brought this material back indicating that this was the promise.

I will continue. These auditors from the gambling control board in Nevada uncovered what they believed to be the biggest casino scandal in Nevada's history. They discovered that in 1974 at least \$7 million had been either skimmed or embezzled from slot machines. During the investigation, the former slot machine manager in one of the casinos left for Mexico. I think he wanted to get out of the country. He had been hired by a former top casino executive who was forced out of the business because of associations with alleged organized crime figures. We request the deletion of slot machines from the proposed legislation. This was promised in the thousands of pieces of literature distributed to the public as a campaign promise.

Another discrepancy between the proposed legislation and the campaign promises dealt with the matter of hotel rooms. Section 70, line 24 on page 78 states that hotels with no less than 250 qualified sleeping units would be eligible for casino gambling licenses. I know I should ask the question, but the question is, what happened to the promises that such licenses would be limited to 1,000 rooms.

ASSEMBLYWOMAN BURGIO: You may not have heard Assemblyman Perskie, but he said that part of the bill was in error, that it will be deleted. The bill specified something about if they had 250, and they are going to add an additional 200. But the wording makes it seem like it is 250 instead of 450. During his statement this morning, he said that section of the bill is one of the first ones which will be deleted.

DR. JEANES: There has been some confusion on this, Assemblywoman Burgio. In fact, there was one statement where Mr. Perskie said that there were no facilities in Atlantic City that would qualify, and if there were, they would write restrictions so they wouldn't qualify, in order to bring in more development, so this is why we raise this question. This is a matter of press reports, too.

Moving on here, also in the light of pre-election promises that full disclosure would be made of those engaged in the casino gambling operations, it is indeed contradictory to those promises to read such statements as follows: Page 19, line 22, "All information and data required by the commission to be furnished hereunder, or which may otherwise be obtained relative to the earnings or revenue of any applicant or licensee should be considered to be confidential and should not be revealed in whole or in part..." and there are of course exceptions which the prosecutor mentioned. Then again on page 18, line 36, "All information and data pertaining to an applicant's criminal record, family and background furnished to or obtained by the commission from any source shall be considered confidential and may be withheld in whole or in part," and there are a couple of exceptions. These statements in the bill are a very denial of full disclosure. Nothing should be withheld from the public about the dealings of the casino gambling which is fraught with so many potential dangers to the public good.

Another glaring discrepancy has already been mentioned by Dr. Stagg. The senior citizens - and I am really interested in senior citizens, because I am the Chairman of the Advisory Committee appointed by our freeholders in Camden County working with senior citizens - were counting on 8% of the money to give some relief to their bills. I know the amount was going to be insignificant, but they always didn't look into that. As we look into this bill, Assembly Bill 2366 provides for the use of a part of that 8% toward the expenses, which have not yet been stated, of the New Jersey Casino Control Commission in administering the provisions of this act. And then a part of that 8% is also allocated for the repayment of the sums of \$300,000 appropriated from the general treasury of the State of New Jersey and we note with no interest charges specified.

Now, if the entire 8% promised to our disabled and senior citizens is not paid to them, I believe our lawmakers will have broken faith with these citizens who have served our State so well. This was a promise and that promise ought to be kept. These gambling casinos are privately owned and privately operated, and there is no reason why the State should pay one penny of the taxpayer's money to assist their operation. So we would recommend that the 8% tax on gross revenues of the casinos be allocated entirely for senior and disabled citizens as was promised and that an additional tax, not less than that now being paid by the racetracks of New Jersey, be levied on the gross revenue of the casinos to pay the cost of the administration of this act.

I think we must protect the senior citizens. We must keep our promise to them. Now, Section 6 deals with credit and alcoholic beverages. We have talked about this. We join with the Governor in opposition to the extension of credit. We must protect people who go to the casinos from the loss of bank accounts, homes and possessions. Before the November 2nd election the public was assured of the ability of local and state law enforcement authorities to keep out the underworld influence of loan sharking. This is a promise that we expect to be kept, and the extension of credit is indeed no guarantee that such underworld activity will not surface and certainly the judgement of individuals participating in the gambling casinos

should not be impaired by the consumption of alcohol. The losses will be great enough even with clearminds and good judgement.

Section 12 on page 10 indicates the willingness to conform to the Equal Employment Opportunity Act. We would also request compliance to the section of the Federal Civil Rights Act that requires accommodation to an employee or a prospective employee's religious observance or practice. And we would further request that the casino gambling operators follow the practice of the New Jersey racetracks by closing on Sundays.

Section 33 on page 12 requires clarification if public confidence is desired. One corporation with interests in Atlantic City as well as the Bahamas is reported in the press of November 17th as saying, and I quote, "It will continue to make political payments in the Bahamas when it is in the best interest of the corporation and so long as they continue to be legal."

Section 33 and any other section of this proposed legislation should be so tightly drafted that absolutely no money or any other considerations through any channel or individual associated with a gambling corporation be given for political purposes.

Section 112 appearing on pages 47 and 48 should be deleted from the bill. We have the record through the New Jersey Election Law Enforcement Commission that shows what election day work money did on November 2nd on Public Question #1, and we have well founded fears of what gambling interests can do not only in influencing, but also controlling government at all levels.

Now, these represent some of our observations. We feel that stringent legislation must be enacted to regulate all facets of casino gambling related activities, and if you fail in this, heavy burden will fall not only on the agents of law enforcement but on all the other citizens across the State. The price will be high, not only in dollars and cents, but in the character of human beings who will be exploited by gambling interests that will profit upon such human exploitation with no regard to the exhortation of the divine scriptures that remind us that we are our brother's keeper. Thank you very much.

ASSEMBLYMAN MC MANIMON: Thank you very much, Doctor. I know you have been here most of the day, and I think you heard Attorney General Hyland speak earlier.

DR. JEANES: Yes, right.

ASSEMBLYMAN MC MANIMON: And I am sure you heard the Prosecutor from Middlesex County.

DR. JEANES: Yes.

ASSEMBLYMAN MC MANIMON: I saw you smile a couple times because you got the message that they intended to zero in on really strict rules and regulations ---

DR. JEANES: We were on the same wave length.

ASSEMBLYMAN MC MANIMON: This is why this hearing is a necessity, and you can rest assured, before this bill comes out of committee---

DR. JEANES: There should be no haste, Mr. Chairman, because haste is waste, and I think things should be written out in the law and we should not be left with - as Dr. Stagg said - just appointed members of a commission. You ought to write the laws.

ASSEMBLYMAN MC MANIMON: That's correct. Thank you very much. (Full statement appears in the appendix on page 21x. )

Mr. Dudley Sarfaty.

D U D L E Y      S A R F A T Y: My name is Dudley Sarfaty. I live at 546 South Maple Avenue, Glen Rock, New Jersey. I am the Secretary of the "Casinos? No Dice! Coalition," which is going to continue to function as long as necessary in the State, not at this point to rescind the referendum, but to try to lend our support to what would be economically viable and still be a law and order kind of gaming in Atlantic City.

I must say, though, it worries me that the State of New Jersey through its citizens expects, for less than a part-time salary, your Committee to work from sunrise to sunset. And I hope that some day that situation will not be true.

ASSEMBLYMAN MC MANIMON: I am glad you said sunset, because Assemblyman Kavanaugh had to leave, and he just recently presented the sunset bill. I think it is going to shake a lot of people up, because it is calling for complete disclosure of everyone.

MR. SARFATY: I personally, and the group I have staffed, do believe in complete disclosure, although I will avoid complete disclosure this evening, and not go into the 38 points on my agenda. What I will do, if I may, is share them with the staff, since only two members of the sitting committee are here, in any case.

ASSEMBLYMAN MC MANIMON: They will get a complete report.

MR. SARFATY: It is an awful lot to read. I have read state legislative hearing reports myself, and they must be almost as hard for you to read as me. I did have a check for Mr. Codey for \$10,000 which is a totally bona fide check. I will show it to the stenographer. You haven't yet made it possible to collect the gambling debts legally in New Jersey, but it was part of my effort to lighten a tiring day, because this is not a good check. I assure you it wouldn't pass the bank, and it would cost me \$4 and Mr. Codey wouldn't get the \$10,000. I do support, and also our group, the idea that there be no credit. The paper I shall leave with Mr. Bockelman does suggest that there be very, very stringent controls on credit. And you will have to use your judgement as a Committee as to whether you prohibit it altogether or whether you set very stringent controls. The controls that are here now appear to be very minimal. They limit a certain number of people who may have credit, but they don't limit the process, and in Nevada if you show credit cards - some of which I have in my own pocket - you can be extended credit far beyond your ability to pay.

I would like to go back to our basic concern over this legislation, which is, that the legislature make the decisions. This, I think, is the subject that is in dispute. I think Dr. Stagg and Dr. Mc Gahn were talking at cross purposes. If the intention is that the 8% should be inviolate, then I think the legislation should say so. Because there have been promises made, which have been lost in the shuffle, and as the gentleman before me also stated, the "We" was frequently questioned and wondered about in the last campaign. It is not going to do any harm, if the legislature wants the 8% used for the senior citizens, to say so. It will set a lot of minds at rest, and stop a lot of static and misunderstanding and distrust of the legislature, which I think is disproportionately high, anyway.

Some of the other things that are part of this basic disagreement between Dr. Stagg and Dr. Mc Gahn are, does the citizenry or the legislature of New Jersey want to hope that an autonomous commission will adopt some or all of the Nevada regulations that Dr. Mc Gahn carries in his little brown folder, or should they be set by the legislature?

ASSEMBLYMAN MC MANIMON: I think some should be legislated, and some might have to be regulated.

ASSEMBLYWOMAN BURGIO: I wouldn't call it an autonomous committee.

MR. SARFATY: Well, I don't know whether the Governor is going to have a veto on the minutes, or whether the legislature ought to assume that responsibility. My personal reflection after today's debate is the legislature ought to assume it.

ASSEMBLYMAN MC MANIMON: You would prefer the legislature, rather than have one individual?

MR. SARFATY: I think I would, and an odd number of people, not a number of odd people, ought to be the ones to veto that or to agree to that. I think because there have been so many criticisms - and let's say that some of them were valid - about the Commission's industry, that even more than horse racing or the lottery, there ought to be legislative checks on the process and some of the major policy decisions be set by the legislature.

We were promised ten large hotels that would bring in the 10,000 rooms that Mr. Perskie said to me in debates all through the campaign are necessary for the development of Atlantic City as a tourist site. I love Atlantic City. I like to go on the boardwalk and ride the bicycle. I have ridden the bicycle built for two, and I only discovered during the campaign that my wife didn't know how to ride a bicycle, and it was only because I was heavier than she was that we didn't have any trouble. Heavier in the balance department. In any case, we do respect the fact that you will use care in writing, but we think it is a ponderous task and don't know how you are going to manage it. I guess I am glad it is your job, rather than my own.

We do feel that Civil Service is a check and a balance, which is a very legitimate part of the American form of government. It made trouble in Washington. It prevents trouble, hopefully, between the courts and two houses of our legislature and the Governor here in New Jersey. In terms of truth in advertising, we have in our position paper a word about advertising, trying to see that New Jersey will advertise its lakes, its other beaches and mountains as well as Atlantic City. Little things like whether a person should post a bond to show that he can travel home is a problem in Las Vegas, but it is often being solved, as the press says, by the Greyhound Company.

We certainly support the Sunshine Law, and here again I have been told by legal people that it does apply to this commission, but if it does, I think it would set the voters' minds at ease if it were said so in so many words. We are totally against any political contributions from anybody in the industry to anybody running for a New Jersey office. They can give for the presidency, if they wish to, but I would rather they don't give for any New Jersey office.

The importance of building these 1,000-room hotels is that we not go to the Catskills. When I spoke about casino gambling to the New Jersey Retail Liquor Dealer's Association, I had to go to the Catskills. That is where they went for their convention. I think in the interest of New Jersey that ought to be stopped.

The rules about loan sharking and credit have been referred to as has liquor. The question of residence is complicated. We were promised, not only that there would be no slot machines, but when that promise was amended - that's what makes us nervous about promises - it was amended to say that they could be only in the casino itself. If they are any place else - I am in not position to make any threats. - I will be disappointed, let's say that.

One suggestion that we learned from our study of Nevada, and I know an awful lot more about gambling than I did six months ago, is that it is advantageous even if it should be a wholly-owned subsidiary of, say, Resorts International, or Lownes or Playboy, that the operation within New Jersey be by a New Jersey owned corporation.

Even if it is going to be an outside interest, and even if the profits will go to outside stockholders, a New Jersey owned corporation is a little easier to keep track of than an interstate corporation or an international corporation, and we think that is no major problem.

One thing I would like to say just briefly - and it is in my paper - and that is that the page on equal opportunity employment is very pious. I couldn't have written a nicer one. Part of it is now unconstitutional, and it doesn't have any teeth in it. It says, as everything else, that the five good and true persons, supposedly - we would rather have seven to have a little more representation on this Commission - are going to be required to put their own good faith behind the affirmative action. I worked in this area for ten years and you just don't make promises, promises; you put a machinery into your regulations and you follow it. You set up a council like the Newark Plan, for instance, which I can make available to the staff at your request. It is no secret.

I certainly would object to the advisory committee.- there certainly are enough advisory committees in the State of New Jersey to sink a ship -and would rather see the legislature taking responsible action in public than an advisory committee making totally impotent suggestions to a group that doesn't have to attend to them. I respect the legislature, and I feel that the procedures that have been suggested tend not to--- excuse me. A hearing on the rules that are projected by the commission after they have been printed in the New Jersey Register is only a hearing for citizens to give advice to the commission. It doesn't carry the force of a law, and the commission has no obligation to follow it. It would be much better, I think, if that separation were made, and if the legislature made the rules. The statement of intent at the beginning of the law is very pretty, but it is not a law.

One suggestion that has been made in other places, which you might consider, is that winnings over a certain amount, 20% of the win, be withheld immediately and forwarded to the IRS as a pre-payment for the tax of the winning person. I don't want to discourage the gambling altogether, or harmfully, but this is one way to see that the gambling is reported. No other reporting system is suggested.

I hope that you will have some other kind of hearing where the man from Gamblers Anonymous who was promised that the bill would take care of compulsive gamblers will have some opportunity to testify.

The final comment I have is, I see a contradiction in the role of the Attorney General who will be counsel to the Commission, which is the Commission's lawyer, and his role as policeman on behalf of the State of New Jersey, to see that the Commission doesn't misbehave. I don't know whether we need a Morland-Vac type of commission, similar to New York State, or whether we need something that would be like a special prosecutor, but I don't see how the Attorney General can both be the lawyer for the Commission and at the same time the law enforcement official over the Commission. I trust Mr. Hyland, and I have known and have trusted his predecessors, but I think it makes an impossible situation operationally. Although it is late, if you have any questions, I am at your service.

ASSEMBLYMAN MC MANIMON: We appreciate your statements here. You have pretty much zeroed in, as have the past five speakers, on the concept of strictness, severe penalties ---

MR. SARFATY: And that the legislature be the body to do it.

ASSEMBLYMAN MC MANIMON: Right, let the legislature legislate, and not a regulatory body.

MR. SARFATY: If someone asked me, I wouldn't trust my own mother to operate on that commission. It is going to be a very difficult place to be. I am not sure I will turn over the check, but I will hand over these statements to you.

ASSEMBLYMAN MC MANIMON: All right. Thank you very much. (Prepared statement begins on page 26x in the appendix.)

Peter Rossi.

P E T E R R O S S I: My name is Peter Rossi. I am the Executive Delegate of PBA Local 104, representing the New Jersey State Alcoholic Beverage Control Division.

We wish to thank the Committee, especially Assemblyman McManimon, for permitting me, as a representative of the Enforcement Officers of the ABC, to state our opinions and make recommendations for the regulation of casino gambling and relative to the adoption of Assembly Bill 2366, the proposed Casino Control Act.

It is our opinion that casino gambling can, and should be rigidly enforced in Atlantic City.

Controls should be adopted and promulgated, particularly in the areas of licensing, enforcement, and in the prosecution of offenders.

It is in precisely these three areas (licensing, enforcement, prosecution) of endeavor that we wish to address our remarks.

A 2366, Article 2, calls for the creation of a Casino Control Commission, consisting of five members, within the Department of Law and Public Safety. It also provides for an Executive Director and a Chief Enforcement Officer. Collectively, these persons, with their staffs, would be responsible for the licensing and the regulation of casino gambling.

We wish to mention to this Committee that we already have an agency in the State of New Jersey whose duties and responsibilities are almost identical to those of the "new" Commission to be created; such is the Division of Alcoholic Beverage Control and the Office of Amusement Games, its subsidiary.

As law enforcement officers in the ABC, we are charged with the responsibility of investigation and inspection of licensed premises, to make arrests where violations exist, to participate in hearings regarding violations, and generally to promote and protect the orderliness of licensed premises.

