

1 CHAIRPERSON JAMES: Mr. O'Reilly.

2 MR. O'REILLY: Thank you, Madame Chair. I've had the  
3 privilege living in the state of Nevada for almost 30 years. The  
4 title of this panel is Nevada and Other Regulatory Models. I  
5 must, however, say at the outset that to the extent that Mr.  
6 Gardner's comments relate to gaming regulation in the state  
7 Nevada I would hardly disagree with many of them.

8 Nevada Gaming Regulation is deep seeded in the  
9 history of this state as is gaming in the history of this state.  
10 Although there is evidence to show that gaming dates back to the  
11 year 300 B.C. in the state of Nevada, I realize that that's not  
12 particularly relevant to this panel today.

13 More relevant though is that gaming has been legal in  
14 the state of Nevada for most of the last 100 years. In 1955 the  
15 Gaming Control Board was created. In 1959 the Nevada Gaming  
16 Commission and our Gaming Control Act was created. Consequently  
17 for the past 40 years we have had the benefit of having a  
18 regulatory process that has grown and matured as had the gaming  
19 industry here in the state of Nevada and has expanded throughout  
20 the country.

21 Nevada has been unique in many respects, you know, as  
22 a member of this community I had the privilege of serving as  
23 chair on the Nevada Gaming Commission from 1987 to 1991. During  
24 that period of the time I learned things about gaming regulation  
25 and gaming in the state Nevada that I did not know even though I  
26 had lived here for some years before then.

27 Since that time I've had the opportunity to  
28 participate in the community in many ways both before and after.

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1 I've served as a municipal judge. I've served as a chairman in  
2 the Chamber of Commerce. I've served as a prosecutor while I was  
3 in the Air Force which brought me out to Las Vegas. In each of  
4 those environments I call tell you that it has been my conclusion  
5 and that of our family that the benefits of living in the state  
6 of Nevada have greatly outweighed the issues that I've heard  
7 raised here today and yesterday.

8 I can tell you as two young people who moved from St.  
9 Louis, Missouri in 1969 and have raised four children here in the  
10 state of Nevada, that it's been a community that has been blessed  
11 in many respects. This is evidenced by the fact that it's  
12 fastest growing community in the state of Nevada. It's the  
13 fastest growing community in the United States. I believe that  
14 much of that growth comes because of a very unique public/private  
15 partnership that exists in the world of gaming.

16 Talk about the Nevada regulatory model, I would  
17 suggest that if you want to contribute something to the world of  
18 gaming and into the future of gaming that you take a much closer  
19 look at that Nevada regulatory model than you will be able to do  
20 this afternoon. You will in so doing, see that it has systems of  
21 checks and balances. It has a system of full and complete  
22 hearings. It system of appeals. It has a system that provides a  
23 great deal of insight into each and every applicant, each and  
24 every issue, and each and every decision.

25 Quite often it appears at least from some of the  
26 rhetoric that I read that gaming is not really effectively  
27 regulated in Nevada. I would submit to you that if you take the  
28 time to understand the system you may very well not only be

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1 surprised at the depth of the knowledge that the regulatory has  
2 and the system requires of each and every applicant, but you may  
3 find that it could be relevant to other positions of licensing  
4 throughout this country.

5 Ask yourself what other industry? I submit to each  
6 of these questions, the answer is none. I ask you when you ask  
7 for a license. Give me a copy of your will and your trust  
8 including a list and evaluation of all of your property. Provide  
9 me with all your federal income tax returns as well as any state  
10 tax returns, your W-2's, your K-1 schedules, and other  
11 attachments. Your savings pass books we'd like to see also, your  
12 bank statements, your canceled checks, your deposits slips, your  
13 check registers for all accounts, not opened but closed for a  
14 period of many years.

15 We'd like to have copies of statements pertaining to  
16 any pension or retirement funds, your IRA's and annuities for  
17 many years past. We'd like to have copies of your life insurance  
18 policies and statements confirming your current cash values.  
19 We'd like to come to your bank with you and we'd admonish you not  
20 to go there before and look into your safe deposit box with you.

21 We'd like to come to your house and look into your  
22 safe to see what you have stored there. We'd like to look at any  
23 escrow documents you have relating to any purchases of real  
24 estate. We'd like to have copies of all your mortgage  
25 statements, your bank statements.

26 We'd also like to go through a complete history of  
27 each and every lawsuit that you've been involved in, justified or  
28 not, business or personal; and we'd like to see the same as

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1 relates to everyone of your business partners whether they be  
2 involved in corporations, partnerships.

3 We'd like to have copies of all you notes and  
4 supporting documentation and any other money that you're due from  
5 any third party. We'd like to have every one of your business  
6 investments documented. We'd like to have all parts of your  
7 partnership agreements, your articles of organization, other  
8 operating agreements; oh, by the way we'd like to have your birth  
9 certificate and your passport as well. We'd like to find all  
10 your accounting records. We'd like go over them with you.

11 The list goes on. The point is that the model that  
12 has been developed in Nevada is one that compels someone who  
13 comes forward for licensing to expose themselves to a system of  
14 regulatories to ensure that if they are going to be successful in  
15 meeting the burden of proof they have to become a gaming licensee  
16 in the state of Nevada that they must provide full and complete  
17 disclosure of their entire financial and personal life history.  
18 They must stand before a body in an investigative hearing and  
19 answer any person question that might be asked concerning their  
20 background. They must then go before the Gaming Commission after  
21 they received a recommendation from the state Gaming Control  
22 Board to see if they have met the burden of qualifying for the  
23 privilege license to game in the state of Nevada.

