
Casino Gambling In New Jersey

A Report to the
National
Gambling Impact
Study Commission
January 1998



NJCCC

New Jersey Casino Control Commission



The Honorable Christine Todd Whitman
Governor, State of New Jersey



*The New Jersey Casino Control Commission
(l. to r.)*

*Leanna Brown, Commissioner
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The National Gambling Impact Study Commission (NGISC) has a daunting task - to conduct a comprehensive study of lotteries, casino gambling, parimutuel betting and sports betting throughout the United States - all within two years of its first meeting and with very limited funds. The New Jersey Casino Control Commission (NJCCC), as a responsible government agency, believes it should assist the NGISC in this task by providing relevant information regarding casino gaming in Atlantic City. The NJCCC has 20 years of experience regulating

the casino industry in New Jersey and, in addition to providing the information in this report, can be a valuable resource for the NGISC. We offer our assistance wherever we may be helpful.

This report is divided into three basic sections:

- ◆ *Regulation*
- ◆ *Economic Impacts*
- ◆ *Social Impacts.*

We hope this information proves valuable.

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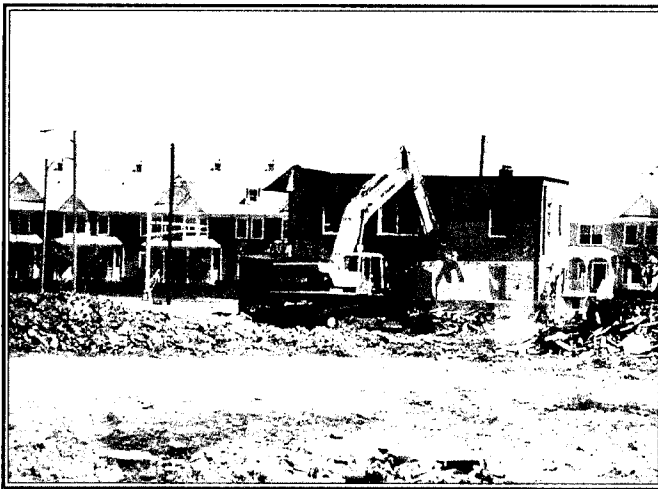
Executive Summary

- ◆ The casino gaming industry in New Jersey has generated more than \$7 billion in taxes for federal, state and local governments;
- ◆ Strict licensing standards are applied to applicants for casino licenses and to all employees involved in gaming operations. Requirements include proof of good character, honesty, integrity and financial stability;
- ◆ Any business doing regular or continuing business with a casino licensee must be licensed;
- ◆ An 8 percent tax on casino gross revenue provides over \$300 million annually and is dedicated to funding programs for senior citizens and the disabled;
- ◆ The alternative investment tax based on 1.25 percent of casino gross revenue and dedicated to redevelopment projects has resulted in commitments of over \$750 million for projects in Atlantic City and throughout the state;
- ◆ Casino parking fee revenues of over \$15 million per year are being used to finance development of Atlantic City's corridor near the new \$268 million Convention Center;
- ◆ Atlantic City Luxury Tax and Tourism Promotion Fee fund marketing and debt service on the Convention Center. Together they amount to over \$22 million annually;
- ◆ Regulatory savings of over \$16 million in the Atlantic City Fund are financing construction of a minor league baseball stadium and marine life education center;
- ◆ Assessed value of Atlantic City property increased from \$319 million in 1976 to over \$6 billion in 1996, with casino hotel properties amounting to almost 80 percent of the property tax base;
- ◆ Casinos employ almost 50,000 New Jersey residents in full-time and part-time jobs and have an annual payroll of over \$1 billion;
- ◆ Welfare assistance in Atlantic County declined from 6,900 before casinos to 3,200 by 1997, while the population increased by over 24 percent. At the same time, those receiving Aid to Families with Dependent Children declined from 5,300 to 3,000;
- ◆ Atlantic City casinos spend almost \$2.5 billion annually with over 8,000 businesses across the country. Of that amount, over \$1.5 billion of goods and services are purchased from over 3,400 New Jersey businesses;
- ◆ Casinos purchased over \$250 million in goods and services from businesses owned by women and minorities in 1996;
- ◆ The rate of crime in Atlantic City today, when adjusted for the 34 million visitors per year coming to the city, is less than before casinos;
- ◆ Compulsive gambling is a problem that must be addressed by each jurisdiction. A stable source of funding for programs should be provided;
- ◆ Underage gambling can be adequately prevented with proper controls.

Why Atlantic City Turned to Casinos

Atlantic City was one of America's first "destination resorts" long before that term was ever coined. In the early part of the twentieth century it was a mecca for tourists seeking to escape the summer heat of the city.

During the summer, dozens of trains a day would ferry visitors from New York and Philadelphia. They stayed in grand hotels that lined the Boardwalk and were entertained by the biggest names of the day. But Atlantic City peaked in the 1930's and after World War II it was clearly in decline. The development of the interstate highway system and commercial aviation made it easier for people to go to new and different destinations. Efforts to attract other forms of business to Atlantic City failed and every major economic indicator looked bleak. Population and real estate values fell and the number of conventions declined. In the decade before casinos were legalized, the number of hotel rooms in the city shrunk by more than 6,000.