We believe that many, if not all, of the planned casino licensees, will likewise be the holders of licenses to sell alcoholic beverages. In this respect, we would be policing the same areas as would the enforcement officers of the proposed Casino Gambling Commission. Indeed, we may be investigating the same person or persons for similar or differing violations. Frankly, it may be difficult to determine where one's authority begins or ends, or where it conflicts with the jurisdiction of the other.

There would most certainly be a duplication and an overlapping of effort on the part of two separate and distinct entities. We want to be part of the Commission that regulates casino gambling. If the final recommendation of this Committee is to formulate a new regulatory agency, then we would suggest we share a common office so we can integrate their activity with ours and work harmoniously with the Commission or the "new" Commission.

It would be a wise decision on the part of the Committee to amend A 2366 in such a manner as to place part of the responsibilities of enforcement of casino gambling regulations under the jurisdiction of the New Jersey State Alcoholic Beverage Control.

By doing so, you would be utilizing more than 40 years' experience of a highly-respected agency in the field of law enforcement.

The confidence of the people in the ABC and its subsidiary, the Office of Amusement Games, could be extended to include the casino gambling activity.

In this respect, our concerned citizenry would relax in the knowledge that competency, efficiency, and integrity would be guarding casino gambling.

Let us state that we recognize the need for strict regulation of the casino gambling industry. Such regulation can be attained in the areas of enforcement, licensing, and prosecution within the framework of our existing governmental structure, by merely expanding the jurisdiction of the Division of Alcoholic Beverage Control. This would result in tremendous savings to the taxpayers.

Give us the authority, give us the opportunity, give us the responsibility to police casino gambling. We will match it with our experience, with our ability, and with our desire to perform a valuable service to the people of New Jersey.

Thank you very much for your time.

ASSEMBLYMAN MC MANIMON: Thank you very much, Pete. We appreciate your staying here and giving your statement on the record. I think the Committee is going to be definitely open-minded in everything they do. Judging from what was presented here today, I think we have our work cut out for us for the next five or six weeks.

MR. ROSSI: I am assuming everything is in the record and will be reviewed by the entire Committee. Am I right in that assumption?

ASSEMBLYMAN MC MANIMON: Yes. It will be reviewed by the entire Committee. When we have a regular committee session, you can rest assured it will be discussed. Even at that Committee meeting, there will be opportunities for amendment. We will probably take one whole day for that meeting. I am sure Mr. Bockelman will notify you people.

MR. ROSSI: That is what I am interested in: Will we be notified?

ASSEMBLYMAN MC MANIMON: This will be brought up in committee.

MR. ROSSI: Thank you very much, Assemblyman.

ASSEMBLYMAN MC MANIMON: Dr. Charles Wilson.

C H A R L E S     W I L S O N :     Mr. Chairman, I wish to thank you and the other members who have abandoned us. I wish to thank you for giving us the privilege of coming before this Committee today to present our testimony.

I represent the Northside Coalition Organization, a group of concerned businessmen and women in the northern part of Atlantic City, New Jersey.

While the language being used with respect to casino gaming indicates that the approach to casinos is being designed in terms of the economic well-being of Atlantic City, the actual plan relates to the economic well-being of the Boardwalk and nearby properties and ignores the plight of the Center-City business and housing districts. Historically, the economic well-being of the Atlantic-Arctic Avenue business districts of Atlantic City bears little relationship to the economic well-being of the Boardwalk hotels and the Boardwalk properties.

When Atlantic City has a fat season, the business district feels a slight effect. When the Boardwalk has a poor season, the business district feels a greater negative effect. In other words, when the Boardwalk is riding the crest, the Avenue feels the ripples; when the Boardwalk is in a trough, the Avenue feels the undertow.

The Center-City population cannot stand by and wait for the ripples of casino gambling. The citizens of this area must be considered in terms of the direct benefit from casinos. Realistically, when one looks at Atlantic Avenue, he or she

sees more empty lots and unoccupied stores than ever in history. It has been sucked dry by outlying malls, shopping centers, movies, etc. My question is: When was the last time a major department store was built in Center City? Only one - and that was 40 years ago. When was the last time a hotel was built in Center City? Never. When was the last supermarket opened in Atlantic City's business center? Over a dozen years ago, but since then four have closed.

The present legislation is designed to directly benefit ten or a dozen hotel barons and their side-by-side Boardwalk properties.

How many of these hotel owners live in Atlantic City? None.

Where do the people who clean and work in the hotels live? In Atlantic City.

We, the people who live in Atlantic City, cannot stand by and await the crumbs. The present approach will result in the out-of-towners winding up with bigger and better hotels while we who live in Atlantic City will wind up with bigger and better mops.

This is intolerable. We want direct, major investments in Center City. We want renewed economic traffic in Center City. We want at least a representative input into the casino outcome. After all, it has been said again and again that the legislation shall address itself to the economic needs of Atlantic City. That means all of Atlantic City.

We, the residents of Atlantic City, fought hard and long, not only here but throughout the State to bring out the vote. Every bumper sticker and window card said "Help Yourself." We do not mind helping others on the Boardwalk, but we are entitled to help ourselves in Center City. After all, "Help Yourself - Vote Yes" was the basis of the campaign.

Minority involvement in ownership and management of casinos is a means whereby they can cut the shackles of poverty and improve their quality of life.

The enabling legislation contains conditions of entry. These entry restrictions discriminate against those citizens who are economically and politically weak. Likewise, the Bill legislates by geography - Boardwalk geography. It excludes Center City and one-half of its population.

In this new industry, minority businesses need freedom from the prohibitive requirements designed by governmental representatives who may already be manipulated by investors presently established in the industry.

We consider it our constitutional right to earn a living in every aspect conceivable relating to casino gambling in Atlantic City.

We do not oppose the grand design for major style casinos, but we call for at least one, possibly two, such multi-million-dollar beacons in Center City, to attract people to enhance our property values and to enliven the business tempo of inner Atlantic City.

While a 400-room hotel is an impossibility for "The Avenue," a handsome, glamour casino is realistically possible in Center City.

Here is our suggested language for the casino gambling legislation:

"Inasmuch as this legislation is planned to be relevant to the economic conditions of Atlantic City, and

"Inasmuch as the historic experience in Atlantic City demonstrates the relative independence of the economic health of the Boardwalk from that of the Center City business district;

"It is the intention, herein, that the health of the Center City business district shall be given full consideration.

"The Commission shall license not less than one nor more than two non-hotel casinos in the Center City business district of Atlantic City. Such casino shall be not less than 25,000 square feet of floor space, which shall be computed on a single floor. 15,000 square feet of said area shall be a first-class casino.

"The remainder of the said establishment shall be a major theatrical enterprise of not less than 500 capacity. Furthermore, within a two-block area, there shall be casino controlled parking and/or public parking for not less than 300 vehicles.

"The first of these enterprises shall be carefully evaluated so that the second shall be created only after the economic impact of the first is studied and known: with respect to its enhancement of property values, surrounding business tempo, jobs and general economic benefit."

The economic impact and effect of a major theatre-casino in the Central District of Atlantic City:

1. There would be immediate investment of millions of dollars in the Center City.
2. A direct upgrading of several depressed properties to house the project.
3. Direct enhancement of all property values in the Center City.
4. Non-hotel jobs for Atlantic City residents.
5. Increase in the business tempo in Center City.
6. Creation of round-the-clock activities in an area which now has become a wasteland after 5:30 P.M.
7. Bringing of America's biggest names to Center City.
8. Providing of an entertainment and gambling locale for those who do not wish to visit the Boardwalk.
9. The inclusion of minority equity and input into the project.
10. A prime training center for Atlantic City residents during the eight hours when the casino must, by law, shut down.
11. A constant pool of local residents trained in casino jobs, which will provide a practical and moral boost to Atlantic City's residents.
12. An indirect benefit to Pacific Avenue small motels which will, obviously, not house casinos of their own.

If there are any questions, Mr. Chairman, I would be glad to answer them. I recognize perhaps that which I have discussed concerning areas and geography is a bit foreign to you if you are not familiar with Atlantic City's total streets and avenue distribution. But if there are any questions, I will be more than delighted to answer them.

ASSEMBLYMAN MC MANIMON: Dr. Wilson, I will be very frank. I sincerely appreciated your statement because you approach the problem in its entirety and not just with a particular concept for a particular area. You looked at the whole concept of Atlantic City. My only regret is that the rest of the State Government Committee were not here to hear your presentation. I wish Dr. McGahn as well as Steve Perskie could have heard it. I do believe they are trying to carry out the idea of bringing in the resort, the tourism and the convention industries to generate business throughout the entire community. But I also know that your aim is to help rebuild the Center City as well. You can rest assured that statements presented here today will be brought to the attention of the entire Committee.

Donald Clark will be our next witness.

D O N A L D C L A R K: Thank you for the privilege of addressing you. I am Don Clark, an organizational development consultant, business executive, and was media coordinator for the groups opposing casino gambling. I tried to handle their press for them as a volunteer.

Assemblyman Steve Perskie started today by saying he intends the legislation to be adopted to be completely consistent with specific commitments made to the people of New Jersey in the campaign for approval of the referendum, that he feels mandated to keep these commitments, and that is essentially what his constituents want. I am encouraged and heartened by his willingness to strengthen the bill. I am also very encouraged by the expressed purposes behind this and the thrust of the amendments to be proposed by Senator McGahn. I particularly like the sound of the Policy Committee of nine members, the tie to the State Police, no political contributions, the 750-room minimum. All of these sound very good.

I am not sure that taking away the Governor's veto of the Commission's minutes is best. Perhaps what Rev. Sarfaty said is an adequate replacement. We do not, of course, agree with allowing 18 hours of operation.

Attorney General Hyland's presentation, of course, inspired our confidence. Victor Lownes of the Playboy Club proposed just about everything that I thought needed to be said, especially as he dealt with social values; advertising environmental quality; eliminating sucker games, encouraging people to gamble beyond their names; no liquor in the gaming rooms. Of course, we don't agree with his 14 hours. We would like something fewer than that.

Every sponsor wants to fulfill the promises made to the people of New Jersey in the campaign for the constitutional amendment, and that is what we would certainly hope they will try to do and what you will try to do. They also were saying a lot of things about Atlantic City not becoming the Las Vegas of the East.

I would like to comment just very briefly on the promises made. We were told that casinos would be quiet, tastefully-decorated rooms, situated only in not more than ten publicly-owned hotels, each of which would be at least 1,000 rooms. That was the original thrust of all of the comments. On that basis, is where most of their votes of support from organizations came. Later on, when the proposed legislation was put out to inspire confidence in the voter, according to Senator McGahn, we found out that there were to be 400 rooms. Like in the Bahamas, there were promises made that there would be a dress code. Then Senator McGahn talked about a five-dollar minimum. There would be no slot machines anywhere, and that was in 300,000 brochures distributed widely in Northern New Jersey. The control would be the tightest, the toughest regulations in the whole wide world - the strongest regulatory authority in the world - and this was because there would be no "grandfather" clauses, no accommodations needed to be made. The bill would have some unique features. There would be no skimming in New Jersey. Resorts International has a 10 percent greater take than does Las Vegas. The Commission would have the power to keep organized crime out of the casinos. This was widely publicized. And the legislation would be designed to prevent casinos from becoming an industry unto themselves. These are all quotes. Senior and disabled citizens would benefit very directly and substantially by property tax, rental charge, and utility bill subsidies and, at the same time, we would all benefit by removing thousands of families from welfare rolls, not only in Atlantic County but all over the State, by millions of dollars which would be coming into the State Treasury - note that - in sales taxes. We will all have more money in our pockets without any cost to taxpayers of New Jersey.

Insuring that these promises are fulfilled will take at least three bills and modifications of others. A bill involving the senior and disabled citizens' benefits needs to be enacted and needs to be considered along with the others. A bill repealing Atlantic City's exemption from sales taxes where they collect luxury taxes and keep it for themselves needs to be repealed - and then this bill needs to be drafted in a very tight form. There probably needs to be another bill dealing with the collection of gambling debts, which was proposed earlier today. All of these should be considered and I think ought to be on the floor and in a public hearing together.

When the proposed Casino Control Bill was originally brought out, we claimed that it contained none of the provisions that the pro-casino forces claimed would keep New Jersey from having a Las Vegas type gambling. The slots were there, which they said they wouldn't have. The dress code only was for cocktail waitresses and bartenders, and the revenue projections at 8 percent would be based on out-Vegasing Vegas. They would have to have more slot machines going 24 hours a day and more gaming tables than Las Vegas had, to come anywhere near their projections.

We think it is very important to ban casino advertising on radio, TV and in the print media. This was brought out before. I am making it very specific. We think there needs to be a 24-hour waiting period for persons who wish to gamble. We feel this needs to be very seriously considered. Or, if there is not to be a 24-hour waiting period, there should be some additional ways to control compulsive gambling and junkets. Junkets have not been mentioned here at all today.

We agree with the previous people that entertainment acts should be barred from casino rooms. Of course, we agree that alcohol should not be served in the casinos.

One of the organizations involved has been Resorts International. There have been several investigative reporters who have worked on it and their exposes have been quite revealing. We believe that the applications for licenses should go back at least 15 years for their reports because with ten years, you just happened not to go back quite far enough with that particular organization. In other words, you need to go back far enough to get into the ins and outs of some of these corporations.

We believe that slot machines, in order to fulfill the promises made, should not be permitted. They are not needed. Failing this, we believe that they are to be very severely limited, the odds are to be controlled, and the odds of pay-out should be a matter of law and posted on every machine so the people know - that's just good consumer law - also the lost souls, the compulsive gamblers, need to be provided for, and it is kind of a corporate social responsibility of the industry. The 8 percent tax on bettor losses should be deemed to be completely inadequate. It should be in the realm of 25 percent. And I can tell you it can be justified. We have had it justified. Dr. Jesse Hartline of Rutgers University can help you justify that. And it also should be noted that in the Bahamas, Resorts International pays on an average of 18 percent.

The impact of casino gambling on the State, on its roads, on its other industries, on the resorts industry, on its entertainment, on its arts, should be constantly researched. I feel that it is the responsibility of the casino industry, such as it is, to finance that research.

We believe that the number of casinos should be not more than ten because that is what has been promoted. It was actually in the Speaker's Kit of the Committee to Rebuild Atlantic City. It was touted many times in many different ways and probably

should not exceed that.

We want you to remember that the granting of a casino license is a privilege and not a right. It seems as though in the law, if the applicants are found not to be law breakers, that they have a right to a license. Please bear in mind that it is not a right; it is a privilege that we as a State are granting. I don't really feel that the legislation quite reflects that. A lot of the testimony here today reflected that, but not necessarily the legislation.

Finally, I would urge that you do take your time. You need the time now. Don't be rushed. You need to put everything into the legislation now. Certainly everything that we have done in researching this indicates that it is very difficult later on. It is best to take your time now. Put it all in. And the stiffer it is, the better it is for this State to compete with other states. And we do believe that there will be other states competing with New Jersey. Thank you very much.

ASSEMBLYMAN MC MANIMON: Thank you very much, Mr. Clark. I will repeat what the Chairman said earlier in the day, that we are going to take the time that is necessary and we hope to do it right.

MR. SARFATY: Mr. Chairman, may I address the Committee on a mistake or at least a misunderstanding of what I said.

ASSEMBLYMAN MC MANIMON: Surely.

MR. SARFATY: The issue of increasing the tax on the profits seems to us to be less regressive than boosting the license fee of the gambling casinos. If for the first several years, as Dr. McGahn has projected at a meeting at Glassboro, there are only a few, the sums they would have to give would be disproportionate if they had to finance it all themselves; and if they didn't all make identical profits, then one would be paying an unfair portion of the costs. So that is the reason that we suggested a higher tax rate and the other side of that is a lower license fee. Since the money is all going to go to one State treasury, we would get it anyway.

ASSEMBLYMAN MC MANIMON: That's a very good point.

MR. SARFATY: I felt I left the matter very confused on that.

ASSEMBLYMAN MC MANIMON: Thank you, Mr. Clark.

ASSEMBLYMAN MC MANIMON: Mr. Herod Mc Leod.

HEROD E. MC LEOD: Thank you, Mr. Chairman. My name is Herod E. Mc Leod. I am Editor of Public Affairs, a nationwide newsletter. I am an investigating reporter. I am a creative writer. I am registered in the Library of Congress with a copywrite, Public Affairs, 1962. I am registered with the Federal Bureau of Investigation. I work in one branch. I am registered with Attorney General Hyland, and with the State Troopers. With that, I will be very brief.

This presentation, if you please, comes as a result of a spin off of gambling in Atlantic City. The first attempt, which was defeated, brought forth persons into Atlantic City from distances as far away as Louisiana, California, Maine, New Hampshire, the Virgin Islands and England. In Margate, a couple known as the Goins Family registered in a motel; they stayed a considerable length of time until they had exhausted their funds for the fun that they were having. They then requested relief from the Welfare. Margate's Mayor, Marty Bloom, as he is known, denied them any relief and physically, politically, and legally drove them out.

