

1 you hold in your hand, and those outside this hall who
2 have organized to express their strong feelings.

3 They're going to tell you that in New
4 Jersey the benefits far outweigh the negatives, and I
5 hope you enjoy your time in our state, and I wish you
6 much success on your fact finding mission.

7 CHAIRMAN JAMES: I would like to offer the
8 Commission's thanks to Senator Lautenberg for going to
9 the extraordinary efforts to have his views brought
10 before this Commission by way of a videotape.

11 It's now my pleasure to introduce our next
12 panel of distinguished speakers, New Jersey Attorney
13 General Peter Verniero, State Assemblyman Kenneth Le
14 Fevre, and Atlantic City Mayor James Whelan, and
15 Atlantic City's City Council President Rosalind
16 Norrell-Nance.

17 On behalf of the Commission, welcome, and
18 we look forward to receiving testimony from you, and
19 I think we'll just go in the order that you all were
20 introduced, and again, thank you for being here this
21 morning.

22 MR. VERNIERO: Thank you very much.

1 Welcome, Chair Lady and Commissioners.
2 Good morning, everybody. On behalf of Governor
3 Whitman, I am pleased to welcome you to Atlantic City,
4 New Jersey. Unfortunately the governor could not be
5 here herself, but I would like to read a brief letter
6 into the record.

7 CHAIRMAN JAMES: Thank you.

8 MR. VERNIERO: "Welcome to Atlantic City
9 as you begin this first on-site meeting.

10 "New Jersey has been a leader in the
11 casino industry, particularly in our strict regulation
12 and enforcement. These efforts have helped us build
13 a record of integrity in our casino industry
14 throughout the past two decades. I hope you share the
15 perspective of those of us in New Jersey that the
16 casino industry has sparked great opportunity in the
17 economy.

18 "Our casinos are responsible for 48,000
19 jobs directly and have had a secondary employment
20 impact on all segments of the New Jersey economy.

21 "You will hear many stories over the next
22 two days about the impact of gaming in Atlantic City

1 and the State of New Jersey. The human side, however,
2 should also reflect the Atlantic City residents who
3 now have good jobs, the senior citizens who have
4 increased pharmaceutical benefits, and other New
5 Jersey residents who have benefitted from state
6 financed programs.

7 "I wish you well in your work.

8 "Sincerely yours, Christine Todd Whitman,
9 Governor."

10 As New Jersey's Attorney General, I am the
11 chief law enforcement officer and legal advisor for
12 the state. My responsibilities encompass oversight of
13 nine divisions and numerous commissions and boards.
14 Included among these responsibilities is my
15 supervision of the Division of Gaming Enforcement, the
16 body charged with maintaining integrity and trust in
17 all casino gaming operations, and the New Jersey
18 Racing Commission, the agency that has jurisdiction
19 over the state's thoroughbred and harness track
20 associations and racetracks.

21 Also in my department is the Legalized
22 Games of Chance Commission. For our purposes today,

1 however, my remarks will focus on the segment of the
2 industry that comes to most people's minds when they
3 think of gaming: casino gambling.

4 To that end I would like to briefly
5 discuss the responsibility of government to insure the
6 highest level of integrity in the system. First some
7 background.

8 As you all know, New Jersey is now
9 celebrating its 20th year of gaming operation. Prior
10 to the introduction of gaming, Atlantic City, one of
11 the East Coast's premier resorts at the turn of the
12 century, was hurting. Many hotels were having
13 financial difficulties and were forced into bankruptcy
14 and ultimately closed. Tourists were no longer coming
15 to this seaside town, and this had a devastating
16 impact to the shore area. The city was in desperate
17 need of help.

18 On November 2nd, 1976, everything changed.
19 That was the day New Jersey voters passed a referendum
20 legalizing casino gaming in Atlantic City. However,
21 in New Jersey, and I suspect other gaming
22 jurisdictions, the legalization of gaming did not come

1 without carefully balancing the risks gambling poses
2 against the contributions it can make.

3 To insure the highest level of honesty and
4 integrity, the New Jersey Casino Control Act was
5 passed in 1977. This is by far one of the most
6 comprehensive gaming laws in the world, and it is
7 often used as a model by other jurisdictions
8 contemplating a regulatory system.

9 The goals were threefold and simple: to
10 keep criminals out, to assure the integrity of the
11 games, and to monitor the payment of taxes.