Old housing makes way for the new.

It was against that framework that Atlantic City turned to casino gaming. The first effort in 1974 failed. That referendum would have permitted state-owned casinos anywhere in the state, provided it was approved in a local-option referendum. Two years later, in another statewide referendum, voters were asked to allow privately-owned casinos only in Atlantic City. Supporters promised significant economic benefits and urged voters to "*Help Yourself, Help Atlantic City, Help New Jersey.*" They promised

voters that casinos would be a "unique tool of urban redevelopment" that would "rebuild Atlantic City." The tax money raised by gaming would be dedicated to programs for the state's senior citizens and people with disabilities.

Voters approved the constitutional amendment to legalize gaming in November, 1976 by a margin of 57 to 43 percent. Shortly afterward, the Legislature passed the Casino Control Act which was signed into law in June, 1977.¹ That law is the toughest gaming control measure ever enacted.

REGULATION

The New Jersey Casino Control Act

Several public purposes underlie the act. They are the decision to use casino gambling as a means to rebuild Atlantic City, the determination to provide funding for programs for senior citizens and the disabled and the demand that casino gambling and all the activity that accompanies it conform to the most rigorous standards of business, personal and public integrity. Not incidentally, casino gambling generates revenue for the state.

The gaming industry in New Jersey has generated more than \$7 billion in taxes for federal, state and local governments.²

The adoption of the Casino Control Act by the New Jersey Legislature created the Casino Control Commission and the Division of Gaming Enforcement. The principal regulatory purposes of the two agencies are:

- ◆ to ensure that only persons of good character, honesty and integrity participate in the casino industry;
- ◆ to ensure the close supervision of all gaming operations;

- ◆ to ensure the full and accurate assessment and collection of all taxes, fees and penalties generated by casino operations; and
- ◆ to administer the regulation of casino properties to foster and enhance the redevelopment of Atlantic City and its hospitality industries.³

Regulatory Oversight

The **Casino Control Commission** is an independent agency in but not of the Department of Treasury. It has both regulatory and quasi-judicial functions. The commission employs a staff of 361 with a budget of \$23 million. The Governor, with the advice and consent of the Senate, appoints the chairman and four full-time members for five-year terms. The chairman is the chief executive officer and is responsible for the daily operations of the commission. The commission is vested with the power to promulgate all regulations interpreting and enforcing the provisions of the act, including the power to issue, deny, revoke, suspend or limit any required gaming affiliated licenses and to hear and decide all complaints for violations of the Casino Control Act. The five commissioners act as quasi-judicial hearing officers to consider contested license issues involving casinos, casino employees and casino service industries. As hearing examiners, the commissioners preside over the hearing and make evidentiary rulings. They are required to make comprehensive findings of fact and conclusions of law in formal written decisions that are submitted to the full commission for a final determination. In bi-weekly meetings, the commissioners vote on matters ranging from issuing casino licenses to establishing the rules of the games. In addition, the commissioners rule on applications for corporate refinancings and restructurings as they relate to financial stability. (See Appendix 1.)

The **Division of Gaming Enforcement** is part of the Attorney General's office. It investigates all license applicants, prosecutes all complaints brought under the Casino Control Act and monitors casino equipment and operations. In 1997, the division

employed a staff of 373 and had a budget of \$31 million. The division investigates every license application for corporations, individual owners, managers, employees and service industries. The division reports its findings and recommendations to the Casino Control Commission, which has the authority to grant or deny a license at a public hearing. Casino licenses are granted only to individuals and companies that meet the fitness criteria of personal integrity, good character and financial stability. (See Appendix 1-A.)

Regulators' Integrity

The commission and the division are also responsible for maintaining integrity within each respective agency by adhering to strict employment standards set forth in both the New Jersey Conflicts of Interest Law and the Casino Control Act.

Employee Background Investigation - All potential employees are subject to a background investigation by the New Jersey State Police.

Pre- and Post-Employment Restrictions - The New Jersey Conflicts of Interest Law, and the commission's own Code of Ethics, imposes pre- and post-employment restrictions on every employee. The commission and division may not hire anyone who has worked for a casino within the prior three years.⁴ Commission and division employees are prohibited from working for a casino after the termination of their employment at either of the agencies. Commissioners and the Director of the Division of Gaming Enforcement are prohibited for a period of four years and all other employees are restricted for a period of two years.⁵ Clerical and support staff are exempt from employment restrictions.

Immediate Family Members Employment Restriction - Immediate family members of any state officer or employee with responsibility for matters affecting casino activity are restricted from working for a casino licensee, with the exception of secretarial and clerical employees. Permission for such employment may be granted, provided there are no conflicting duties. Special conditions may be imposed.⁶

Annual Filing of Financial Disclosure - Each employee, except for secretarial and clerical, must file a financial disclosure statement annually. Immediate family members of each Commissioner must also file.⁷ (See Appendix 2.)