The family, who was not man and wife, should have been charged with the Mann Act, applied to the legal services. The legal services brought suit in the district court, His Honor Herbert Jacobs, Judge, was sitting. And allocated to this particular enterprising group of two hundreds of dollars for the fun that they had in Atlantic City. They went away in high spirits, but no lien was taken on their automobile. Now, this is the type of thing that has brought forth this particular action. Listen to this: October 15, 1976, Superior Court of New Jersey, Herod E. Mc Leod, pro se, 1815 Hummock Avenue, Atlantic City, New Jersey to the Atlantic County Prosecutor, 600 Guaranty Trust Building, Re: State against Herod E. Mc Leod, Docket #A2731-74.

There were some fun makers in a private property of Mc Leod who had a vested interest for over 50 years - his wife a former teacher for over 45 years. The leasee departed. An attorney was retained, and filed suit in the District Court, Justice Herbert Jacobs sitting, and that was July 4, 1974. October 1, 1973, the leasee's attorney was notified of eviction when Mc Leod returned to Atlantic City. The eviction papers were filed July 7. The summons was served. The leasee was brought into the court on July 17, owing \$2500 to the leasor. August 23 at 7:30 one Henry E. Tyner, Detective Sergeant, called Mc Leod and told him not to proceed with the eviction. I have a 132 page transcript of which I had to make several copies to go to various courts. So from the perjury, a conviction of disorderly persons against a man who for 81 years has led an exemplary life, half of it in the United States service, Army, Navy, and in the Marine Corps as a United States Secret Service operator all over the United States.

The conviction was appealed to the county court. The county court ignored the request and motion for summons due to the injury I received at the hands of Henry Tyner the Detective whom I claim was drunk as a fish. That appeal went from the county court because the county court ignored the summons. Justice Greenberg has now been ruled out by the State Supreme Court. There are motions in the State Supreme Court for the impeachment of 6 judges beginning with the municipal court, Justice Consalvo sitting who denied me the right of a single witness; Justice Herbert Jacobs from whose court I cannot get the transcript; Justice Greenberg for withholding the testimony ---

ASSEMBLYMAN MC MANIMON: Mr. Mc Leod, can I interrupt you for a moment, please.

I don't want to be discourteous. But---

MR. MC LEOD: I am just giving you the background of control, taking the point from the prosecutor from Middlesex County.

ASSEMBLYMAN MC MANIMON: What I am trying to say, you are stressing control, but I would hope you will be going into the issue of casino gambling, correct?

MR. MC LEOD: What was that?

ASSEMBLYMAN MC MANIMON: This hearing is strictly on casino gambling today.

MR. MC LEOD: Well, this is a spin off of gambling, as I told you at first.

ASSEMBLYMAN MC MANIMON: I can understand what you are getting to---

MR. MC LEOD: I am getting to the consequences of gambling and that is a matter in the United States Supreme Court now to review the actions of the courts in Atlantic City up to the Appellate Division of the Superior Court, and if you desire to hear me, all right. If not, I am going to subpoena you just as I have subpoenaed others, if you deny me the right of the First Amendment.

ASSEMBLYMAN MC MANIMON: Mr. Mc Leod, I would never deny anyone that right. I understand what you are doing now. You are utilizing a court case to generate a spin off of the things that can happen, and unless we have specific controls in our court system ---

MR. MC LEOD: That is what I am getting to now.

ASSEMBLYMAN MC MANIMON: I understand. Go ahead, Mr. Mc Leod. I am sorry. Please forgive me for interrupting.

MR. MC LEOD: I am 81 years old, Mister. I know every crook who has operated in this State, and no man in this State is going to deny me my guaranteed constitutional right. I don't understand the minds of the public officials in office. That is not on the record. (Mr. Mc Leod turns off his tape recorder.)

ASSEMBLYMAN MC MANIMON: I was trying to get to the point you were leading to in a more brief statement.

MR. MC LEOD: I have to lead up to this thing, showing the consequences of all those involved.

ASSEMBLYMAN MC MANIMON: This is a different case with a different kind of spin off. I have your message.

MR. MC LEOD: The English language is tricky. It was made so that man could conceal his thoughts.

ASSEMBLYMAN MC MANIMON: I get your message.

MR. MC LEOD: I am not going to disconnect my thoughts. What you said and what I said are not on here, right.

The appeal went up to the Appellate Division of the Superior Court. The Superior Court, in order to cover up the misfeasance and the malfeasance and the nonfeasance in the District Court, the County Court attempted to dismiss - even though no date had been set for the hearing - the appeal and claimed they did not have my papers, which they did. The State Supreme Court overruled and remanded directly. That hasn't been done since 1948, and I am one of the guys who helped to put that in the new Constitution under Vanderbuilt and Alfred E. Driscoll.

Now, this is what the Superior Court said, "This is to clarify my letter of October 12, 1976, in which you were advised of the Supreme Court's decision which granted direct certification and summarily remanded this matter to the Atlantic County Court for trial. In view of the above you no longer have an appeal pending

before the Appellate Division." That is for the record. That spin off has bankrupted and pauperized a man who has put 50 years into a private home with his wife and family. And this little paper here, this pink one, the State of New Jersey has put a lien on my property for \$5 per month, in the event this case goes further, because I have to have a public defender.

Now, my case comes up on January 3. I got extended time. I got extended time from the United States Supreme Court in order to get certain information. That was served on Governor Byrne. That was served on the Attorney General who sat there. That's why he spoke to me knowingly. Here we will find the actual operations of gambling as it concerns police officers. Thirty to forty were indicted and convicted heretofore by Prosecutor Williams and others and Mc. Leod, and Goldstein and others. Now there are six judges and eight police officers involved in this multi-million dollar suit. I am suing Atlantic City and the State of New Jersey. Listen to this, April 21, 1976, "Election time is collection time. Governor Byrne was petitioned to have the State Commission on Investigation make a thorough investigation following Judge Yaccarino's charge to the jury in the Hotelman-Cohen case. Defense counsel, Cole and Cole was told to certify the State against Mc Leod to various federal and state agencies - the commission being one, the State Commission on Investigation. At any rate, we have an idea what is taking place. The state troopers, and not the Atlantic City police, made the raid. Why? Was Tyner the 'plant' or the 'go-between'? What is the prosecutor's duty in a homicide? Good work, troopers."

To show you that I am with you, I am going to cut everything short and give you this in writing. "In Numbers Raid at Bar, \$3,000 cash. New Jersey Cops Frisk AC Ally." The State Police went over the head of Governor Byrne because the Executive Director and Governor Byrne were at loggerheads just as our great President Mr. Nixon was at loggerheads with his Attorneys General, and they made arrests, and they got in touch with me. Why? I had contacted the United State Department of Justice for an investigation, and I am bringing in 50 agents, I told the man the other day. I am going to conclude. I am not even going to read what the State Trooper said, but he said in the beginning, this man Tyner claimed he was making an investigation of a homicide. He was not on the major crime squad. The State Troopers held him 25 minutes while I talked to the FBI. You can't kid me, Mister. So they let him go, so they didn't look in his left shoe. Police Commissioner Tenbrink said he wouldn't make any comment until he got in touch with higher authorities. Well, those higher authorities are going to be 50 or 60 agents. That is the spin off of gambling.

In conclusion, on the 26th of last month, perspective gamblers had all the paraphernalia of gambling, dice and cards and the spoons to make the dope with, and a policeman under the authority of the Community Affairs Department of the City of Atlantic City and the State of New Jersey came to my residence with two trucks and loaded those trucks or had them loaded with all the goods and chattels of the leasee, against whom I had filed a landlord's lien. New Jersey has never had that. Only two states in the United States practice sanctions against private property home owners, and those states are South Carolina and Alaska. But the Community Affairs maintained and held and aided and abetted the non-paying persons who had a temporary occupancy - but they stayed.

The State of New Jersey has literally and figuratively taken over private property for the gain of others. Mr. Chairman, I don't think you have heard anything similar to this except Watergate. I took a long time before bringing this suit,

because I was ill to death. It took me two years to recover in various hospitals, and when I come here to offer concrete testimony of a man who has never had one finger pointed at him; he came out of the Navy with a 99.4 for obedience and sobriety. The man you are looking at now was a Salutorian for the Metropolitan New York Police Force, and 1500 attended. There were 12 Harlem Bloomingdale trophies, and that is the guy who can shoot good - you know, I came from the country. The Navy trained me how to shoot good.

My government has entrusted me with one specific thing that I cannot mention. Those of us who have worked for the government on the insdie, we are the people you don't hear about. Some of us get shot down. Well, that is just another guy gone. So what you are wondering, how come? I am perfectly glad that you could see my point, from the point of view of control. Are the State Troopers going to have control of enforcing the law, or are the Atlantic City police? Now, if Judge Yaccarino is right, the 30 or 40 who were convicted - only one went to jail, and that was the Black man. I am going to get him out. He knows all the corruption in Atlantic City. His name is Ben Anderson. I told him to tell the truth and he did. So the next time I come before any Commission, I am coming with warrants like I have been doing, like I started out doing. I served a warrant on my Police Commissioner in the City of New York, his name was Anwright. I took my case to federal court, and I went after Mr. Nixon; I went through eight states tracing Mr. Mitchell, and I got him. Everyone was indicted and convicted except one. He is, he was the Director of the Office of Economic Opportunity. They took away my defense, and I had sued the legal services for violating my constitutional rights.

I thank you for your patience, and I want to ask this: There is always or seems to be a hesitancy to let persons who know what they are talking about speak the facts. I tried to get in touch with Mr. Mc Gahn, and Mr. Perskie, and requested them to make an appointment with me and the Executive Director of the State Commission of Investigation. They did not. I went to the State Commission, and they were chilled just as Mr. Nixon our President chilled his Attorney General and the FBI, CIA, but fortunately I wasn't in the service at that time. They would have never chilled me. I thank you.

ASSEMBLYMAN MC MANIMON: Thank you very much, Mr. Mc Leod.

MR. MC LEOD: I want this to go into the record. (Begins on page 32 x -Appendix.)

ASSEMBLYMAN MC MANIMON: I just happen to be a layman, and I am not a lawyer---

MR. MC LEOD: And this goes into the record. This comes from the Third Circuit Court of Appeals. I went to the District Court first, and then to the Appellate Court and then to the United States Supreme Court without a lawyer. Now that I am broke and pauperized, the State has a lien on my property. Can you imagine that? Corruption in the police department and the judiciary in the County of Atlantic. I don't think there is going to be any legislature for the next three or four years. I told Governor Byrne that to his face. He wanted to know why I opposed certain people for renomination as judge. I opposed four, not one of them were nominated, not a single one. I opposed certain judges just like I opposed the two that Mr. Nixon had nominated, you know, Hainesworth and Caldwell. I opposed them through my United States Senator. So that is the way I want my government to work. And it will be three or four years, if ever, and I doubt it.

ASSEMBLYMAN MC MANIMON: Thank you very much, Mr. Mc Leod. I get your point.

MR. MC LEOD: You see, the other gentleman here who was asking questions, he had a point. Mr. Mc Gahn took up a lot of his time, but he feels what he is doing is right. I know the guy. I know a lot of people. I am 81. My wife died when she was 80. She taught 40 or 45 years.

ASSEMBLYMAN MC MANIMON: Thank you all for staying. It has been a long day. That concludes our hearing.

(Hearing concluded)

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## MERCHANTS ASSOCIATION

atlantic city, new jersey 08401

Bess Packer, Executive Secretary  
11 N. Plaza Place  
Atlantic City, N. J. 08401

Phone: 347-0244

December 10, 1976

Assemblyman Steven Perskie  
1125 Atlantic Avenue  
Atlantic City, N. J. 08401

Dear Steve,

The Atlantic City Merchants Association, comprised of approximately 200 members actively involved in all types of business in Atlantic City, is vitally interested in the outcome of the casino enabling legislation bill you are sponsoring along with Assemblyman Howard Kupperman.

As President of this group, I have discussed the question with our Executive Board and a number of our members and have found the general feeling to be favorable toward the type of legislation you propose. We feel at least 16 hours of gaming per day should be permitted and that all gambling activities should be contained within major hotels having adequate convention facilities. We are also strongly in favor of a Gaming Commission with the power to screen and investigate all potential gaming operators, and to enact any regulatory legislation deemed necessary for the protection of our citizens, our visitors and our businesses.

This organization was strongly involved in the effort toward a favorable vote for casino gambling in our city because we felt it would place us in a competitive position as a vacation spot and would stimulate the proper kind of growth we have needed so desperately. We are most anxious to retain our identity as "The Queen of Resorts" with universal appeal for all types of visitors and conventioners. We feel that legalized gambling in glamorous casinos should be another reason to visit our city - not the only reason. Unlike Las Vegas, we have a beautiful beach, a magnificent boardwalk, and all of the natural assets of a lovely seashore resort. We want to continue to invite visitors to our city, to enjoy vacationing with us for our marvelous climate, our unbeatable ocean, top entertainment and A-1 accommodations. We feel that the legislation you have introduced will move us toward this goal.

We commend you for your efforts on behalf of our community and hope your bill will meet with a favorable response on the part of your fellow legislators.

Sincerely yours,

Myron Kaminsky, President  
ATLANTIC CITY MERCHANTS ASSOCIATION

MK/bp

(Partial outline as of 11/15/76)

I. Licensure

- A. What standards of prior conduct for initial, and for continuing, licensure, should apply.
- B. What information do we need to apply those standards:
  - 1. regarding individuals.
  - 2. regarding corporations or other business entities.
- C. What standards of privacy, security and public disclosure should obtain.
- D. What procedures should be utilized in granting, suspending or revoking licenses.

II. Operational Integrity

- A. Management - what mandated controls such as audit, disclosure, inspection, and interim trusteeship should be available to the state.
- B. Employees - what aspects of the employment relationship, e.g. pension and other benefits, union control, career development, affirmative action, grievance arbitration, etc., should be controlled or otherwise regulated by the state.
- C. Players - what restrictions on individual players, and their relationship to the house, are legally possible and necessary, and what model - public accommodation or private club - best supports these restrictions.
- D. Games - what restrictions or operating standards are needed to guarantee integrity in actual play.

III. Credit

- A. What crime deterrence occurs if credit is, or is not, extended.
- B. What controls or limitations are necessary if it is extended.

- C. What are the extra-territorial legal ramifications of extending credit, on collectability, tax information, fair credit reporting requirements, etc.

#### IV. Service Industry Integrity

- A. What trade practices - e.g., hotel services, junketeering, promotional advertising, and gimmickry, steering, etc. - must be prohibited or regulated to prevent consumer fraud, and what powers and what agency are needed to do so.
- B. What trades and related casino service industries are sources of crime problems, and what form of regulation or other deterrents are available, and in what agencies.

#### V. Street Crime

- A. What areas of common criminal activity are likely to increase.
- B. What steps can be taken by civil regulation to produce significant deterrence.

#### VI. Regulation and Enforcement

- A. What sanctions are needed, civil and criminal, for a workable enforcement scheme.
- B. What is the best structure for an agency or agencies to accomplish needed regulation and enforcement.
- C. How will state-local coordination occur.
- D. Should any local powers be subject to supersession by state administrative action.
- E. How can state agencies best coordinate the utilization of their powers.
- F. What incidental state regulatory efforts are impacted by the introduction of the industry.

## VII. Costs

- A. What direct costs are associated with requirements and recommendations answering the above questions.
- B. What indirect societal costs can legitimately be identified and anticipated in the initial legislation; e.g. crime compensation, trust funds for housing and relocation, highways, etc.
- C. How may these costs be constitutionally recaptured and from what sources.

## VICTOR LOWNES

Victor Lownes is the Senior Vice President of Playboy Enterprises, Inc. and President and Managing Director of their wholly-owned subsidiary, Playboy Clubs International, Inc. He is Chairman and Managing Director of the Playboy Club of London, Ltd., The Clermont Club, Ltd., The Manchester Casino Club, Ltd., The Portsmouth Casino Club, Ltd., and Playboy Bookmakers, Ltd. The first four of these English companies operate casinos, the first two in London and the latter two, as their names indicate, in Manchester and Portsmouth.

In addition to his qualifications as the Managing Director of what is the largest single casino in Great Britain (the London Playboy Club), he is also a member of the Executive Council of the British Casino Association, to which the Gaming Board for Great Britain has, since its inception, looked for advice on every aspect of gaming control. He actively participated in the earliest discussions with the Home Secretary and the Home Office officials before the enabling legislation of 1968 was drafted. He and other leading members of the gaming industry were brought into discussions at all levels including meetings with the Minister to consider the objectives of the legislation. Then, during the passage of the gaming bill through the House of Commons, and Parliamentary Standing Committees, they were constantly consulted and one will find repeated references to the Playboy Club in Parliamentary and Committee debates published in the official reports. Playboy was the only foreign-owned casino operation to be granted a license in the United Kingdom when the act came into force in 1970. It maintains that unique position today.