12 To accomplish these goals, the New Jersey
13 casino law created a bifurcated regulatory system when
14 it established the Casino Control Commission and the
15 Division of Gaming Enforcement, two separate
16 government agencies with responsibility for casino
17 regulation.

18 The division was created as an arm of the
19 Department of Law and Public Safety, the department
20 which I lead, to investigate all prospective casino
21 licensees. As a law enforcement agency, the division
22 can access criminal and intelligence information

1 throughout the nation and the world, and we do.

2 The other agency, the Casino Control
3 Commission is a quasi-judicial body charged with
4 issuing licenses and adopting rules and regulations.
5 This dual regulatory responsibility touches all
6 aspects governing casino operations and is fully
7 mindful of the special law enforcement needs
8 associated with casino gambling.

9 New Jersey has proven that this industry
10 can be effectively regulated to attain our stated
11 goals, and we are attaining them. Indeed, one major
12 detriment of gaming was a preconceived relationship
13 between the establishment of casinos and increases in
14 crime.

15 The Division of Gaming Enforcement,
16 working cooperatively with the New Jersey State
17 Police, which is also in my department, the Atlantic
18 City police, and federal authorities is vigilant in
19 its enforcement of laws throughout the city.
20 According to the state's most recent uniform crime
21 statistics reports prepared by the New Jersey State
22 Police, both violent crime and nonviolent crime in

1 Atlantic City dropped in 1996 when compared with 1995.

2 More significantly, other statistics show
3 that when adjusted for ever increasing visitor volume
4 that crime is actually lower today then before the
5 advent of casinos.

6 In 1977, prior to casinos the visitor
7 adjusted crime rate was almost 70 crimes per 1,000
8 people. In 1996, this number dropped to fewer than 53
9 crimes per 1,000 people, a decrease of almost 25
10 percent.

11 Further, the visitor adjusted violent
12 crime rate was approximately seven crimes per 1,000
13 people in 1977. That number had dropped to 4.5 by
14 1996, a decrease of more than 35 percent.

15 These are encouraging numbers, but they
16 are just that, numbers. Behind these statistics stand
17 a variety of successful programs and initiatives.
18 Some you have heard about and others you will hear
19 about today, and some you will have the chance to see
20 first hand this week.

21 Indeed, I believe that this industry has
22 made its mark on a once beleaguered city. Coupled

1 with the integrity of gaming operations, we can point
2 to many successes in Atlantic City.

3 In closing, I would advise that it is
4 vital for any jurisdiction that permits legalized
5 gaming to allocate sufficient resources necessary to
6 insure that the casino industry is strictly monitored.
7 We have in New Jersey. We have made a commitment to
8 regulation and to law enforcement in this state that
9 is second to none with respect to casino gaming. It's
10 been a success, and I know it will be a success in the
11 future.

12 Thank you for inviting me to appear before
13 this Commission. You have important work to do, and
14 I am honored by making these remarks to assist you in
15 your tasks, and once again, on behalf of the governor
16 of this state, welcome.

17 CHAIRMAN JAMES: Thank you.

18 COMMISSIONER WILHELM: If I might.

19 CHAIRMAN JAMES: Commissioner Wilhelm.

20 COMMISSIONER WILHELM: If I might, I'd
21 like to make sure that you leave with us those crime
22 statistics you were quoting.

1 MR. VERNIERO: Yes.

2 COMMISSIONER WILHELM: I suspect we're
3 going to hear varying views on that subject in the
4 next day and a half, and I'd very much like to have
5 the statistics from the Attorney General of the state.
6 That would be very helpful.

7 MR. VERNIERO: Certainly.

8 COMMISSIONER WILHELM: Thank you.

9 CHAIRMAN JAMES: Thank you. We will
10 submit those, and they will be a part of our record.

11 Thank you.

12 COMMISSIONER WILHELM: Yeah, but I want to
13 have them today and tomorrow though.

14 CHAIRMAN JAMES: Great.

15 MR. VERNIERO: I have copies,
16 Commissioner. I'll drop them off.

17 COMMISSIONER WILHELM: Thank you.

18 CHAIRMAN JAMES: If I can ask staff to
19 pick those up, make copies, and give them to all of
20 the Commissioners, that would be good.

21 The Honorable Kenneth Le Fevre.

22 MR. LE FEVRE: Thank you.