Gambling Restriction - Members and employees of the commission and the division are prohibited from gambling in any Atlantic City casino property.⁸

Focus on Duties - Each member and employee of the commission and the division must devote their entire time and attention to their duties. Special permission must be obtained for any outside employment.⁹

Political Involvement Restriction - No member or employee of the commission or the division is permitted to take an active part in political campaigns.¹⁰

Commissioners' Restrictions - Commissioners may not accept gifts or purchase goods or services from casino licensees or from lessees of the casino hotel facilities.¹¹

Integrity of Casino Licensees and Their Operations

Licensing System

It is through the licensing system that criminal elements are kept out of the casino industry. No other industry undergoes such severe scrutiny - scrutiny which includes not only the individuals working for casino licensees, but also businesses doing business with the casinos. In 20 years of casino regulation in New Jersey, there has not been any scandal involving organized crime in casino operations. The system assures this will continue to be the case.

The Casino Control Commission licenses hotel owners and operators, their employees and the companies that transact business with casino hotels, termed casino service industries. The commission determines who needs to be licensed or qualified and the appropriate license category for a casino's employees.¹²

Casino Licenses

An applicant for a casino license must establish by clear and convincing evidence its qualifications for licensure.

Qualifications for licensure include:

- ◆ good character, honesty and integrity
- ◆ business ability
- ◆ financial stability, integrity and responsibility

A casino license applicant must establish the integrity of all financial sources and the qualifications of each person who is required to be qualified. This includes each officer, director, principal employee, each person who directly or indirectly holds any beneficial interest or ownership of the securities issued by the corporation and any person who in the opinion of the commission has the ability to control the corporation or elect a majority of the board of directors. Issuance of a casino license to a corporate applicant also requires the qualification of every holding company and intermediary company of the applicant.¹³

Casino licenses are initially issued for three successive one-year terms and renewed for periods of up to four years thereafter. The commission may reopen licensing hearings at any time.

The casino license application fee is a minimum of \$200,000, although the total cost may increase depending upon the cost of investigating and considering the application. The casino license renewal fee is a minimum of \$100,000 for each one-year license renewal and a minimum of \$200,000 for longer renewal terms.

Disqualification Criteria

The commission will not license any person who is disqualified pursuant to section 86 of the Casino Control Act. The criteria include: a conviction or finding by the commission that the

applicant has committed one of the enumerated offenses or an offense found to be inimical to the act; the willful failure to reveal any fact material to qualification or supplying any information which is untrue or misleading as to any material fact pertaining to qualification; the pursuit of economic gain in an occupational manner which is in violation of the criminal or civil policies of New Jersey; identification as a member of organized crime or an inimical association with a member of organized crime or a career offender cartel; and contumacious defiance of any official investigatory body when such body is engaged in investigating crimes related to gaming, official corruption or organized crime activity.¹⁴

Employees of Licensees

The Casino Control Act requires casino key employees and all other casino employees to be licensed or registered before starting employment in a casino.

The Act also provides for the temporary licensing of employees. The different credentials reflect the employee's level of responsibility for the casino's operations.

Casino key employees occupy managerial and supervisory positions and possess the highest credentials.

All licensees must satisfy the affirmative licensing criteria of demonstrating their good character, honesty and integrity and their financial stability, integrity and responsibility. Licensees and registrants also are subject to the disqualification criteria of the act. Those persons who work in the hotel portion of the casino hotel facility, without any responsibilities regarding casino operations are not required to be licensed or registered as they are regarded as being the same as any other non-casino hotel worker in the state.¹⁵

All junket representatives employed by a casino licensee are required to be licensed to the standards established for casino employees, except for residency. The initial license term is three years and the license may be renewed for four-year terms.¹⁶

From 1978 through 1996, the Commission processed 118,061 employee license applications and 163,755 employee license renewals.¹⁷

In addition, each labor organization seeking to represent employees licensed or registered under the Act and employed by a casino is required to be registered.

Casino Service Industries

All casino service industries offering goods and services which directly relate to casino gaming activity and their owners, management and supervisory personnel and principal employees having the responsibility for services to a casino licensee must satisfy the standards established for casino key employees, except residency, in order to be licensed.

All casino service industries that provide non-gaming goods and services on a regular or continuing basis must be licensed once they reach a monetary threshold. Such enterprises are required to establish the good character, honesty and integrity of the enterprise and of each person required to be qualified.¹⁸

Businesses are required to be licensed once they have attained the specified dollar amounts in their business transactions with any casino operator:

1. *\$75,000 of business with a single casino within a 12-month period;*
2. *\$225,000 of business with two or more casinos within a 12-month period;*

3. \$30,000 of business with a single casino for each of three consecutive 12-month periods;

4. \$100,000 of business with two or more casinos within each of three consecutive 12-month periods; or,

5. business that satisfies 3 or 4 above within three consecutive 12-month periods.¹⁹

All qualifiers of junket enterprises are required to meet the standards established for casino key employees in order for the junket enterprise to be licensed.²⁰

Since 1978, the Commission has permitted 48,176 enterprises to conduct business with casino licensees and has prohibited 1,572 from doing so.²¹

Political Contribution Prohibition

The Casino Control Act prohibits political contributions by any applicant for or holder of a casino license, or any holding, intermediary or subsidiary company. The prohibition extends to any officer, director, key casino employee or principal employee of any of these companies, and any person or agent acting on behalf of any of these entities. Political contributions include contributing any money or thing of value to any candidate for nomination or election to any public office in the state, or to any committee of any political party in the state, or to any group, committee or association organized to support any candidate or political party.²²

The purpose of this prohibition is to maintain the public confidence and trust in the credibility and integrity of the casino regulatory process in New Jersey by preventing any prohibited person from attempting, or appearing to attempt, to influence or corrupt a candidate or political organization through a contribution of money or thing of value. The commission has recently proposed regulations to clarify this prohibition.