As the only American operating a casino in the United Kingdom, I believe that I have a unique overview of what is generally considered to be the most well-conceived and best-regulated casino industry in the world. I do not think that any state contemplating the legalization of gaming can afford to ignore the example set by Great Britain.

After six years of operation under the 1968 Act, I think the proven success of the British system rests on one fact:

The United Kingdom authorities put social values ahead of economic considerations.

Ultimately this has worked to the benefit of the gambler, the casino operator, and the state. By recognizing that gaming was in demand, and finding an effective, regulated supply to meet that demand, the British system has become a model.

Gaming in Britain had no deleterious effect upon social life. There is no evidence that it has disrupted the family or that it has contributed to crime. It has made a great contribution to the treasury via special taxation and has been a considerable factor in the growth of tourism with all its attendant advantages.

Applying this model to New Jersey, you might consider your social objectives as follows:

I). The State - Its Residents and it's environment

- 1). Not to encourage local residents to lose their pay packets at the gaming tables.
- 2). To prevent gaudy "Las Vegas Strip" competition by way of advertising signs and display.
- 3). To encourage a high standard of community social and cultural amenities for gamblers and non-gamblers alike (without allowing the amenities themselves to become a lure to the gaming tables.)

- 4). To prevent the concentration of so much economic power with casino operators as to discourage investment in other New Jersey and Atlantic City resort and entertainment facilities.

II). The Gamblers and Non-Gamblers

- 1). Not to encourage those who do not gamble to do so; i.e. not to lure non-gamblers to the tables.
- 2). To protect gamblers from oppressive house odds or "sucker" games.
- 3). Not to encourage people to gamble beyond their means.
- 4). Not to encourage people to gamble when their judgement is flawed.
- 5). To encourage repeat business.
- 6). To attract those who can best afford to lose large sums of money without hardship.
- 7). To require proper training and accreditation of all casino personnel.

III). The Law - Control and Enforcement

- 1). To discourage street crime particularly as it relates to casino operations.
- 2). To prevent infiltration of organized crime into casino operations and related activities.

- 3). To prevent corruption of casino staff.
- 4). Prevent tax evasion.
- 5). To prevent unconventional methods of debt collection.

I think that you will agree that wherever feasible, legislation should attempt to construct a casino industry which serves these objectives.

The British experience offers many lessons which can serve you well in Atlantic City. And, I think that even the British system can be improved upon in some ways which I'll mention. Bear in mind, that I operated a casino in the U.K. before the 1968 Act was drafted and some of the very regulations which I recommend to you now, I fought when they were first proposed. Therefore, I speak from the experience of having operated without limited hours, without the restriction on credit and without the prohibition on tipping (just to cite some examples). I have had an opportunity to see the improvement that has taken place since these restrictions were introduced.

Here, then, are some of the statutory requirements that I think should definitely be made part of the act, together with my reasons for recommending them:

1). Limited Hours

The British statute permits gaming in London from 2:00 PM - 4:00 AM except on Saturday nights when gaming must stop by 3:00 AM. I think drafting the statute to limit gaming from 2:00 PM in the afternoon until

4:00 AM in the morning seven days a week without the special limitation on Saturday night-Sunday morning is desirable. Limiting the hours prevents people from gambling for such long stretches of time that their judgement becomes flawed, it encourages repeat business by giving people a more balanced vacation experience, assuring an opportunity to do other things, and it prevents the creation of a demi-world of night people whose living habits run counter to the rest of society. In other words, everybody gets a chance to go home and rest up, including casino staff, casino supervisors and the players themselves. After a good night's sleep, a person may look at his gambling losses or wins with an entirely different eye than when he is kept busy at the gaming table for unendurable stretches of time. Limiting hours also ensures that other businessmen in the community will have an opportunity to provide goods and services to people who might otherwise spend their entire visit at the gaming tables. There is even a road safety factor involved in limited hours, as gamblers who have been up all night without respite will constitute a hazard on the highways in the early morn.

2). Prohibit Gaming on Credit

As you know, British law permits gaming only on a cash or check basis. Admittedly the acceptance of a check is a limited form of granting credit but this has proven to be a most workable compromise in England. Under British law, checks given for gaming tokens are enforceable in the courts and a person thinks twice before giving a check which he cannot cover with readily realizable assets. There is some very interesting testimony in the U.S. Commission's hearings where the British concept was compared with the Las Vegas credit arrangements. The Las Vegas people continually maintained that there were people who did not want their accountants, their wives or their banks to see that they had written checks and that this justified credit on an I.O.U. or even called-bet basis. It seems to me that it is socially undesirable for a person to gamble when he is motivated to conceal his gaming activities from those persons who would ordinarily see his cancelled checks. Again, I can refer you to the British statute for guidance in drafting the proper regulation.

There is a flaw in that statute based on an interpretation which both the Gaming Board and the Casino Association of Great Britain agree is an error which should be rectified. The way the statute is currently being interpreted makes it impossible for a casino to allow a person to consolidate the checks that they have given in the course of an evening. And, it even makes it impossible for a man who has ended

up a winner at the end of the evening to redeem his checks. All checks paid in must be presented for payment within forty-eight hours. I think that it is fair for a person to be able to consolidate a number of checks into one check at the end of an evening and for him to be able to "net" his checks by getting back checks that he has given in to the extent that he is able to redeem them with chips or cash that he has on hand. This could even be extended to permit him to redeem them the following day and still maintain the requirement that the checks must be presented within forty-eight hours for collection.

From the standpoint of the state, casinos should be allowed to deduct worthless checks from their winnings before taxes are calculated or for tax credit. It is to the state's advantage for casinos to be as liberal as possible in granting check cashing privileges. The casino, obviously, does not wish to gamble against its own money so some caution will at all times be exercised. At the same time, you don't want the casinos to tighten up so much that they miss valuable taxable business. Nor do I think that it is essential to blacklist everybody who bounces a check in a casino. (Although, of course, casinos should be prohibited from taking additional checks from somebody who has already bounced one check until they have made good on the returned check.) These people should be allowed to continue to gamble on a cash-only basis. The continual contact with a person who has passed a bad check is in many instances a good thing as it assures ultimate payment of the bad check rather than a total loss of the money. Casinos should be prohibited from selling bounced checks to third parties; although, it might be a good idea to set-up a state agency that would do the collecting on a fee basis for the casinos. You don't want to have loan sharks in any way get their hands on bounced checks, as that would result in people having their legs broken or their families threatened in order to enforce payment.

3). Prohibit Tipping at the Gaming Tables or otherwise  
in Respect of Gaming

Again, you can examine the British statute for a form on this and I think the British statute is air tight. This is a very important aspect of gaming control and one of the best lessons which can be learned from Great Britain. I believe that the prohibition on tipping is socially desirable in that it assures the equal treatment of all players at the table, discourages any sort of conspiracy, and allows the state to continually survey the real odds against the player in any given game. Where tipping is permitted, the attention of the staff is apt to be diverted from the proper conduct of the game itself toward an undue concern for gratuities. It further suggests that the highly trained, skilled and professional people who operate casino games are menials and detracts from their dignity and self-esteem.

It is very difficult for the staff to remain objective when a dispute occurs and I have a feeling that one would find that disputes involving tippers are more generally decided in favor of the player while disputes involving non-tippers probably tend to be in favor of the house. Anything which colors the objectivity of the dealers, croupiers and inspectors in dealing with disputes is certainly undesirable from everyone's standpoint.

Furthermore, the practice of tipping at the gaming tables is really an additional edge against the player. In Monte Carlo, it is referred to as the "extra zero" because every time a player hits on a number, he is expected to tip one unit from his winnings. This is the same as having another zero on the table and no tipping.

Bear in mind, also, that the amount that a gambler spends on tipping is not a separate amount from what he would have been willing to lose at the table. In other words, when a man gets up and says, "I've lost \$1,000", he doesn't differentiate between the money that went into the tip slot and the money that went into the chip rack. His "loss" includes the amount that he has tipped and it may, if he stretched his gaming out over a considerable period of time, represent the lion's share of his losses. None of that money is reckoned in the house's "win" on which gaming taxes are levied.

Furthermore, I'm reliably informed that the practice in Nevada is to step back completely from the accounting for the monies in the tip box so that one never knows whether the employees are even paying the proper income taxes on these monies. This, of course, leads to a general disrespect for the law by encouraging tax evasion. A prohibition on tipping will probably discourage a major immigration of casino staff from Nevada, and frankly, that is to the advantage of New Jersey residents. Even the Nevada authorities agree that they would not create the "tipping monster" if it did not already exist and you are starting from a point where you can prevent it by statute and prevent it by statute you must because otherwise there will be tremendous pressure by casino employees to introduce tipping.

4). Prohibit Live Entertainment on Casino Premises

This restriction as it is framed in British statute is going to be a particularly difficult one for a destination resort like Atlantic City to accept. I don't hold out much hope that you are going to be entirely successful in this but basically, there ought to be a way that people who want to see famous artists and tab Broadway shows and colorful reviews can do so without being subjected to the temptation to gamble. In England, it is absolutely essential that there be a complete separation between the casino premises and any premises offering live entertainment. This means that anyone who wants to see a show and also gamble has to go outdoors and come in through a separate entrance into the casino without there being any communicating doors between the two attractions. I think this is very desirable from a social point of view as it prevents entertainment from being used as a lure to get people to gamble. I strongly recommend a restriction akin to the English system.

As a compromise, I would advocate the prohibition of the arrangement they have in Las Vegas where it is necessary to walk through the casino to get to your hotel room, to the restaurant, to all the entertainment attractions and even to the shops. This should not be necessary and in fact, the way this could be limited is to require that the casino have its own entrance off the hotel lobby and not be a gauntlet that people must negotiate in order to get to the various other amenities.

There is another reason not to follow the Vegas pattern and that is that by concentrating entertainment in the hands of the casinos, it puts ordinary entertainment entrepreneurs out of business. I, myself, feel the sting of Las Vegas; in that I can no longer afford to book certain acts into our Clubs & Hotels in other parts of the country because performers' salaries have been distorted as a consequence of Nevada casinos which are able to subsidize these attractions with gaming profits. They can do this because they use the attraction to lure people to the gaming tables. This is socially undesirable and is an issue which I think ought to be fought. At the same time, it is possible to make the restrictions on entertainment within the casino work in a way to improve the social life in Atlantic City generally. It would be possible to do as they do in Monte Carlo and use the proceeds from admission charges (more about this later) to subsidize cultural events held in buildings that are totally unconnected with the casino. This would bring people to Atlantic City and help fill the hotels and would not necessarily induce people to gamble because cultural events would be held in the convention center or in some other place removed from the actual casinos.

If you have seen the summer casino at Monte Carlo, you have also seen how it is possible to have a major showroom opening up off the lobby without it being necessary to go through a gaming area to reach the showroom. This is a pragmatic compromise between the English system and the Las Vegas system and it might be an ideal answer for Atlantic City.

5). Prohibit the Sale and Consumption of Alcoholic Beverages in the Gaming Areas

You will note that this restriction is imposed upon casinos in the U.K. although it is possible to have a restaurant where beverages are served immediately adjacent to a casino area, and in fact, in the casino room but separated by a "dwarf" wall. Patrons are not permitted to take drinks into the casino area and they are not allowed to be served drinks in the casino area; although they may enjoy soft drinks and sandwiches with the compliments of the house in the casino area; but no alcoholic beverages. This all relates to the social objective of not encouraging people to gamble when their judgement is flawed. I think it is essential that you introduce this in New Jersey. Again, I want to tell you from an operator's standpoint that it reduces problems in the casino area and assures that the people who are most "hung-up" with gambling are at least sober. Another sensible restriction which helps to avoid community backlash.

6). Establish by Statute Regulations Determining What Games May Be Played and Under What Rules

From both the standpoint of the casino and the state, it is best to limit games to those which have the least disadvantageous odds against the player. In other words, the classic games should be the only ones that are permitted - roulette, baccarat (which is called punto-banco in England), blackjack or "21" and craps. I think games like "wheel of fortune" are real bust out games which take advantage of what is referred to in England as the "mug-punter". The public deserves some protection, which assures their having more pleasant experiences in casinos and hence, assures their return more often. Also, as they go from casino to casino, they shouldn't be confronted with a whole lot of different games and different rules applying to those games but should always know what to expect in each casino. This also makes the job easier for the Gaming Commission's own inspectors. Also, it is important to specify how many square feet of space need to be allocated to each type of table to avoid overcrowding in the casinos.

On the other hand, there is a kind of limitation on gaming which I think is socially undesirable; undesirable from the casino's viewpoint and undesirable from the state treasurer's point-of-view; and that is putting maximum limits on the amount that can be wagered on different games. I recommend permitting casinos set their own minimum and maximum limits, which I would require be posted above each table and I would require also that the Gaming Commission be notified of any changes in limits before they go into effect; even on individual tables. Experienced gamblers know that they have a better chance to break even or win the higher the limits are and "High Rollers" will stay away from places like Puerto Rico where the state puts a low ceiling on the amounts that can be wagered. Unfortunately, putting a ceiling on maximum bets suggests to the public that the state is "protecting" the punters but the opposite is really true. The sooner you run up against a house limit, the less chance you have of recouping losses.

Permitting high limits attracts the kind of people who can best afford to gamble and it virtually has no effect whatsoever on the little fellow, as there is no danger of his being able to gamble at the high limits just because they exist. The more affluent punters like the Arab oil sheiks are attracted by the high limits and winning money from them is not regressive, as is the case when you are taking money from people who can't afford to gamble. Don't drive away this kind of business by putting statutory limits on the maximum amounts of bets. Casinos, themselves, will put reasonable maximum limits on in order to protect themselves against being destroyed. (You realize, of course, that if there were no limits, a man with an infinite amount of money could always beat the casino by just keep doubling his wagers until he won, so the casinos will introduce their own reasonable limits.)

7). Restrict Advertising

In Britain, gaming casinos are not permitted to advertise the availability of gaming at any specific location in any publication which circulates mainly within the U.K. Furthermore, there are restrictions on the number of signs that may appear outside a casino. Again, I think there is a great deal to be learned from the U.K. experience here in terms of not enticing people to gamble. In Britain, for example, it would be legal for me to advertise the Playboy Club but it would be illegal for me to advertise that we have casino facilities inside the Playboy Club. As a matter of policy, I do not advertise at all in England. People who want to gamble in casinos find out about these available facilities soon enough and it would seem to me that a similar restriction might serve you well in connection with advertising which primarily circulated within the state.

If this restriction seemed to be inhibiting and prevented casinos from maintaining a viable level of business, you could always relax the restriction at a later date. In fact, I might suggest that this is one of the regulations that might be instituted by the Commission in order that it could be relaxed without the necessity of legislative action if any sort of crisis occurred where additional promotion seemed to be required. In the meantime, you would have the benefit of the kind of community atmosphere which does not find newspapers and other periodicals dominated by advertising designed to lure people in to gamble. As I said before, this is an expensive form of recreation which should not be actively recruiting new participants, especially from within the state. I would further recommend that extremely tight local ordinances be drafted to prevent garish signs which entice newcomers to gambling and have a special appeal to children. Don't spoil Atlantic City by filling it up with flashy signs competing for business. I can assure you that the business is there and will be forthcoming without spoiling the appearance of the community in order to obtain it.

8). Prohibit Casino Employees from Gambling in their Own or Other Casinos

In Britain, casino employees including management are prohibited from gambling in their own casinos in order to prevent the use of skills (which must be avoided in any event). Casino employees are not, by law, prevented from gaming in other establishments but most casinos include that prohibition in their contracts of employment. I think you would do well to include this additional restriction in your enabling legislation. As I said before, gaming casinos can be an extremely expensive and dangerous activity and there is no reason in the world why casino employees should be permitted to engage in this activity when it may very well lead to conspiracies and could very well corrupt an employee who "gets in over his head." Jockeys are forbidden to gamble on horse races in most jurisdictions so I see nothing preventing you from making a similar prohibition as regards licensed casino employees with the sanction that they would lose their licenses if found gambling in any casino in New Jersey. I don't see any reason why they should be prohibited from gambling in casinos in other jurisdictions, because that's generally a holiday or vacation activity and is not apt to lead to continuing problems. You might wish to build in an exception that would permit casino security personnel the ability to gamble in other casinos when they are conducting

surveillance work (for example, seeing if any of their own employees are gambling at this or that casino) and you might even want to make it possible for the casino itself to employ part-time licensed employees who would do surveillance work within their own casinos. However, it is very important that this be structured in such a way as to avoid creating shells, who would be people who pretend to gamble in order to get action going at one table or another.