24 I submit to you that the system for regulating gaming  
25 in the state of Nevada peruses the most qualified men and women  
26 on a consistent basis of any business in the world today.  
27 Granted you will read headlines and notes about exceptions but as  
28 you read those exceptions and read issues of some who might be

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1 disciplined through the years, I ask you to consider the fact  
2 that they are among one, perhaps 2,600 plus licensees in the  
3 state of Nevada. They are one of among thousands of more who  
4 have been licensees throughout the history of Nevada. They are  
5 ones who are exceptions to the rule, not the rule.

6 I think they are ones that are the pertinent of many  
7 of the examples and issues that you raised in the course of these  
8 two days of hearings about gaming. In the scope of things many  
9 of those issues are in fact issues.

10 In terms of their degree of relevance and their  
11 weight, I would say that they all deserve attention. And I would  
12 say that if you were going to balance the positives and  
13 negatives, I believe that you will see that gaming has evolved  
14 through this public/private partnership of the licensed and those  
15 who license, of the gaming regulators and the gaming applicants  
16 and licensees to produce what you've seen here in our community  
17 as the number two best city for business.

18 Not the best city for gaming but Fortunes number two  
19 best city and for my money if I had a choice between number one  
20 of Houston and number two of Las Vegas, I'm still staying here in  
21 Las Vegas and intend to do so.

22 Home of the most innovative and successful resorts.  
23 Home of the 30 million plus visitors. Home of what would be  
24 common is now one of the greater gathering spots.

25 The issue I believe is how does this relate to gaming  
26 and gaming regulation. I would submit if you look at the gaming  
27 system of regulation in Nevada you will find that the state of  
28 Nevada and the regulators who preceded me, who followed me, and

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1 those who serve with me were all part of the public sector who  
2 contributed to this partnership that produced a system of  
3 regulation that allowed only the most qualified and most desiring  
4 and those who passed the burden of proof to participate in gaming  
5 in the state of Nevada.

6 Weaknesses are issues that I have been asked to  
7 address as well. Does our system have weaknesses? Yes. Every  
8 system does. It's only part of our human nature as with each of  
9 us. Those weaknesses are ones that we address on an ongoing  
10 basis. Less than 10 years ago we looked at every one of our  
11 regulations and modified each and every one that justified  
12 modification.

13 We continue to modify as gaming grows to become part  
14 of a broader based entertainment experience as opposed to just  
15 gambling compared to New Jersey and Mississippi I believe you  
16 will find more similarities than dis-similarities between the  
17 three systems. Nevada has been around for many years and has had  
18 the benefit of an environment that was predicated upon a public  
19 policy that recognized that gaming was an industry and vitally  
20 important to the economy of this state.

21 On the whole, though, I believe that you will find  
22 the systems achieve and focus on achieving the same end result;  
23 the integrity of gaming and the fiscal responsibility of the  
24 licensees to the state of Nevada or their respective states.

25 I believe you will also find that Mississippi and in  
26 other jurisdictions that the similarities are ones that have  
27 derived from the system that has evolved in the state of Nevada.

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1           The model as compared to Native American gaming is an  
2 issue that has been discussed at length, I would submit that if  
3 you do a detailed comparison between the systems that exist in  
4 both environments you will find that they are dramatically  
5 different. That's not meant to be a criticism, I think it's part  
6 of the evolutionary process of the regulation of any industry.

7           I would submit that as you're looking at the  
8 possibility of recommending any type of national gaming  
9 regulation that you look at the comparison between what now  
10 exists at the national level and what exists in Nevada. You also  
11 look at the difference between Nevada, Mississippi, New Jersey,  
12 Illinois, and the other states that have gaming. Actually 48 out  
13 of the 50 states that have gaming in one form or another; and ask  
14 yourself if there is any body of men and women in this country  
15 truly a regulatory process justice for all those different forms  
16 of gaming and the all the communities that exist throughout this  
17 country.

18           I would submit that the answer is no. That it  
19 clearly should be left to the states to regulate gaming in their  
20 own jurisdictions. There are differences of gaming regulation.  
21 There are differences that are as significant as difference in  
22 gaming in each of those jurisdictions.

23           Possible modifications. The Nevada model was another  
24 topic I was asked to address. The modifications of the Nevada  
25 model are ongoing on a monthly basis. You've been exposed to  
26 some of them I believe over the last few weeks. There will - -  
27 to be more. It is an evolving system. It's not etched in stone.  
28 It's a system that if it doesn't evolve, doesn't grow, it won't

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1 survive and won't fulfill it's role in this public/private  
2 partnership that I believe will go down in history if properly  
3 documented and recognized as one of the most unique systems of  
4 regulation that this country has experienced to date.

5 Thank you very much for allowing me to be with you  
6 here today.

7 CHAIRPERSON JAMES: Thank you, Mr. O'Reilly

8 I'm sorry you are out of order, sir.

9 Please sit down. Thank you. You had an opportunity  
10 yesterday during the public comment period. If you  
11 want to sit, submit something to the Commission please  
12 do it in writing and I will share it. Thank you.

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