Prohibition on Gambling by Casino Employees

For over a decade, casino employees were not permitted to gamble in Atlantic City casinos. In 1992, the legislature permitted casino employees to gamble in any casino in the state, except for a casino where they were employed or another casino owned or operated by their employer. Casino key employees are prohibited from gambling in any Atlantic City casino.²³

Casino Credit

New Jersey permits a system of restricted check cashing or "counter check system" whereby the casino operator is permitted to accept a check from a patron only if the check is drawn on a personal checking account that has been verified by the casino and the check is deposited for collection within a specified time period after acceptance. A counter check is a multi-part form given to the patron by the casino and is made negotiable with the player's bank information.²⁴ A patron is permitted to redeem a counter check by purchasing it for cash or cash equivalents prior to its deposit by the casino licensee.²⁵ Pursuant to credit rules adopted by the commission, a patron may not cash counter checks in excess of his or her previously established credit limit.²⁶

A casino may not approve a credit limit until a thorough verification of the credit application submitted by the patron has been completed.²⁷ Although the commission does not impose any absolute limit on the amount of credit that may be extended to an individual, the commission's rules do require that all patron credit limits be supported by information contained in the patron's credit file.²⁸ The restricted counter check system has some deterrent value for compulsive gamblers by requiring a more careful, considered decision on whether to gamble beyond cash on hand in the verified bank account.

A counter check system also protects the state's interest in seeing that checks received from casino patrons are valid and collectible instruments. Before a counter check may be accepted from a patron, a casino licensee is required to record and verify the patron's identity, address, current casino credit limits

and outstanding balances, outstanding indebtedness, and personal checking account information. These regulatory requirements provide information as to the identity and financial history of the patron and the source of funds that will be used to pay the counter check. By requiring the counter check to be drawn on a form mandated by the commission, made payable to the casino licensee, presented to the casino cashier and dated but not postdated, problems relating to the collectibility of the instrument are minimized.²⁹

If a check is returned by the bank, only a licensed casino employee or an attorney may engage in collection efforts.³⁰ This requirement minimizes the possibility for collection abuses that tainted the early days of casino gaming in other jurisdictions.

Counter checks cashed in conformity with statutory and regulatory requirements are valid instruments, enforceable at law in the courts of New Jersey.

Checks that are cashed or conveyed in violation of the act or regulations are declared to be invalid and unenforceable, but are included in the calculation of the gross revenue tax that is owed to the state.

Thus, patrons who gamble on credit in New Jersey are advised in advance that they are engaging in a legally enforceable transaction and should temper their conduct accordingly. Similarly, a casino operator must adhere to the credit procedures established by the Act and regulations if it wishes to collect upon the checks it accepts.³¹

Casinos are allowed to accept a counter check before completion of the required verifications,³² if the casino is unable to complete those verifications at the time of the transaction and complies with all other requirements concerning the acceptance of counter checks. This allows the casino to accommodate new customers who arrive during time periods (weekends, nights) when financial institutions that must be contacted for purposes of verification might not be open for business. The casino is permitted to proceed with

the transaction under such circumstances as long as it records its efforts to complete the verifications in the patron's credit file.

Moreover, any counter check that a casino licensee chooses to accept under such circumstances may not be deducted from gross revenue if the check subsequently proves to be uncollectible.³³

Third Party Credit

In addition to the "credit" that may be granted to a patron by a casino through the delayed deposit of a counter check, a casino patron in New Jersey is also permitted to draw upon credit approvals or financial instruments previously issued to the patron by financial institutions unrelated to the casino licensee.

For example, a patron may use a credit card at an automatic teller machine or present it to the casino and request that the financial institution that issued the credit card approve a cash advance against his or her previously established credit limit. Similarly, a patron is permitted to use a debit card to obtain funds that are maintained in his or her bank accounts. In these transactions, a casino does not extend any credit to the patron but rather operates in the same manner as any other merchant that provides such services to its customers.³⁴

Cash Equivalents

A casino may also accept a cash equivalent (i.e., a traveler's check, certified check, cashier's check or money order) from a patron in exchange for cash. Once again, these transactions do not involve the creation of any creditor/debtor relationship between the casino and the patron; the patron is obtaining the use of funds that were previously expended by the patron to secure or purchase the financial instrument from the issuer. When a patron requests a casino to accept a cash equivalent in exchange for cash, the casino is functioning in the same manner as a bank or other merchant that cashes such instruments as part of its business.³⁵

Regulatory Costs are Paid by the Casinos

The cost of regulating the industry is paid by the casino industry through licensing fees and assessments that are deposited into the Casino Control Fund.

None of the costs of regulation are paid out of casino tax revenues or the state's general fund.