9). Introduce some Minor Barrier to Prevent Casual Introduction to Casino Gambling

I am a proponent of the British system which involves the "Club" concept and the 48 hour waiting period. However, this policy may not be feasible for Atlantic City, which is a destination resort and where most people would not plan on spending more than 48 hours for a start. I can accept this, but I still think there ought to be some kind of an admission charge, either on a one time or annual basis which would involve the casino visitor registering and giving such valuable information as his name and address on the occasion of, at least, his first try to a casino. This would also help you enforce your blacklisting regulations and give you some means of identifying individual customers. If you were to charge, say, a \$1.00 admission charge each time a person visited a casino, it would discourage those people at the very lowest economic level from utilizing casinos and these admission charges could be used to support some local civic cultural amenity. For people who intend to use the casino facilities on a regular continuing basis, an annual charge of, say, \$25.00 might be suitable and one time visitors would be charged \$1.00 on each visit. Not only does this concept prevent casual gambling by those least able to afford it but it also provides a substantial sum of money; which, for example, could give Atlantic City a major symphony orchestra or ballet or opera company. Alternatively, it might be used to subsidize major touring cultural attractions in Atlantic City.

I can't emphasize often enough the importance of structuring casino gambling in such a way that nobody can ever say that it destroyed the quality of life in Atlantic City, but rather that casino gambling enhanced civic amenities for gamblers and non-gamblers alike.

10). Casinos Should be Permitted to Pay Large Winnings by Check

At the casino's option, it should be possible for casinos to pay out winnings in excess of \$1,000 by check rather than by cash.

I feel that this is important if you don't want to increase the level of street crime in Atlantic City. If casinos are obligated to pay everyone, no matter how large their winnings are in the form of cash, you are going to find burglars and robbers flocking to Atlantic City to prey on people whose pockets are stuffed with cash. In Britain, there is no problem on this and it is customary to pay all large winnings by check. Furthermore, the records of check payouts, available as they are to law enforcement agencies, can frequently be useful in other matters of fiscal control. If the argument against paying by check is that some people might wish to conceal their winnings in some way, I should say that neither the casinos nor the state of New Jersey should be a party to such an activity.

11. Limit Slot Machines to Casinos and Insist on an 80% Pay Out by Statute

In Las Vegas, slot machines proliferate all over town. They are in every supermarket, drug store, bus station, etc. I think this is highly undesirable from the standpoint of community atmosphere and it also makes inspection and control more difficult. Slot machines, by virtue of their simplicity, appeal to people of all economic brackets and especially tend to prey on the poor and the young who are not aware of their predatory nature. Insist that slot machines be limited to casinos only and insist that they pay out at least 80% of their input as winnings. Make certain that the machines are individually licensed and regularly inspected to confirm that they are indeed set to pay out as they are required by regulation.

The above points cover virtually all of my concerns about your enabling legislation. I emphasize that the state can always change its regulations, if it's felt necessary, but if you don't start out with a framework that is strict enough, you will find it very difficult to tighten up after the fact. My recommendations are based on ten years of experience in England operating under a gaming law which is generally regarded as the best conceived anywhere in the world.

It is important to everyone in the gaming industry that Atlantic City be a model of properly regulated and controlled casino activity.

I hope that it will be possible for Playboy to directly participate in casino gambling in Atlantic City.

I do not suggest we have all the answers. But, again, I commend the British experience to your attention. As I said at the beginning, the basic decision to give priority to social concerns has made British gaming work.

Any gaming policy that does otherwise is itself gambling against the odds.

ARTICLE 7

CONTROL, LICENSING AND REGULATION  
OF MANUFACTURERS, DISTRIBUTORS,  
SELLERS, AND SERVICERS OF GAMING  
DEVICES EQUIPMENT AND MATERIALS.

85. Licensing of manufacturers, distributors, sellers, servicers of certain gaming devices and materials.

a. It shall be unlawful for any person, either as owner, lessee or employee, whether or not for hire, to operate, carry on, conduct or maintain in the State of New Jersey any form of manufacture, distribution, sale or servicing of any device, equipment, material or machine used in gambling without having first procured a license for such manufacture, distribution, sale or servicing as provided herein. Any holder of a casino employee work permit who shall as a condition of his employment, be engaged in the servicing of equipment in the casino in which he is employed shall not be required to obtain a service license pursuant to this section.

b. To whom manufacturers, distributors and sellers of gaming devices and materials may sell

A duly licensed manufacturer, distributor or seller may sell gaming devices, paraphernalia and materials to the following:

1. Any mechanical apparatus, gaming device or parts thereof used in casino games of chance; including but not limiting, roulette wheels, dice, dice tables, playing cards, playing card shoes, playing card boxes, privately minted gaming tokens and dice monogram cancellors solely and exclusively to the New Jersey Casino Control Commission.

2. Any slot machine, dice layout, dice stick, dice bowl, dice puck, dice check rack, roulette table, roulette layout, blackjack layout, blackjack tray and various denomination chips to any licensed casino.

c. All licensees shall purchase all equipment enumerated in section b(1) from the Casino Control

Commission at a price deemed to be fair and reasonable by the commission after the said equipment has been inspected, qualified and approved for use.

1. Any person, either as owner, lessee or employee who uses, operates or allows any casino equipment other than that which is allowed under sections b(1) and c of this Article to be on or about a duly licensed casino will be deemed to be a violator per se of this Act.

d. Application for a manufacturers', sellers', and servicers' license shall be made to the commission, which shall then make an investigation of the applicant pursuant to the provisions of this act.

e. Any person determined by the commission to be a suitable person to hold a license under the provisions of this act, shall be issued a manufacturer's, distributor's, seller's or servicer's license. The burden of proving this qualification to receive or hold any license under this section shall at all times be on the applicant or licensee.

86. In addition to all other fees and charges imposed by this act, the commission may determine, charge and collect an inspection fee from each manufacturer, distributor or seller which shall not exceed the actual cost of investigation and inspection.

Statement of Dr. Samuel A. Jeanes of Merchantville, New Jersey, the Co-Chairman of Casinos? No Dice! A Coalition of Religious Bodies and Other Concerned Groups Against Casino Gambling in New Jersey for the Assembly Committee on State Government, Federal and Interstate Relations for the Public Hearing at Trenton on Wednesday, December 15, 1976

Mr. Chairman and members of the Committee on State Government, Federal and Interstate Relations, I am Dr. Samuel A. Jeanes, of Merchantville, New Jersey, the Co-Chairman of CASINOS? NO DICE! A COALITION OF RELIGIOUS BODIES AND OTHER CONCERNED GROUPS AGAINST CASINO GAMBLING IN NEW JERSEY. This Coalition with the cooperation of the Press, Radio and Television together with many volunteers from across the State representing many fields of employment presented the facts against casino gambling to the people of New Jersey. With a limited budget of approximately \$21,000 and without any possible material gain to realize and without any attempt to utilize advertising of a deceptive nature or to enlist the assistance of any political organization with money for "Election Day Work", the Coalition saw 1,180,799 citizens cast their votes against casino gambling. Question Number 7 which also appeared on the November 2nd ballot, we believe, represents the response of the people when the issue of increased gambling is presented to them without the pressure of political activity or the use of deceptive advertising. Question Number 7 polled 2,266,867 votes and 1,359,860 of them were NO votes against any relaxation of the present gambling laws that control games of chance. Question Number 7 was defeated by 452,853 votes.

The 1,180,799 people who voted against casino gambling require a voice concerning the kind of legislation that will be enacted to control what the gambling proponents have sold to the people by offering promises of assistance to our senior and disabled citizens. Many people are already realizing that we now have a little monster that could grow into a Frankenstein whose influence will not be chained down in the casinos in Atlantic City but may and will be felt in other areas of life beyond the boundaries of Atlantic City. The Special Agent for the Federal Bureau of Investigation for New Jersey in announcing the F.B.I.'s decision to expand its office

in Atlantic City has reminded us of our not too proud record that claims that "New Jersey has historically been a stronghold for organized crime." Not only is an increase in drug traffic and prostitution - two unwelcomed by-products of casino gambling anticipated, but additional worries can be listed under loan sharking and the crippling of legitimate businesses by organized crime through bribes, kickbacks, payoffs, and coercive competitive practices to gain control of food, lodging, insurance, entertainment and other ancillary businesses. Of course, the taxpayers including our senior and disabled citizens will carry the additional expense of such expansion. We would recommend that the Federal government levy a special tax on the gross income of the casinos, not only to collect money to cover the extra costs of government but also to bring federal surveillance over such operations which in other places have developed a reputation for skimming, embezzlement and tax dodging.

We would make the following observations and recommendations for Assembly No. 2366 which is before you.

We note that Section 5 on page 8 admits that an integral and essential element of the regulation and control of casino facilities by the State rests in the public confidence and trust in the credibility and integrity of the regulatory process. We must remind you that such an appeal for public confidence, however, will require much more than legislative rhetoric.

Section 6 beginning on page 8 would admit the possibility of individuals engaging in illegal practices, methods and activities but it is silent as to the possibility of corporations engaging in such activities. A corporation is a body formed and authorized by law to act as a single person. The same rules and regulations as well as the same judgments and penalties should apply to gambling corporations as well as to the individuals who act for them.

This piece of proposed legislation that is before you contains many things which were not told to the general public during the campaign by the gambling proponents.

For instance Section 17 on page 11 lists "slot machines" as one of the gambling

devices that will be employed. Many, many thousands of pieces of literature were distributed to the public by the casino gambling interests which said specifically, "There will be no slot machines anywhere." Interestingly enough early in July of this year the Gambling Control Board auditors in Nevada uncovered what they believed to be the biggest casino scandal in Nevada's history. They discovered that in 1974 at least \$7,000,000 had been either skimmed or embezzled from SLOT MACHINES. During the investigation the former slot machine manager in one of the casinos left for Mexico. He had been hired by a former top casino executive who was forced out of the business because of association with alleged organized crime figures. We request the deletion of slot machines from the proposed legislation. This was promised in the thousands of pieces of literature distributed to the public as a campaign promise.

Another discrepancy between the proposed legislation and the campaign promises of the gambling proponents is seen in Section 70, line 24 on page 28 which states that hotels with no less than 250 qualified sleeping units would be eligible for casino gambling licenses. What happened to the promises that such licenses would be limited to hotels of 1,000 rooms?

Also in the light of pre-election promises that full disclosure would be made of those engaged in the casino gambling operations, it is indeed contradictory to those promises to read such statements as follows: Page 19, line 22 -"e. All information and data required by the commission to be furnished hereunder, or which may otherwise be obtained, relative to the earnings or revenue of any applicant or licensee shall be considered to be confidential and shall not be revealed in whole or in part..." the exceptions are on court order or an agent of the Federal government. And again on line 36 of page 18 - "f. All information and data pertaining to an applicant's criminal record, family and background furnished to or obtained by the commission from any source shall be considered confidential and may be withheld in whole or in part, except that any information shall be released upon the lawful order of a court or competent jurisdiction." These statements in the bill are a very denial of full disclosure. Nothing should be withheld from the public of the

dealings of casino gambling which is fraught with so many potential dangers to the public good.

Another glaring discrepancy between what Assembly No. 2366 says and the pre-election promises is noted on page 45 under Article 9. Such campaign oratory promised our senior and disabled citizens who were qualified (and qualification was never defined and still isn't) that a tax of 8% would be levied on the gross receipts of the casinos and that such revenue would go to their relief providing reductions in property taxes, rentals, telephone, gas, electric and municipal utilities charges. But Assembly No. 2366 provides for the use of a part of that 8% for the expenses (which have not been stated yet) of the New Jersey Casino Control Commission in administering the provisions of this act. A part of that 8% is also allocated for the repayment of the sum of \$300,000 appropriated from the general treasury of the State of New Jersey (with no interest charge specified).

If the entire 8% promised to our senior and disabled citizens is not paid to them, our lawmakers will have broken faith with these citizens who have served our State so well. This was a promise and that promise should be kept. These gambling casinos are privately owned and privately operated and there is no reason why the State should spend one penny of the taxpayers money to assist their operation. We would recommend that the 8% tax on gross revenues of the casinos be allocated entirely for the senior and disabled citizens as was promised and that an additional tax, not less than that now being paid by the Race Tracks of New Jersey, be levied on the gross revenue of the Casinos to pay the cost of the administration of this act.

Section 6 on page 10 under definitions seems to assume that credit will be extended and that alcoholic beverages will be served in the casinos. We join with the Governor in opposition to the extension of credit. We must protect people who go to the casinos from the loss of bank accounts, homes and possessions. Before the November 2nd election the public was assured of the ability of local and state law enforcement authorities to keep out the underworld influence of loan sharking. This is a promise that we expect to be kept and the extension of credit is indeed no

guarantee that such underworld activity will not surface. And certainly the judgment of individuals participating in the gambling casinos should not be impaired by the consumption of alcohol. The losses will be great enough even with clear minds and good judgment.

Section 12 on page 10 indicates a willingness to conform to the Equal Employment Opportunity Act. We would also request compliance to the section of the Federal Civil Rights Act that requires accommodation to an employee or a prospective employee's religious observance or practice. And we would further request that the casino gambling operators follow the practice of the New Jersey Race Tracks by closing on Sundays.

Section 33 on page 12 requires clarification if public confidence is desired. One corporation with interests in Atlantic City as well as the Bahamas is reported in the press of November 17th as saying, "it will continue to make such political payments in the Bahamas when it is in the best interests of the corporation and so long as they continue to be legal." Section 33 and any other section of this proposed legislation should be so tightly drafted that absolutely no money or any other consideration through any channel or individual associated with a gambling corporation be given for political purposes. Section 112 appearing on pages 47 and 48 should be deleted from the bill. We have the record through the New Jersey Election Law Enforcement Commission that shows what "Election Day Work" money did on November 2nd on Public Question No. 1. We have well founded fears of what gambling interests can do in not only influencing but also controlling government at all levels.

These represent just some of our observations, suggestions as well as criticisms of Assembly 2366. There are many others which will be presented by other speakers associated with the Coalition and still others who may not be a part of this Coalition. Stringent legislation must be enacted to regulate all facets of casino gambling and related activities. If you fail in this a heavy burden will fall not only upon our agents of law enforcement but on all of our citizens across the State. The price will be high not only in dollars and cents but in the character of human beings who will be exploited by gambling interests that will profit upon such human exploitation with no regard to the exhortation of the divine scriptures that remind us that we are our brother's keeper.

Dudley Sarfaty, Secretary

116 N. Draton Ave.

East Orange, N.J. 07017

201 ,675-8600,609-396-9516

PROBLEMS IN A. 2366

DRAFT THREE

1. UNCONTROLLED CONTROL COMMISSION

The projected Commission is established with too few legislative guidelines and procedures. Legislature should set number of Casinos, standards for licensing and choosing among applicants etc.

2. HOTEL SIZE CUT

(page 28, section 70) The original promise of 1000 rooms was reduced to 400, and now is reduced to 250 without any clear standards to hold off operation until the additional construction is guaranteed, and with a sticker clause including only hotels certified as of the date of the act's adoption.

3. ELIMINATION OF CIVIL SERVICE

(21;58) Despite Civil Service' limitations, in this industry it would be a most important guarantee against fraud and political purges.

4. CREDIT

(22;7) Credit is the area in which families and individuals are hurt by persons gambling beyond their means. The legislature should set strong standards out where the public can observe. The present provision hardly limits credit at all, despite the promises that it would be a strong section. The New Jersey Edition of the New York Daily News of 12/7/76 included an ad for a junket to Nevada requiring taking cash or a Cashier's check for at least 2,000 dollars. Who may or not get credit is not the only element needing control.

5. SECRECY AND UNACCOUNTABLE POWER.

The New Jersey "Sunshine Law" applies to this Commission unless it is

specifically exempted. It would be even stronger for the legislature to specifically include this Commission and spell out what minute portion of information ought to be confidential. The income of the Casinos, the decisions and minutes of the Commission and its meetings should certainly be specified.

#### 6. EVALUATION

The mandate that the Commission study the industry is utterly vague. It would be better to adopt a version of the suggestion of Time magazine of Dec. 6th, suggesting a separate .5% tax to hire independent, objective, and disinterested research into the impact of the industry on all phases of state life.

#### 7. COMMISSION STRUCTURE

The legislature should set salary for seven full time members, requiring full time service, forbidding "moonlighting", requiring full financial disclosure of individuals and family, requiring that no person should "ferry" either into the Commission from public office, police responsibility or industry connection, or the hostelry business, for either five years before or after service on the Commission. A majority, not one member, as presently stated, should be present for the conduct of all business.

#### 8. POLITICAL CONTRIBUTIONS

The present draft Sect. 112, p.47 allows some defined persons to give up to 1,000 dollars each to any candidate's election campaign. It sets no limit on contributions from other persons and no protection from "collections" from lesser employees. Since the use of money in influencing N.J. elections by the industry has already been established, the legislature should guarantee its own purity by prohibiting any political contributions by anyone within five years of their involvement in the industry.

9. SOCIAL DAMAGE

To minimize "binge" gambling, and help support the tourist industry, the British system should be required by the legislature. This is a requirement that a person be in town a certain length of time before gambling.

10. HELPING THE TOURIST INDUSTRY

Since the proponents of Casinos have insisted that they want to help New Jersey's tourist economy, the legislature should require that the Casinos and the Commission spend only a given per centage of what the State spends on the promotion of its shore, lakes, mountains, and countryside, that amount now being disproportionately low, about 140,000 dollars.

11. MAJOR ENFORCEMENT GAP

Hotel employees are not included in any provisions of the present act unless they appear within the Casino. The legislature should define the group of persons both to be controlled and benefitted.

12. LICENSE APPLICATIONS

The Legislature, not the Commission should state reasonable, constitutional standards, avoiding vast injustice or litigation, for the granting of licenses amongst competing applicants who have clean criminal records.

13. COMMISSION AVAILABILITY

The legislature should require at least two stated meetings a year be held at set places, so that the public may more easily exercise its rights under the sunshine law.

14. ALCOHOL

The legislature should decide the hours of alcohol service, prohibit its free distribution; and otherwise hold the casinos to N.J. ABC standards. Especially, with respect to youth, their drinking and even presence in the Casino, the proposed provisions (page 51 Section 122 b) provides a series of excuses, not restrictions. The ABC provision of suspending operation of a violater is absent.

This section is one dramatic example of how the draft law , almost without exception, holds the individual employee responsible for violations of regulations, and almost never the Casino Corporation. This makes the Casino itself non-responsible for what happens in its operation and too little responsible for its employees' behavior. It would also allow a license to come up for renewal without any record of misbehavior by the licensee, which had been corporately irresponsible over its license period.

15. UNCONSTITUTIONAL VIOLATION OF REFERENDUM ONE

(p. 21, Article 58) The proposed legislation raids the Senior Citizen and Disabled persons fund against the wording of the ammendment involved, and seeks to break the promise that "costs" would be paid from license fees.

16. STATE ATTORNEY GENERAL

The State Attorney General should be directly related to the Commission, as is current state procedure. The A.G. would be counsel to the commission, not private law interests. At the same time, provision should be made for the role of "legal adversary" to the Commission, so that the A.G.'s office does not have the expense and conflict of interest of both representing the Commission and seeking to correct its errors. (p. 21 55 b) et al.

17. STATUTE OF LIMITATIONS

Is paragraph 56 necessary? Does it not seem to set a standard for delinquency? In the establishment of a business, even at its difficult beginning days, taxes and fees are immediately due. Perhaps there should be no statute of limitation at all in an industry where misbehavior sometimes takes five years to unearth.

18. POWERS OF EXCLUSION

The legislature should spell out new pages 23 and 24. Are legal winners

to be excluded from admission to the Casinos?

19. CONSTITUTIONAL RIGHTS

(p.29 5 c 18) The legislature should write standards on "family and character" for admission to the Casinos lest it turn out that discriminatory, and unconstitutional provisions cause this whole section to fail in court.

20. NO FAULT CASINO CORPORATIONS

The legislature should spell out the responsibility of the Casino Corporations for all misconduct on its premises and in its operations. At the moment, punishments are directed almost entirely at employees, and the management is without fault or responsibility. In ordinary corporations management is responsible for its operations, why not here?

21. SENATORIAL COURTESY

The proponents promised that there would be no Senatorial Courtesy. Now, (p 14, line 14) there is no such provision. Senatorial Courtesy could be a two edged sword; if it existed, it might help keep inappropriate persons from the Commission's membership. The legislature should consider this issue and establish appropriate safeguards.

22. UNAFFIRMATIVE ACTION

(p. 46 109) This proposal is worthy in its continuation of the Constitutional provisions of the Newark Plan, which would be strengthened by the Legislature's adoption. But there are no "teeth" to the general principles. The draft does not establish any "adversary" machinery to the Commission, which could likely be the very body which needs to be inspired to action. The promises of the recent campaign to minorities are here withheld from employees of the Hotels and the workers in the building and renovation of casino-hotel facilities.

23. MISREPRESENTATIONS

(p.17 c line 24). The legislature should see the pattern of A2366 in the

omitting of a penalty for misrepresenting ones financial interests. Such penalties as there are are very low. The legislature should establish the level of crimes for all of the conceivable forms of misbehavior by private persons and corporations under the provisions of the new penal code. This requires a full search of the legislation by skilled attorneys.

FURTHER WEAKNESSES, OMISSIONS AND  
AREAS NEEDING FURTHER STUDY.

The legislature should act to limit slot machines. First promised not to be used at all, then only in the Casino rooms, A2366 is too silent. If Atlantic City is to keep "high roller" elegant, dignified gaming, slot machines must be rightly controlled, without the danger of slipping into greater and greater use.

p.17 52 c Legislature should write standards and procedures.

Sec. 52 a The AG's office should be one place of the availability of Commission records.

p.19 3 c If Nevada can restrict gaming to corporations operating only in its state. Even if these are wholly owned subsidiaries, the separate corporate existence would make the conduct of any corporation easier to police. See also p. 20, line 41 as denying N.J. this safeguard.

p.20 sect. 5 f. The Commission rep. ought to watch for all violations.

p.21 55 b. The A.G. ought to get all information ex officio, as counsel.

Sect. 56 b 2 Are Comm. records, as prima facie evidence reliable? What provisions, stronger than the above, should the legislature make available.

p.22 3c Are this and the other provisions for emergency action far too broad and too unaccountable?

p.28 e 55 Ought not the regulations of lines 59 and 60 be set by the legislature.

p.29 b of 71 Is this restriction required for the public good and is it unfair to the free operation of commerce?

p. 30 d. Seems poorly defined, arbitrary, and lacking due reliefs.

p. 31 78 Ought not the time to time investigations be made at least two, one during the middle of the license period and at least one other prior to license renewal time?

Skilled legal specialists should study for errors and gaps the procedures of at least p.26 Art. 5 on operation and p.32 sect. 79 on Discipline.

p.41 f \$25,000 is a very high figure to set for financial disclosure. A large and significant part of the industry will make less.

p.45 105 b is the place where the Sr. Citizen fund is robbed.

The legislature should seek the significant input of Gamblers Anonymous on at least Article 11 page 48 ff.

Article 12. There is no interest on this loan and no repayment date as there was in the draft legislation of the campaign.

IN THE INTEREST OF THE NATIONAL PURPOSE — PUBLIC AFFAIRS, IS McLEOD'S NEWSLETTER **RECEIVED** REFLECTING ON THE PASSING OF TIME. AUG. 1, 1976

HEROD E. McLEOD, EDITOR-COMMENTATOR FOR DEFENSE WRITE PUBLIC AFFAIRS 1815 HUMMOCK AVE ATLANTIC CITY, N. J. 08401

*Administrative Investigations Family* U.S.C.A. 3RD. CIR.

REPORTS: WASHINGTON - TRENTON - ATLANTIC CITY - CAMDEN - NEWARK - JERSEY CITY

WHO WILL PROTECT OUR HOMES?

IN THE UNITED STATES SUPREME COURT, PROCEEDING IN FORMA PAUPERIS BY MOTION, APPELLANT APPEALS FROM CONFIRMED DECISION, NOT TO HEAR EN BANC, MOTION TO REDRESS GRIEVANCES TO THE ULTIMATE COURT, THE UNITED STATES SUPREME COURT. CASE NO. 76-1680.

IN ACCORDANCE WITH INSTRUCTIONS, AUGUST 5, 1976 IS LAST DAY TO FILE NOTICE OF APPEAL. SAID NOTICE HAS BEEN FILED, HERETOFORE.

APPELLANT, BEING FIRST DULY SWORN SAYS:

1. MARTHA MITCHELL WAS RIGHT. KENNEDY AND KING WERE RIGHT.
2. LYNDON BAINS JOHNSON WAS RIGHT. HARRY S. TRUMAN WAS RIGHT.
3. "TEDDY" ROOSEVELT WAS RIGHT. FRANKLYN DELANO ROOSEVELT WAS
4. RIGHT. GENERAL "I LOVE IKE" EISENHOWER WAS RIGHT! BILLY"
5. MITCHELL WAS RIGHT. WILLS, THE BLACK COP, WHO BLUE THE WHIS-
6. TLE, ON NIXON'S WATERGATE, WAS RIGHT.
7. AND THE EXECUTIVE SECURITY COP, WHO SHOT THE BLACK INTRUDER WAS RIGHT. THAT SEEMS THE BEST WAY, HISTORICALLY.
8. WHY CAN'T WE PROTECT OUR HOMES, AND PROPERTY? IS ANSWERED BY A WRITER, IN THE PHILADELPHIA INQUIRER, AS OF AUGUST 1, 1976 IN THIS CASE: POLICE & JUDICIAL CORRUPTION . THAT'S WHY.
9. PROTECT OUR HOMES FROM, GAMBLERS, INTRUDERS, SQUATTERS, GRAFTING PO A LICE, GRAFTING AND CORRUPT JUDGES, CORRUPT LAWYERS, RENT CHEATERS.
- B THE FOLLOWING DEFENDANTS, COCONSPIRATORS, ACCOMPLISERS, AIDERS & ABETTORS, BEFORE AND AFTER THE FACT, PERJURORS, KIDNAPERS, VANDALS
- D CORRUPTORS OF THE ADVERSARY SYSTEM:  
HIS HONOR, CHAIM SANDLER, GENARO CONSALVO, GOLDSMITH, GREENBERG, JOSEPH JACOBS, MORGAN THOMAS, COLE ' COLE, PROSECUTORS WILLIAMS, STEVEN SMOGER, ATLANTIC CITY ELECTRIC COMPANY, HENRY E. TYNER, "WHO WAS CAUGHT RED-HANDED, WITH HIS P.P. DOWN, IN A QUID PRO "WITH HIS, OR MALINDA BRENT'S KEPT WOMAN", CORA CHILDS THE ----

AND THE THREE APPELLATE JUDGES WHO TRIED TO PREVENT AN APPEAL TO THE EDITOR: YOUR ARTICLE ABOUT CRIME CROSSING CITY LINE FOLLOWED BY THE STORY OF THE SHOT INTRUDER ON WHITE GROUNDS BRINGS UP AN INTERESTING POINT. A LEGAL POINT. IF AN INTRUDER HAD SCALED A FENCE ARMED WITH A LEAD PIPE AND REFUSED TO STOP ON THE GROUNDS OF A PRIVATE CITIZEN'S HOME IN (ATLANTIC CITY) OR BALA CYWID, AND WAS ULTIMATELY SHOT, WOULD THE INCIDENT BE CONSIDERED CLOSED OR WOULD THE PRIVATE CITIZEN HAVE AN AWFUL LOT TO EXPLAINING TO DO?.. JEROME WALDRON.

THE DEFENDANTS, IN THIS CASE HAD NO MORE RIGHT TO INVADE, OR CAUSED TO BE INVADED, MY PRIVATE PROPERTY, THAN THE BLACK INTRUDER HAD, IN JUMPING OVER THE WHITE HOUSE FENCE. ONLY DIFFERENCE, THEY ARE SUED, INSTEAD OF BEING SHOT. APPELLANT-PROSE-FORMA PAUPERIS SWORN TO THIS DAY OF AUGUST, 1976

HEROD E. McLEOD-APPELLANT

NOTE: THE APPELLANT, IN MARINE UNIFORM, POLICEMAN'S UNIFORM, PLAIN GARB A FOOL WILL ALWAYS LAUGH AT A GENIUS PROTECTED WHITEHOUSE U.S. SECRET SERVICE BUT A GENIUS WEEPS AT THE SIGHT OF A FOOL

AUG 5 1976

My Commission Expires On 1. 3. 75

EDWARD W. PYGALL

Sworn and subscribed before me this 5th day of August 1976

IN THE INTEREST OF THE NATIONAL PURPOSE — PUBLIC AFFAIRS, IS McLEOD'S NEWSLETTER — REFLECTING ON THE PASSING OF TIME.

HEROD E. McLEOD, EDITOR-COMMENTATOR  
FOR DETAILS, WRITE PUBLIC AFFAIRS  
1815 HUMMOCK AVE. ATLANTIC CITY, N. J. 08401  
DIAL 344-0896

REPORTS: WASHINGTON — TRENTON — ATLANTIC CITY — CAMDEN — NEWARK — JERSEY CITY

APRIL 21, 1976

READ THE PROFILE.

"ELECTION TIME, IS COLLECTION TIME."

GOVERNOR BYRNES WAS PETITIONED TO HAVE THE STATE COMMISSION ON INVESTIGATION, MAKE A THROUGH INVESTIGATION, FOLLOWING JUDGE YAC CARINO'S CHARGES TO THE JURY, IN THE HOTELMAN CHHEN CASE. DEFENSE COUNSEL, COLE & COLE WAS TOLD TO CERTIFY THE STATE V. McLEOD, TO VARIOUS FEDERAL AND STATE AGENCIES, THE COMMISSION BEING ONE. AT ANY RARE WE HAVE AN IDEA WHAT IS TAKING PLACE. THE STATE TROOPERS AND NOT THE ATLANTIC CITY POLICE MADE THE RAID. WHY? WAS TYNER THE "PLANT" OR THE "GO-BETWEEN?" WHAT IS THE PROSECUTOR'S DUTY IN A "HOMOCIDE.?" GOOD WORK TROOPERS! (6)

In Numbers Raid at Bar \$3,000 Cash?

AC Detective Gets Search

# NJ Cops Frisk AC 'Ally'

By DAVID WEINBERG  
Press Staff Writer

ATLANTIC CITY — A resort detective was visibly shaken Monday after being searched in a State Police raid on Ike's Corner bar that resulted in the arrest of two men for possession of lottery slips.

"I have seen bigotry in action," said Detective Capt. Henry Tyner, who is black, of the action at the bar and liquor store, located at 1401 Arctic Ave. "I have seen the beginning of a police state."

State Police from the Hammonton barracks said they arrested Issac (Ike) Nicholson, 71, on three counts of lottery slip posses-

sion, and Robinson Curtis Perry, 54, on one count of working for a lottery.

In addition to the recovery of the lottery slips, State Police reported they seized more than \$3,000 in cash.

Both men posted bail and were released pending an April 16 hearing, local police said.

Tyner, 51, was on the

premises during the 4 p.m. raid and gave this account:

"I was in there on official business, investigating a homicide. I was just getting ready to leave when I heard a raid being called in the bar, in the next room. A trooper motioned to me and said, 'Come here a minute. I thought he knew me or he might need help,'" said Tyner.

"Then he said, 'Get in here' and he pulled me by the arm into the room. I showed him my badge and he grabbed it out of my hand and stuck it in his gun belt," Tyner said.

The State Police officer then searched him and detained him for 25 minutes, Tyner said.

Tyner, who said the action left him "miffed and embarrassed," surrendered a list of names—which he said he had in his possession at the time of the raid—to State Police. The names on the list, Tyner said, are members of the Masonic Fraternity Imperial Council. He

(Continued from Page 1)

said he intends to report on the raid, but work at about 9:40 Monday because of his reaction to the official.

State Police declined to add further details of the raid, but did acknowledge their awareness that it was searched.

"He was searched with all the other patrons of the bar," said a State official.

Atlantic City Police William ten Brink declined comment until he had a chance to confer with Police authorities," he said.

The investigation leading to the arrests was conducted by State Police Detective Sharp of Hammonton's Force Troop A.

A FOOL WILL BUT A GENIUS AT A GENIUS

(Continued on Page 8)

RIGHT OF A FOOL 33x

HEADQUARTERS  
15 West State Street  
Trenton, N. J. 08608  
609-394-8799

NORTHERN DISTRICT  
43 Commerce Street  
Newark, N. J. 07102  
201-643-3039

SOUTHERN DISTRICT  
Rt. 45 Griscom Lane  
Woodbury, N. J. 08096  
609-845-4662

**NEW JERSEY STATE EMPLOYEES ASSOCIATION**  
PUBLISHERS OF THE SPOTLIGHTER

**DEN A. VALERI**  
PRESIDENT



Statement Concerning Assembly Bill 2366

The New Jersey State Employees Association (NJSEA) is unequivocally opposed to Assembly Bill 2366 as it now stands on the basis of Article 2 Clause 45b.

The offending clause reads, "The Commission shall employ and fix the salaries of such employees, or contract for the services of such professional, technical and operational personnel and consultants, as the execution of its duties and operations may require, all without regard to the provisions of Title II (Civil Service) of the Revised Statutes."

Before the November, 1976, general election, NJSEA repeatedly expressed its sympathy to the cause of casino gambling providing all positions generated by the enterprise would become Civil Service positions. It was the opinion of this organization that keeping Atlantic City's casinos in the hands of State employees who won their jobs through rigorous merit testing would succeed as nothing else possibly could to keep the criminal element out of this project and guarantee that the most capable individuals would have employment with the casinos.