The Casino Control Fund is used to pay the operating expenses of the Casino Control Commission and the Division of Gaming Enforcement.³⁶ The combined budget of both the commission and the division totaled \$54 million for FY 1997. There are a total of 734 employees of the commission and the division.

How We Regulate

The two agencies provide a system of checks and balances, which minimizes the chance of mistakes or poor judgment and makes corruption of the system more difficult.

Regulators are present in each casino 24 hours a day through the commission's inspectors and the division's undercover investigators.

The commission inspectors keep track of events in the casino, monitor compliance with regulations, receive complaints from the public, and watch the daily count of casino revenue, both coin and currency, in order to certify tax receipts. The division also maintains a substantial presence in each casino, watching for violations of the law and gaming rules and regulations.

The commission and the division have always placed great emphasis on the oversight of casino operations.

Gaming oversight has been called a matter of people, watching people watching people.

While it is a good deal more complicated, that is a useful starting point. Not only do the commission and division watch gaming operations to assure honesty, casinos themselves also maintain compliance, surveillance and security staffs, as well as complements of gaming supervisors in accordance with minimum staffing requirements set by the commission.³⁷

Maintaining Integrity of Gaming Operations

Regulations on internal and accounting controls, casino equipment and the games assure effective control and fair gaming for the public. The commission establishes the rules of each game. In this way, every casino plays by the same rules and public confidence in gaming is enhanced. Commission inspectors check table gaming equipment, such as roulette wheels and dice, to be certain they meet state standards.

The commission's internal and accounting control regulations set down the procedures that must be followed by the casinos, because controlling their business is unlike controlling almost any other.

A casino does not record each gaming transaction. Instead, it relies on the amount of cash and credit collected at each table during that day and on the amount of chips remaining at the table when it closes. With the vast unrecorded exchange of cash and gaming chips across the tables each day, this daily profit-loss system presents substantial challenges in accurately accounting for casino revenue, in auditing casino operations and in preserving the ability of both the state and the casino to detect and prevent theft and embezzlement.

While the Casino Revenue Tax gives the state a direct 8 percent stake in gross gaming revenue, it always has a 100 percent interest in the integrity of gaming operations.³⁸

The Division of Gaming Enforcement assures the integrity of slot machine operations by examining each computer program to be sure it meets state standards, such as the minimum payout requirement of 83 percent. As machines are placed onto the casino floor they are inspected and sealed by the division so that the key computer elements cannot be tampered with. Any jackpot of \$35,000 or more requires an immediate notice to the division to examine the machine.

In addition to basic uniform control regulations, the law requires that each casino submit to the commission an individual set of internal controls, which must be approved and thereafter rigorously followed. They are subject to continual review.³⁹

State Oversight of Casino Revenue

In order to assure the state's 8 percent tax collection on casino revenue, the commission has developed the following procedures for accountability.

Hard Currency (coins, tokens, etc.)

All slot machines in New Jersey are required to have a double-locked compartment where the daily "slot drop" is collected. One key to this compartment is controlled by the casino's accounting department and one is controlled by the commission.

On a regular basis, using a schedule approved by the commission's principal inspector, the casino's

"drop team" collects the coins or tokens which have fallen into the drop buckets or boxes located in these locked compartments. This requires that both commission and casino keys be used to access these compartments. During the collection of high denomination tokens, \$25 or over, a commission inspector accompanies the drop team. At all other times an inspector roves the areas being serviced by the hard count drop teams to ensure that all procedures are being performed properly. In these cases the commission key is signed out to the supervisor of the teams, a person licensed as a key employee. Casino security staff also accompanies these teams.

Once the money is collected, it must be immediately transported to the casino's hard count room. This room is also under dual-lock control. An inspector must be physically present to unlock the room and allow access to it by the count team. The count team members wear one-piece pocketless jump suits and are checked with metal detectors when they leave the count room.

A commission inspector must be present during the counting of the high denomination tokens. The entire hard count room is covered by video surveillance.

The content of each drop bucket is weighed and coded so that the amount of money coming from each slot machine can be determined.

At the conclusion of the count, the total of all the wrapped and bagged money is reconciled with the reports generated by the counting machines.⁴⁰

Soft Currency (cash and approved coupons)

Each table game has a double locked box attached under the table into which is placed all currency and coupons exchanged by patrons for gaming chips.

The drop team, accompanied by a security guard, collects the double-locked boxes from each table. These boxes are placed into a double-locked trolley for transport to the soft count room. The soft count room is also secured by two locks, one controlled by security and one by the commission. All count team members wear pocketless one-piece jump suits.

The contents of each box are dumped onto a clear plastic table and the empty box is displayed to the inspector and to the surveillance camera above the count table.

Each box is opened in the presence of a commission inspector. The entire soft count room is covered by audio and video surveillance.

The money is counted twice using high speed counting machines which keep track of the drop from each box individually. At the conclusion of the two counts the totals are compared. If they agree, a physical count of the wrapped currency also takes place by the count team supervisor, the commission inspector and a representative of the accounting department.

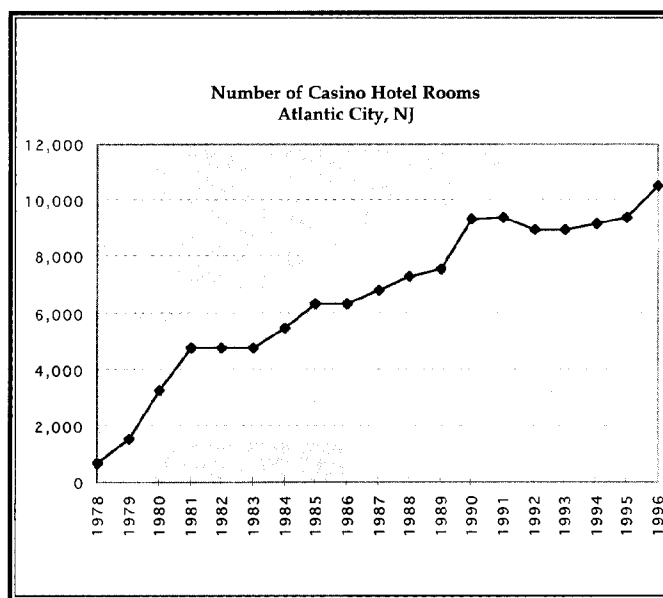
The process for counting the bill acceptor cassettes is similar to that just described with a few exceptions. Once again each cassette is fitted with two locks, one controlled by accounting and one by the commission inspector.⁴¹

Hotel Room Requirement

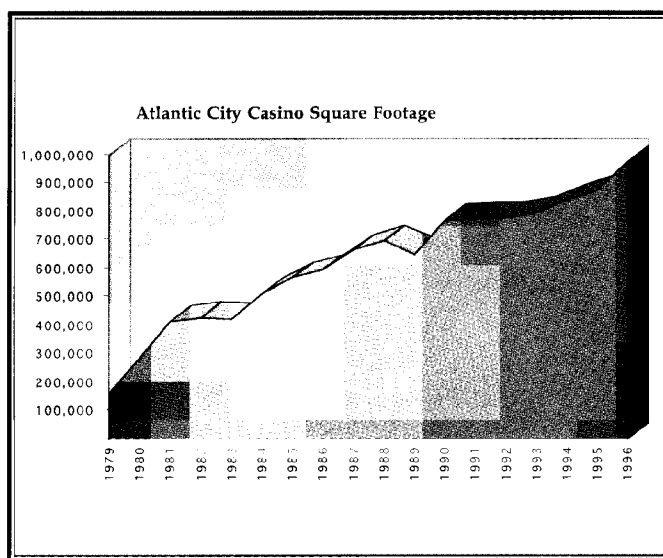
Since the purpose of New Jersey's casino legislation is to attract the kind of resort investment that will restore Atlantic City to its former place as a hospitality and convention center,

the Act requires that casinos be constructed in approved hotels with a minimum of 500 guest rooms.

They are permitted to have 60,000 square feet of casino space for the first 500 rooms. For each 100 rooms thereafter, they qualify for an additional 10,000 square feet of casino space up to a maximum of 200,000 square feet. No more than 90 percent of casino space may be used for slot machines. As the following charts reflect, the room requirement has contributed to an increase in casino floor space and hotel rooms since 1978 for Atlantic City's casino properties.⁴²



Source: New Jersey Casino Control Commission



Source: New Jersey Casino Control Commission

The largest casino in Atlantic City contains 139,474 square feet of casino and simulcast floor space.

Atlantic City casinos offer table games, keno, slot machines and simulcast facilities. In 1996, there were a total of 1,439 table games in Atlantic City, consisting of blackjack, craps, roulette, big six, baccarat, minibaccarat, sic bo, pai gow poker, pai gow, poker, Caribbean stud poker, let it ride poker, mini-craps and three card poker. Atlantic City casinos offer 45 keno windows and 32,786 slot machines from \$.05 to \$500 denominations.

In 1992, casinos were permitted to have simulcasting of horse racing from across the country. Table games may be included in simulcasting space. The size of the simulcasting area is at the discretion of the licensee and is not counted as casino space. As of December 31, 1996, simulcasting occupied a total of 92,250 square feet in Atlantic City casinos.

Statutory Changes Since 1978

New Jersey has the strictest gaming regulatory structure in the world. However, after the start of gaming in Atlantic City, regulators recognized that there were a number of areas which did not require governmental oversight or were in need of change.

Regulation has been evolutionary. As the industry matured and regulators gained experience, the rules have been appropriately modified.