In this context, Sen. Joseph L. McFahn of Atlantic City has informed our organization that his office is drafting amendments to include employment for casinos under Civil Service Title 11.

Clearly, if the State of New Jersey wishes to keep the casinos free of outside interests, criminal elements and self-serving employees who will use the casinos to further their own designs, then the State must let Civil Service employees have sole claim to casino-related jobs. Other advantages in hiring Civil Service personnel are economic in nature. As was proven recently when the Department of Treasury gave the State income tax contract to State employees rather than outside consultants, State employees can do a job more economically. The State would also save money by relying on the existing Civil Service system for hiring employees, rather than by creating a separate means of hiring casino employees. And finally, by hiring Civil Service workers, the taxpayers are assured that the casino employees are New Jersey residents, which both opens up employment opportunities for the 11 per cent of our population which is unemployed as well as preventing "carpet-baggers" from other States who will, in the long run, take revenue out of New Jersey rather than add to it.

This, as we understand it, was the original intent of Sen. McFahn's original casino proposal. To reject Civil Service employment as a necessary condition of casino gambling operations is at once a betrayal of the thousands of State employees who supported the casino measure before the election and a betrayal of the taxpayers who deserve the safest and most efficient casino management.

35 X

TESTIMONY OF HUGO DIGIOVANNI  
INTERNATIONAL REPRESENTATIVE,  
INTERNATIONAL UNION OF ELECTRICAL,  
RADIO AND MACHINE WORKERS, AFL-CIO  
AT THE PUBLIC HEARING BEFORE  
ASSEMBLYMAN CODY  
IN REFERENCE TO  
NEW JERSEY CASINO GAMBLING

Assemblyman Cody and Committee Members:

My name is Hugo DiGiovanni. I am an International Representative of the IUE-AFL-CIO, one of the largest unions in the State of New Jersey and an organization which supported the advent of casino gambling in Atlantic City.

Now that casino gambling has become a reality, we are definitely concerned that it be run in a manner which will enlarge the job opportunities of the people of this State.

When the bill was being considered, one of its prime purposes was to help revive the economy of Atlantic City and at the same time provide employment opportunity. At the present time, there are close to 400,000 people out of work in our State and an 11.6% rate of unemployment which is far above the national average.

Through casino gambling, we will definitely be putting people to work in the hotels, restaurants, in building and construction which will be going on and in the many services which will be rendered to people coming to Atlantic City.

It is our understanding that several thousand people will be employed in direct connection with casino gambling, as casino dealers. Here we feel that legislation should be enacted to make certain that these dealers are residents of New Jersey and have received training from bona fide schools which are being set up now throughout the State.

It is very important that the people employed as dealers be the type of individuals who will add to the integrity and the

wholesomeness of the operation which we expect will be set up in Atlantic City.

It is therefore urgent that we know these people, that they come from our State, that they are trained here, that they will remain here and that they will not be imported from places whose reputation may be questionable. And while we do not wish to point the finger at any other area where dealers are employed, we are concerned that in this instance we start on the right track and make sure that the people employed have the required skill and background to make this new enterprise successful on all levels.

Therefore, we urge that your committee initiate legislation which will fulfill the objective of providing employment to alleviate the dismal job picture in New Jersey and that the requirement be placed in the legislation calling for the hiring of New Jersey residents and New Jersey residents alone to fill the positions of casino dealers.

We also urge that the schools which are set up be regulated by appropriate agencies of the State so that fly-by-night operators will not be able to get into the act.

In conclusion, I wish to state that the IUE-AFL-CIO is involved in this problem because we have been contacted by a number of individuals who are anxious to be employed as casino dealers and who seek the help and support of an organization such as ours in being represented by a union from the very beginning of this new enterprise.

In this capacity, we expect to bring casino dealers into the organization and to work with their employers and with the State Legislature in protecting the interests of our future members and the operation of casino gambling itself.

TESTIMONY OF RAYMOND BELL  
OWNER AND OPERATOR OF  
THE ATLANTIC CITY CASINO DEALERS SCHOOL, INC. 449 Morris Ave.  
LOCATED IN ELIZABETH, N.J. 201 351-7787

Assemblyman Cody and Committee Members:

I am Raymond Bell of the Atlantic City Casino Dealers School, Inc. of Elizabeth, N.J. and I am here as one of the many school operators that will be opening in New Jersey and I am presently involved in the task of organizing an association for gambling schools which will be operating in New Jersey.

I am presently in contact with other owners and operators who know I am here before you presenting this statement.

I have some suggestions and with your permission, I would like to put them before the committee.

My first suggestion is that a dealer who is to be employed in the Atlantic City casinos must attend and pass all requirements of a bona fide school established and operated in New Jersey.

2. These persons must have resided in the State of New Jersey for at least three years in order to apply for employment at a casino here. This will enable the State of New Jersey to cut down the rate of unemployment and give first opportunity and advantage for employment in the casinos to N.J. residents.

3. In order to operate, the schools must employ qualified instructors.

4. After a complete course, the graduate student, as a resident of the State of New Jersey, would have two opportunities for employment, either as an instructor in the newly-established schools or as a dealer in the casinos, whichever they choose, thereby eliminating an overwhelming influx of out-of-staters.

5. Students, besides being taught the art of dealing, must be taught to be clean, well-dressed and to carry themselves in the best manner possible.

6. These persons, enrolling in the bona fide schools, we suggest be at least 18 years of age, and should be accepted in a non-discriminatory manner, regardless of sex, creed, age, color, etc.

7. Class hours, subjects and days of operation must be established at times that give access to the greatest number of perspective students.

Ladies and gentlemen, these are but a few suggestions and I realize there are many other avenues to be approached in the education of the casino dealers and I trust that the suggestions I have submitted will be given full consideration.

I make myself available to this committee at any time I could be of any help to the New Jersey State Legislature in regard to this issue.

SUBMITTED BY ANTHONY L. CHIPOLONE

IN REFERENCE TO BILL # A-2366 CASINO CONTROL ACT

ON NOVEMBER 2, 1976 THE PEOPLE OF NEW JERSEY VOTED TO ALLOW "CASINO GAMBLING" IN THE CITY OF ATLANTIC CITY, N. J.

NO SOONER THAN SEVERAL DAYS AFTER THE REFERENDUM, IT WAS REPORTED IN LOCAL NEWSPAPERS THAT ASSEMBLYMAN STEPHEN PERSKIE C D ATLANTIC, WILL BE SUBMITTING REQUIREMENTS FOR CASINO LICENSES.

ONE OF THE PROPOSALS IS THAT ONLY "HOTELS" THAT HAVE 400 OR MORE ROOMS WILL BE ALLOWED A LICENSE. ALSO THAT THE CASINO AREA MUST BE 15,000 SQUARE FEET OR LARGER, AND PUBLIC LOBBY'S MINIMUM OF 25,000 to 40,000 SQUARE FEET.

IT IS RATHER STRANGE TO SAY THE LEAST, THAT THE PROPOSALS WERE SO QUICKLY PREPARED SO SOON AFTER THE REFERENDUM:

QUESTION:

WHY DIDN'T THE GOVERNOR THROUGH THE ASSEMBLY AND SENATE APPROVAL, FORM A COMMITTEE OF CITIZENS WITH A LIMITED BUDGET TO DRAW UP RECOMMENDATIONS, MAKE VISITS TO LAS VEGAS, RENO AND THE ISLAND, AND HAVE IN DEPTH CONFERENCES WITH THE OPERATORS.

QUESTION:

WHO SUPPLIED THE RESEARCH FOR MR. PERSKIE?

WHO CAME UP THE THE SUGGESTIONS IN HIS PROPOSALS?

WHEN THE REFERENDUM WAS VOTED BY THE PEOPLE, I BELIEVE IT WAS FOR THE BROAD PURPOSE AND INTENT TO REBUILD AND HELP ATLANTIC CITY TO ONCE AGAIN BECOME THE "QUEEN OF THE NORTHEAST RESORT COMMUNITY" AND INCREASE EMPLOYMENT, CONSTRUCTION AND GENERALLY TO IMPROVE THE GENERAL HEALTH AND WELFARE OF THE RESIDENTS.

I DO NOT BELIEVE IT WAS THE INTENT OF THE REFERENDUM TO BECOME:

- A. SPECIALIZED LEGISLATION TO PERPETUATE AND ALLOW ONLY THE GIANTS OF THE HOTEL INDUSTRY SUCH AS HILTON, LOWE AND RESORTS INTERNATIONAL AND ETC, TO OPERATE CASINO'S.
- B. THE COST OF CONSTRUCTING A 400 ROOM OR MORE PLANT WILL RUN APPROXIMATELY \$50,000,000.00 A PLANT. THIS RESTRICTION IF CARRIED OUT WOULD DENY ATLANTIC CITY MUCH GROWTH DUE TO THE FACT:

ONLY THE GIANTS COULD SUSTAIN SUCH ON-STEAM COSTS, THERE-BY LIMITING NEW CONSTRUCTION TO A FEW.

IT IS GROSSLY UNFAIR TO A LEGITIMATE SMALL HOTEL OR MOTEL OPERATOR WHO MAY HAVE THE FINANCIAL MEANS OF PURCHASING A CASINO LICENCE, AND CAPABLE OF PASSING A COMPLETE PERSONAL OR CORPORATE POLICE INVESTIGATION AS TO HIS CHARACTOR OR HIS CORPORATION REPUTATION.

IT IS DEFINENTLY UNCONSTITUTIONAL TO GIVE OUT SOMETHING TO THE "LARGE" AND DENY THE SAME RIGHTS TO THE "SMALL".

WHY DENY A LICENSE SIMPLY BECAUSE A MAN OR A GROUP DUE NOT WISH TO OPERATE A HOTEL OR MOTEL BUT WOULD RATHER CONSTRUCT A CASINO AND SHOW-ROOM, NO ONE HAS THE RIGHT TO DENY THEM THIS, IF THEIR CHARACTER AND FINANCIAL STATEMENTS SHOW THE CAPACITY AND CAPABILITY OF GOOD OPERATION.

- C. WHERE IS THE AVERAGE COMMON INCOME MAN OR WOMEN GOING TO GAMBLE? AT THE LARGE HOTELS WHERE THE MINIMUM BET IS MUCH TO LARGE FOR THEIR POCKETBOOKS.
- D. THE "HIGH ROLLER" IS NOT TO BE DEPENDED ON TO SUPPORT THE SITUATION ALONE.

WHEN THE LIQUOR AND TAVERN LICENSES WERE RE-ISSUED IN 1933 THE SMALL MAN WAS NOT LEFT OUT. WHY SHOULD HE BE LEFT OUT OF THIS?

THE STATE OF NEVADA DOES NOT LIMIT GIVING OUT LICENSES ACCORDING TO SIZE.

ALL THINGS BEING EQUAL, SUCH AS FINANCIAL RESPONSIBILITY, CHARACTER, POLICE INVESTIGATION, A LICENSE IS ISSUED WHETHER YOU OPERATE A HOTEL OR JUST A CASINO, OR CASINO AND SHOW-ROOM.

IN CONCLUSION, IF WE DENY THE RIGHTS OF EQUAL OPPORTUNITY BECAUSE OF SIZE WE WILL BE DOING SOMETHING VERY UNDEMOCRATIC, RATHER AUTOCRATIC TO SAY THE LEAST RATHER UNAMERICAN.

EVERY DECENT AMERICAN HAS THE RIGHT TO ENTER THE COMPETITIVE MARKET OF "FREE ENTERPRISE".

AS A TEXTILE MANUFACTURER, PROCESSOR AND DISTRIBUTOR, I HAVE NEVER BEEN DENIED MY RIGHTS IN THE MARKET PLACE, REGARDLESS OF MY FIRMS SIZE, IN COMPARISION TO THE TEXTILE GIANTS. IF WE DELIVER A PROPER PRODUCT, AT THE RIGHT PRICE, WE ALL HAVE A CHANCE TO SUCCEED.

IF THE OPERATIONS OF CASINO DELIVER THE PROPER SERVICE TO THE PUBLIC, REGARDLESS OF SIZE AND REGARDLESS OF OPERATING A HOTEL OR MOTEL, THEY WILL HAVE THE POSSIBILITY OF SUCCEEDING; AND ALL THE BETTER FOR ATLANTIC CITY AND THE STATE OF NEW JERSEY.

SUBMITTED BY: ANTHONY L. CHINOLONE  
12 DANIEL DRIVE  
CEDAR GROVE, N. J. 07009

FIRM: CATH GAR TEXTILE CO. INC.  
310 COLFAX AVENUE  
CLIFTON, N. J. 07013

SUBMITTED BY DANIEL J. RAIMONDO

Gentlemen:

In the next few months the State of New Jersey will try to define casino policy and regulations for Atlantic City future legalized gambling industry. As a New Jersey resident with a unique background I would like to take this opportunity to present my evaluation of the problems and possible solutions that Atlantic City is likely to encounter. This is presented from the viewpoint of protecting the rights and finance of casino customers and minimizing the gambling industry political corruption.

By profession I am an accountant with a specialized M.B.A. degree in taxation. My hobby is the study of legalized casino gambling. Based upon my extensive reading on the subject and many visits to casinos around the world along with my financial background, I believe I can offer some meaningful insight into the potential problems and possible solutions.

The problem can be broken down into 2 major parts:

- I. Limiting the power and influence of the casino interest to corrupt government (Financial Control).
- II. Protection of the legal rights and finances of casino customers (Customer Protection).

The implementation of these 2 objectives will have to be controlled and monitored by a Gaming Control Board with adequate financing and power. The Nevada Gaming Control Board as a result of the economic and political power of the Nevada casino industry has a sound appearance but in operation has little or no power over issues of substance. A major Las Vegas casino has never been closed. Due to lack of proper funding it's a paper tiger.

The budget for the Gambling Control Board should be financed directly by the casino industry through a gambling "table" tax; for example: an annual fee of \$1,000 for each Blackjack table, \$2,000 for each dice table, etc. This tax has the feature of providing for automatic increases in the G.C.B. budget as the industry grows.

Employees of the G.C.B. will have to be paid salaries competitive with casino management salaries if it is to attract and keep effective employees.

## I. Financial Control

By effectively controlling a casino's financial accounting (notably cash) one can severely limit organized crime influence and the possibility of corrupting government officials. As former U.S. Attorney Herber Stern said in his campaign to stem the widespread corruption in New Jersey, "we ran into something that was to repeat itself time and time again. The weakness in every one of these schemes is that, in the end, it must come out in cash. Find that cash coming out and you are halfway home".

Controlling a casino's accounting can be broken down into 2 parts.

- A. Disclosure of cash coming into the formation of a casino's capitalization.
- B. Constant control and audit of a casino's gaming cash coming in and going out.

### A. Registration Investigation and Disclosure of Capitalization

All persons including legal entities must disclose method of securing funds to enter casino business. An exception can be made for "public" corporations without any concentration of ownership (5% or more). In cases of corporate ownership exceeding 5% those persons will provide more intensive personal financial disclosure. Naturally persons with criminal convictions would be prohibited from any form of casino ownership. Any change in ownership would also be subject to the same regulations. Copies of casino owner's personal federal and state tax returns should be a required annual filing with the G.C.B.

A system of quarterly financial reporting similar to S.E.C. requirements should be required by the G.C.B. These reports should be provided by independent C.P.A.s. The C.P.A. firm should be changed every 5 years in order to maintain objectivity and independence.

### B. Control and Audit of Casino Cash

Organized crime's main interest in Casino's is provided by a Casino's cash accounting system where there are no written records of transactions between a casino and its customers. This provides the opportunity for "skimming" of cash which also provides the funds to buy political favors.

The G.C.B. must maintain an auditor in each casino in order to continuously audit the flow of cash. This should be backed up by rotation of auditors and occasional unannounced spontaneous G.C.B. audits.

## II. Customer Protection

As someone once said the chances of being cheated in an illegal casino are 95% and a 5% chance of an honest game while in a legal casino the chances are opposite; 95% - chance of an honest game and 5% chance of being cheated.

Based upon my personal experiences and extensive reading on the subject legal casinos do cheat but only rarely. This is based on the fact that all casinos games have a mathematical advantage for the house and generally do not have to cheat. But due to competition and high overhead the chance of a customer being cheated rises or falls based upon the following factors (1) Casino's financial condition (2) a players "winning streak" effect on the casino "bottom line" (3) a players skill in the game of Blackjack.

Although cheating cannot be eliminated, its probability can be dramatically decreased. The opportunity for cheating casino customers arises most frequently in card games due to lack of physical proof when cards are manipulated. To curtail card manipulation:

1. Cards after being shuffled should be cut 4 times by customers.
2. All decks (including 1 deck) should be dealt from a "shoe" in order to eliminate "second" dealing.
3. The shoe should be made entirely of crystal clear material in order to eliminate the possibility of hidden cards within the shoe.