Some of the revisions made to the Casino Control Act include:

- ◆ **Adoption of interim casino authorization procedures to enable the efficient sale of casino hotels;**
- ◆ **Elimination of the requirement for the commission to approve indoor public spaces, such as restaurants, meeting rooms and entertainment areas;**
- ◆ **Expansion of casino operation to 24 hours;**
- ◆ **Casino employees allowed to gamble in casinos**

that are not owned or operated by their employer;

- ◆ **Authorization of simulcasting of horse races in casinos;**
- ◆ **Authorization for the commission to approve new games;**
- ◆ **Creation of the Casino Revenue Fund Advisory Commission to evaluate programs funded by the Casino Revenue Fund;**
- ◆ **Authorization for the commission to renew casino licenses for up to four years;**
- ◆ **Elimination of hotel employee registration;**
- ◆ **Elimination of pre-approval of marketing plans;**
- ◆ **Elimination of regulatory duplication;**
- ◆ **Casino gaming space allowed to occupy more than a single room;**
- ◆ **Sale of keno tickets allowed in public places throughout a casino hotel.**

Common Sense Regulation

One of the recent initiatives is a "common sense" approach toward regulation. Maintaining the integrity of casino gaming and accounting for gross revenues remain the primary missions. However, the commission has sought to remove itself from involvement in business decisions of casinos. The commission has also established a Regulation Review Committee, composed of regulators from the commission and the division, along with representatives of the casino industry. The Regulation Review Committee focused on 237 regulatory changes proposed by the casino industry.

Regulators and industry representatives agreed on over 100 regulatory changes.

The changes range from the simple to the complex, and from the routine to the dramatic, but they all have

one thing in common: *they make sense*. Today, the casino industry and regulators have a better understanding of each other's needs and concerns.

New Jersey offers the gaming industry a stable yet flexible regulatory environment and a responsible level of regulation by responsive regulators.

The commission has implemented a program of adapting New Jersey's regulatory structure to changing times.

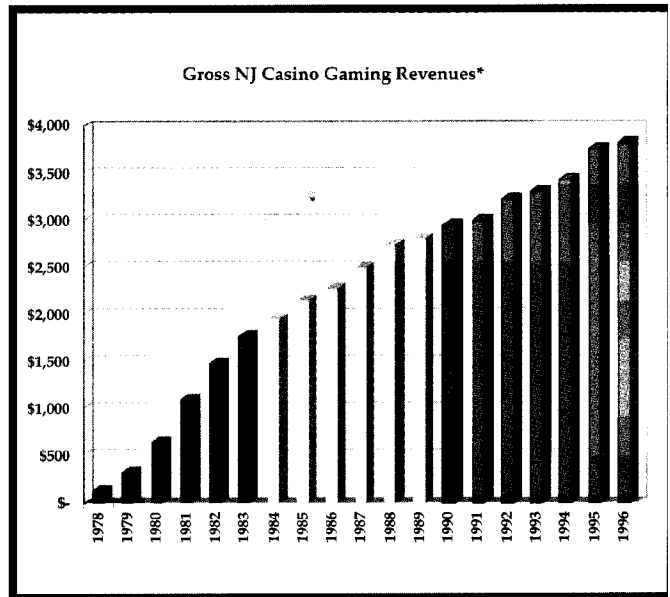
Outreach to Wall Street has helped securities analysts understand and feel comfortable with the regulatory environment in Atlantic City. Dozens of analysts and their clients have heard lectures explaining the commission's regulatory philosophy and have had the opportunity to tell the commission about their ideas. As a result, positive reports on the future of Atlantic City have been issued and have stimulated a dramatic expansion of the gaming industry.

ECONOMIC IMPACTS

When New Jersey began casino gambling it was sometimes referred to as "the experiment." That experiment has already resulted in an investment of approximately \$6 billion in Atlantic City and the promise of another \$5 billion or more in the next several years.

Considering jobs, taxes, investment and other benefits, the experiment was, and continues to be, quite successful.

As the following chart reflects, those investments have generated significant revenue.



(*Figures in millions)

Source: New Jersey Casino Control Commission

In 1978, gross casino gaming revenues totaled \$133.7 million. By 1996, those revenues increased to \$3.79 billion.

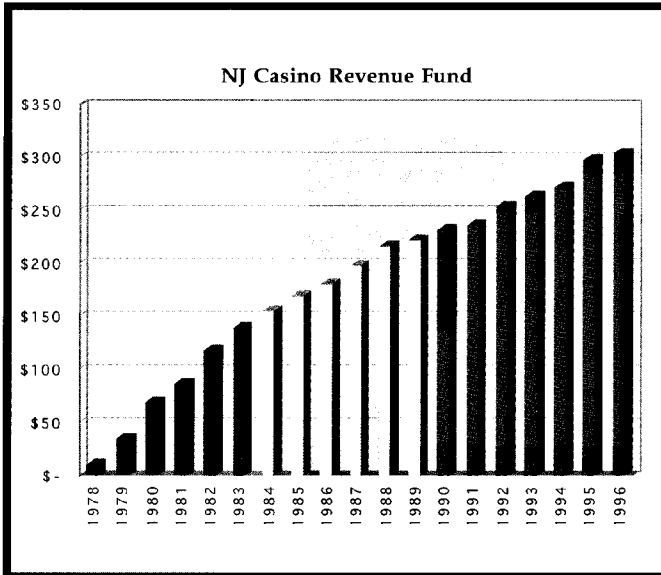
The Casino Revenue Fund:

Casino Taxes Dedicated to Programs for Senior Citizens and the Disabled

As mentioned earlier, the Casino Revenue Fund is funded by an 8 percent tax on the gross "win" (i.e.: casino gross revenue) of the casinos. "Win" is the amount of money which the casinos keep after all bets have been paid, but before operating costs, interest, depreciation, taxes and amortization. It does not represent profits. In 1978, the casino revenue tax totaled \$10.7 million. By 1996, those taxes increased to \$303.2 million. The tax is collected by the commission and deposited in an interest-bearing account in the Department of Treasury. The New Jersey Constitution requires that those funds be dedicated to programs for senior citizens and the disabled.