A continuous surveillance by a G.C.B. agent should be required in order to observe or check for:

1. Cards added or missing from deck(s).
2. Physically check other games, dice, roulette, etc.

The use of house players or skills should be prohibited. They are used by a casino to reflect a busy casino atmosphere but occasionally are in conspiracy with dealers to cheat players.

#### Penalties

The basic principle of establishing penalties for casino cheating is that the penalties should cost much more than the possible income from cheating.

For example, if a casino is convicted of cheating at Blackjack, the penalty would be that 25% of the Blackjack tables are closed for 30 days, with more severe penalties for 2nd or 3rd offenses and loss of casino license for multiple offenses.

#### Casino Atmosphere & Security

The general atmosphere should be sober and unemotional. There should be a prohibition of all alcoholic drinks being consumed on the casino floor.

G.C.B. personnel should be able to use casino security devices such as reviewing playback tapes, oneway mirrors, etc.

In order to encourage a feed back from casino customers a sign should be prominently displayed advising customers of the G.C.B. address and phone number in order to file a complaint against a casino.

Casino Personnel Control

All casino personnel should be subject to a registration and licensing procedure with comprehensive background investigation. Persons convicted of serious crimes should not be licensed.

Summary

To an average person the suggestions recommended herein would appear reasonable and sound. At the same time casino executives would I'm sure object to the degree of reporting and surveillance recommended. The basic rebuttal to such reactions is that all these recommendations will reveal nothing unless there was something to hide.

Very truly yours,

DANIEL J. RAIMONDO

TESTIMONY  
BEFORE THE ASSEMBLY STATE GOVERNMENT COMMITTEE  
DECEMBER 15, 1976  
BY  
CHARLES W. DAVIS, CAE  
EXECUTIVE VICE PRESIDENT  
NEW JERSEY HOTEL/MOTEL ASSOCIATION

My name is Charles W. Davis and I serve as Executive Vice President and Chief Administrative Officer of the New Jersey Hotel/Motel Association with corporate office at 826 West State Street, Trenton, New Jersey. I have served in this capacity for the past ten years.

On behalf of our President, Richard Trifari, General Manager of the Clinton Inn Motor Hotel, Tenafly, New Jersey, our Board of Directors, and indeed, each and every member of the Lodging Industry, I would like to thank you for permitting me the opportunity to appear today.

Our industry association has been in support of Legalized Gambling for Atlantic City since 1969, and I have testified on numerous occasions urging the amendment of our State Constitution. We agonized in November, 1974, when the voters of the State said "NO". We celebrated with the industry in Atlantic City on November 2, 1976, when our citizens said "GO AHEAD!!"

I sincerely appreciate what the sponsors of the bill, and indeed the entire legislature, have done in making a dream a reality - for saving one of the major cities in our State from possible extinction.

I have had an opportunity to read through the enabling legislation and find it basically well-conceived and containing the necessary safeguards which are mandatory. Ostensibly we have no objections to the general controls; however, there are four areas which we feel, if not modified, will have a very adverse effect on the existing hotels and motels in Atlantic City.

Primarily, our concern lies with the requirement which, if adopted, will exclude all but one or two properties from securing a license. While we all recognize the need and the desire by many to build Hotels and Motels and other ancillary businesses in Atlantic City, and while we all eagerly anticipate the accompanying economic benefits to both the community and the State - I am unable to accept the rationale which would penalize those who have struggled against economic hardships, supported the excess tax structure, helped keep the economy of the city going when others were moving on to "greener pastures" - in favor of the "New Boy on the Block".

Were it not for the dogged determination of the existing hotels and motels in this seashore community, legalized gambling would never have come to New Jersey, for there would have been no Atlantic City to house it. Existing hotels and motels in Atlantic City must be given a fair opportunity to vie for a license. As mentioned there are primarily four sections of the enabling legislation which are unrealistic in their present form and are in dire need of modification.

I take exception to:

1. The requirement that the minimum size for all rooms must be 325 sq. ft.

2. The requirement which mandates that a facility must have a minimum of 25,000 sq. ft. of Public Space.
3. That the casino must be a minimum of 15,000 sq. ft.; and
4. That a property must have a minimum of 400 rooms if it is to be licensed.

Most of the hotels and motels owners and operators in Atlantic City with whom I have talked since the November election, are buoyant and optimistic for the first time in over a decade. Most are planning, with the enthusiasm of a young child during this Holiday period, for the modernization and upgrading that they know their facility must undergo. The economic realities of business dictate that this upgrading must be done. Many plan to add additional rooms.

The process will be exceptionally difficult for a number of our truly fine houses; many who plan to expand to the tentatively required 400 room level may find it nearly impossible because of existing Zoning Regulations, Building Codes, Department of Community Affairs Regulations, not to mention those imposed by the Environmental Protection Department. I submit that there is no reason to believe that a Hotel or Motel of 200 to 300 rooms could not be every bit as elegant and gracious as those having 400 rooms or more. The "MAGIC" number of 400 should not necessarily apply to existing properties. The requirements, if indeed there is a need for legislation, of this detail must be flexible and special consideration must be shown to those who have "weathered the storm of economic chaos" for so long.

It is very rare, if indeed ever, that you will find a Lodging facility having all of its rooms of the same size and dimension; normally, there are, at a minimum, three classes of rooms in a single hotel or motel.

This is done simply because the needs of the vacationing and traveling public vary dramatically. Some need no more than a single room, others need larger rooms; i.e., double rooms - others wanting more luxurious accommodations desire suites. It is unreasonable to force any property to have a given number of rooms of the exact same size. This is an economic decision that can only be made by Management. If the minimum room size requirement becomes law, Atlantic City will, in all likelihood, have the dubious distinction of having the highest room rate in the nation. It cannot be avoided.

I have discussed the building specifications for new hotels and motels with a number of the major hotel corporations. None would ever build a facility with only one maximum size room. Based on my discussions, the average double room seems to be about 288 sq. ft. - the average single room is approximately 228 sq. ft. The average room which the industry refers to as a junior suite is normally no larger than 312 sq. ft.

The specification of the minimum square footage for public space also should have no place in Public Law; rather, this is a decision that should be left in the hands of the owner - there are too many variables to be taken into consideration by management such as:

1. Will the Hotel or the Motel house conventions?
2. Will it specialize in bringing in the Stars of stage, screen, and the recording artists into its property?
3. Will it simply look to become "The Place to Dine in Town?"

On balance, it is accepted, within the industry, to plan on approximately 20 sq. ft. of public space for every room over 200 in the facility.

Serious reconsideration must be given to a legislative bill which would shut-out 99% of the hotels and motels which are currently in business in Atlantic City. Dramatic modifications must be made!

The concept of changing the rules for those who have been losing all of these years, just when they are beginning to break even, is unconscionable. A formula must be developed which will allow a greater percentage of those who are currently in business, the opportunity to participate - a grandfather clause certainly is in order. The granting of a provisional license is certainly another consideration.

I, like you, look with great excitement and anticipation to the day the wheels will begin to spin in Atlantic City - I'm excited about the size and the splendor of those new hotels which are sure to rise from the ashes. I'm dismayed, however, that we may "love the new too much" and "forget about the rest too soon." In all good conscience I ask you not to let this happen! - Amend the bill to allow those who have contributed to the economic wellbeing of their City and State, even while their businesses were failing, to participate equally with those who are only now willing to invest.

In closing, I would like to state that to the best of my knowledge there is no legalized gambling law in the world which attempts to dictate room size or public space size - to be successful, management must retain the prerogative to make these decisions - to do otherwise is to court economic disaster. Those who administer the law in other areas recognize the importance of allowing management to make its own economic decision. New Jersey must do likewise!

A representative group from our Association stands ready, willing and able to meet with your Committee to discuss this matter in greater detail should you desire...even though we were never consulted during the drafting of Assembly Bill 2366, as I believe we should have been.

I sincerely appreciate the opportunity you have given me today to appear at this public hearing.

December 15, 1976

Outline of Testimony by Milton Gralla

My name is Milton Gralla. I have been a resident of Teaneck 22 years, and am a publisher of national business and trade magazines. In this connection I have visited trade shows, conventions, and exhibits at virtually all the major and secondary meeting and convention and business resort locations in this country. Also, during the most recent election, I was state chairman of Concerned Citizens Against Casino Gambling. Although organized only 7 or 8 weeks before the election, this committee attracted membership among legislators, lawyers, law enforcement people, industry, reformed gamblers, other concerned citizens, etc. While the members of our group no longer oppose gambling casinos, we have a few constructive suggestions which will hopefully maximize the economic benefits of these casinos to the state, and minimize or remove the potential dangers.

At no time was our opposition to gambling casinos based on moral issues. We were concerned, and we are still concerned, with the economic health and the political health of our state.

The most serious economic consideration affecting the long-term economic health of this state is the question of where the visitors and gamblers to the casinos will come from, and whether this will result in extra dollars or loss of dollars to the economy of the state. Two factors must be considered:

- a. We were promised thousands of jobs and hundreds of millions of dollars to result from hotel expansion, development, and construction. Not only would this create immediate and long-term employment, but these added hotel facilities would then accommodate and attract out-of-state visitors, tourists, meetings, conventions, etc.
- b. Directly opposed to this is the fact that it is the casino, rather than the hotel facility, which is the primary source of profit to the operator or licensee. I direct your attention to the most recent annual statement of Resorts International, which operates a number and variety of facilities, including hotels, and which admits that the single largest source of profit of this entire huge conglomerate is a single gambling casino in the Bahamas.

So we see that while it is of prime interest of the economic health of the state to insure the development and expansion of additional hotels and hotel rooms, it is to the economic interest of the casino operators and licensees to minimize such an investment, and make a maximum investment in obtaining and operating the casino itself. Further, since the State of New Jersey has 7.5 million residents, and the population density of the state is the largest in the United States, a ready nearby drive-in market exists for these casinos without making it necessary to build additional hotel room space to accommodate ~~these~~ gamblers.

The conclusion is simple. Each time we permit an erosion of the proportion of the hotels and rooms and space as compared with the size and number and licensing of casinos,

there will immediate and long-term costs to the state running to the hundreds of millions of dollars. We will lose jobs, hotels, rooms, national and international visitors, and the identity of Atlantic City as a national attraction. The money lost at the gaming tables will be removed from the economy of the state of New Jersey and its citizens, instead of being attracted here from outside.

To prevent this type of erosion, casino enabling legislation must oppose (a) the proliferation of casinos, (b) the granting of a license based on a promise rather than a fact of hotel size and facilities, and (c) any erosion of the size, number of rooms, amount of room space, etc. In addition, the law must be so clearly worded as to leave no discretion on these matters to the Commission. The law must spell out exact specifications, leave no room for change or modification, and leave it to the Commission merely to enforce, rather than to decide.

Our second concern is that the rivers of money and huge gambling profits from the casinos will slowly, steadily, and soon totally engulf the political life of the state through a variety of legal, questionable and illegal practices, pressures and contributions of the type already apparent in Nevada, the Bahamas, and other centers of legalized casinos.

The laws must be stringent, the controls complete, and the penalties most severe -- including loss of license for the giver and quick criminal actions against the receiver of funds or favors with financial value.

The action we recommend should include, but not be limited to, these points:

- (a) Classify casinos as a "regulated industry" and pass specific stringent laws against campaign or political contributions by casinos, parent companies, affiliates, shareholders, directors, officers or employees to political parties, office holders, campaign groups, relatives, or business associates of elected officials or candidates. Specify severe penalties including loss of casino license. Take other actions to prevent the state from domination by big-money "casino lobby."
- (b) Define exactly the functions, obligations, salaries, areas of conflict of interest, severe penalties for same, restrictions on present and past political office, etc., regarding the office of "casino control commissioner." Our policy is still that five loosely controlled political friends of casinos cannot do the job of protecting the citizens' interests against potential casino dangers.
- (c) Create a committee, entity, or continuing function in which there would be consistent review of the activities, decisions, potential conflicts of interest, and functioning of the "control commission" individually and collectively. In simple language, while the control commission is watching the casinos, the public should have a way of constantly watching the control commission.

STATEMENT OF CHARLES D. WORTHINGTON, COUNTY EXECUTIVE, ATLANTIC COUNTY  
BEFORE ASSEMBLY COMMITTEE 12/14/76 - CASINO GAMBLING REGULATION

WE ARE HERE TODAY TO DISCUSS CASINO REGULATION, BUT I AM GOING TO TAKE THE LIBERTY AFFORDED ALL WITNESS OF FIRST DELIVERING SOME PRELIMINARY COMMENTS.

I WANT TO THANK YOU AND THE OTHER MEMBERS OF THIS BODY FOR THEIR ASSISTANCE IN PASSING THE CASINO LEGISLATION FOR ATLANTIC CITY AND FOR YOUR CONTINUED INTEREST IN THE MOST CRITICAL AREA OF REGULATION. WE IN ATLANTIC COUNTY FULLY REALIZE THAT, IN ORDER TO DERIVE OPTIMUM ECONOMIC BENEFIT, THE ESTABLISHMENT AND IMPLEMENTATION OF SOUND REGULATORY STANDARDS IS A MUST.

WHILE OPTIMISTIC ABOUT THE FUTURE, WE ARE NOT WIDE-EYED AND WITHOUT CONCERN. WE REALIZE THAT DEVELOPMENT AND RE-DEVELOPMENT IS A PROCESS THAT MUST BEGIN NOW. CURRENTLY THE COUNTY DEPARTMENTS OF SOCIAL SERVICE (WELFARE), PUBLIC WORKS, AND HEALTH & INSTITUTIONS ARE CONDUCTING AN IMPACT ANALYSIS OF CASINOS. WE KNOW THAT ADVANCE COSTS WILL BE NECESSARY FOR PUTTING IN PLACE THE NEEDED INFRA-STRUCTURE, AND THAT THIS MUST BE DONE BEFORE ANY BENEFITS IN TERMS OF INCREASED REVENUES ARE DERIVED. IN FACT, I AM ANTICIPATING A VERY EARLY MEETING WITH A NUMBER OF STATE OFFICIALS FROM VARIOUS AGENCIES TO DISCUSS PROSPECTS OF "SEED MONEY".

JUST AS YOU ARE CONCERNED WITH OVER ALL REGULATION, WE IN ATLANTIC COUNTY ARE CONCERNED WITH THE LAW ENFORCEMENT AGENCIES THAT IMPACT UPON THE GAMBLING AREA. THE STATUTE AS DRAFTED DOES NOT DEAL EXPLICITLY WITH THE RELATIONSHIPS BETWEEN THE COUNTY PROSECUTOR'S STAFF, THE MUNICIPAL POLICE FORCES AND THE STATE ATTORNEY GENERAL'S OFFICE, AND THE INVESTIGATIVE CAPABILITIES OF THE GAMBLING COMMISSION.

HOW WILL THE RESPECTIVE JURISDICTIONS INTEGRATE OR OVERLAP? HOW WILL THE STAFFING PATTERNS MAXIMIZE THE REGULATION OF CASINOS WITHOUT INFLATING THE LOCAL BUDGETS, IN VIEW OF CAP LEGISLATION?

OUR PROSECUTOR HAS ALREADY REQUESTED ALTERATIONS IN HIS BUDGET, AND WHILE WE MAY NOT AGREE TOTALLY ON THE FINAL INCREASE, THERE WILL ALMOST CERTAINLY BE AN INCREASE OF SOME SORT.

I WOULD ASK THAT THIS GROUP, WHILE STUDYING REGULATION, DO AS MUCH AS POSSIBLE TO INSURE MAXIMUM ECONOMIC BENEFIT BY ENCOURAGING RE-DEVELOPMENT AND NEW DEVELOPMENT THROUGH ROOM AND AREA REGULATION, AND THAT YOU ALSO CONSIDER IN LONG-TERM REGULATION A MECHANISM WHEREBY THE LOCAL AND STATE GOVERNMENTS CAN ACT COLLECTIVELY, RATHER THAN WITH UNNECESSARY OVERLAP. THIS MAY INVOLVE, IN THE FUTURE, SOME "PASS-THRU" MONIES FROM THE STATE TO LOCAL MUNICIPALITIES.

IT IS ALSO IMPERATIVE THAT, SINCE THE GAMBLING COMMISSION THROUGH ITS REGULATORY POWER, WILL HAVE SUCH AN IMPACT ON OUR COMMUNITIES, A MECHANISM BE ESTABLISHED IN THE LEGISLATION FOR BROAD COMMUNITY IN-PUT INTO THE ESTABLISHMENT OF THESE REGULATORY CONTROLS BY WAY OF LOCAL ADVISORY COMMITTEES, CONSISTING OF ELECTED OFFICIALS AND INTERESTED CITIZENS.

WE ARE EXCITED ABOUT ATLANTIC COUNTY'S FUTURE AND THE FUTURE OF OUR "QUEEN OF RESORTS" - ATLANTIC CITY. SHE IS LOOKING MORE AND MORE REGAL EVERY DAY!!

# # #