The programs, which are determined by the Legislature and the Governor, include real estate tax rebates, utility assistance, aid to shut-ins and persons in boarding homes, transportation aid and pharmaceutical assistance.

The Pharmaceutical Assistance to the Aged and Disabled program allows income eligible participants to purchase medical prescriptions for a \$5 payment, regardless of the actual cost of the prescription. Over 210,000 citizens throughout New Jersey enjoy the benefits of this unique program funded by casino revenue. (See Appendix 3.)



(Figures in millions)

Source: New Jersey Casino Control Commission

Development in Atlantic City and the Surrounding Area

◆ Casino Reinvestment Development Authority (CRDA) and the Alternative Investment Tax

The CRDA is an independent authority consisting of 12 members. It was created to authorize the expenditure of casino reinvestment funds in Atlantic City and other urban-aid municipalities throughout the state. Each casino has the option to invest 1.25 percent of its gross revenue for CRDA-approved redevelopment projects or pay an additional 2.5 percent of gross revenue to the Casino Revenue Fund. The CRDA allocates and administers the use of its dollars through direct casino investment and bond purchases. The CRDA's revitalization programs are targeted first to Atlantic City, and then to other urban areas throughout New Jersey.

Since its creation in 1984, CRDA has committed \$717 million to projects for the redevelopment of Atlantic City and an additional \$69 million for projects throughout the state.

Projects have included street widening, beautification and other road improvements, lighting and park improvements, hotel expansions, retail complexes, housing construction and restoration, non-profit organization facility improvements and historic restoration projects.

CRDA programs have invested over \$185 million in low to moderate income housing construction in Atlantic City.



New CRDA-funded housing in Atlantic City's Inlet area.

The authority also provides low-interest mortgage loans to Atlantic City police officers and firemen who purchase CRDA-financed housing units in the city. Police officers in the program are assigned a CRDA-financed police car, that is used while on duty and is taken home while off duty. This unique program is designed to increase the police presence within Atlantic City. (See Appendix 4.)

◆ Atlantic City Casino Parking Fee Revenues

The Atlantic City Casino Parking Fee was authorized in 1993. Casino parking facilities are required to impose a minimum charge of \$2. The fees collected are placed in a special fund held by the State Treasurer, for use by the Casino Reinvestment Development Authority to finance public improvements in the Atlantic City area. Those funds are currently being used to finance development of Atlantic City's corridor, near the new Convention Center.

The corridor project is designed to provide an aesthetically pleasing entranceway to Atlantic City and includes a lighthouse with laser light shows, fountains, pool, attractive landscaping and street improvements.

Atlantic City Casino Parking Fee Revenues Collected

1994: \$14,312,261
1995: \$15,567,093
1996: \$15,473,930

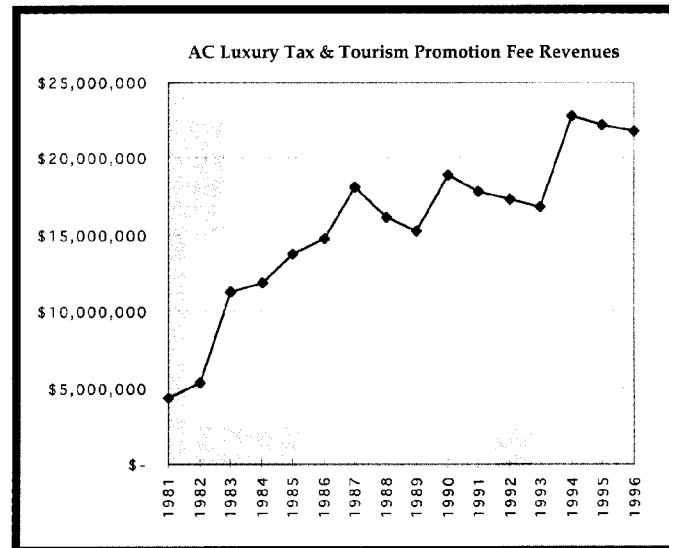
Source: NJ Department of the Treasury, Office of Management & Budget

Atlantic City Luxury Tax & Tourism Promotion Fee Revenues

The luxury tax applies to the sale of alcoholic beverages for on-premises consumption, cover, minimum or entertainment charges, room rentals in hotels, inns and rooming houses, the hiring of rolling chairs, beach chairs and cabanas, and tickets of admission within Atlantic City. Sales by churches or nonprofit charitable organizations are exempt.

A 3 percent tax applies to receipts from the sale of alcoholic beverages and 9 percent on other taxable items. The state sales tax rate is reduced to the extent that the city rate exceeds 6 percent, and the maximum combined Atlantic City rate and New Jersey rate may not exceed 12 percent. The tourism promotion fees are \$2 per day for each occupied room in casino hotels

and \$1 per day for each occupied room in other lodging places. These funds are dedicated to the New Jersey Sports and Exposition Authority for the new Atlantic City Convention Center.

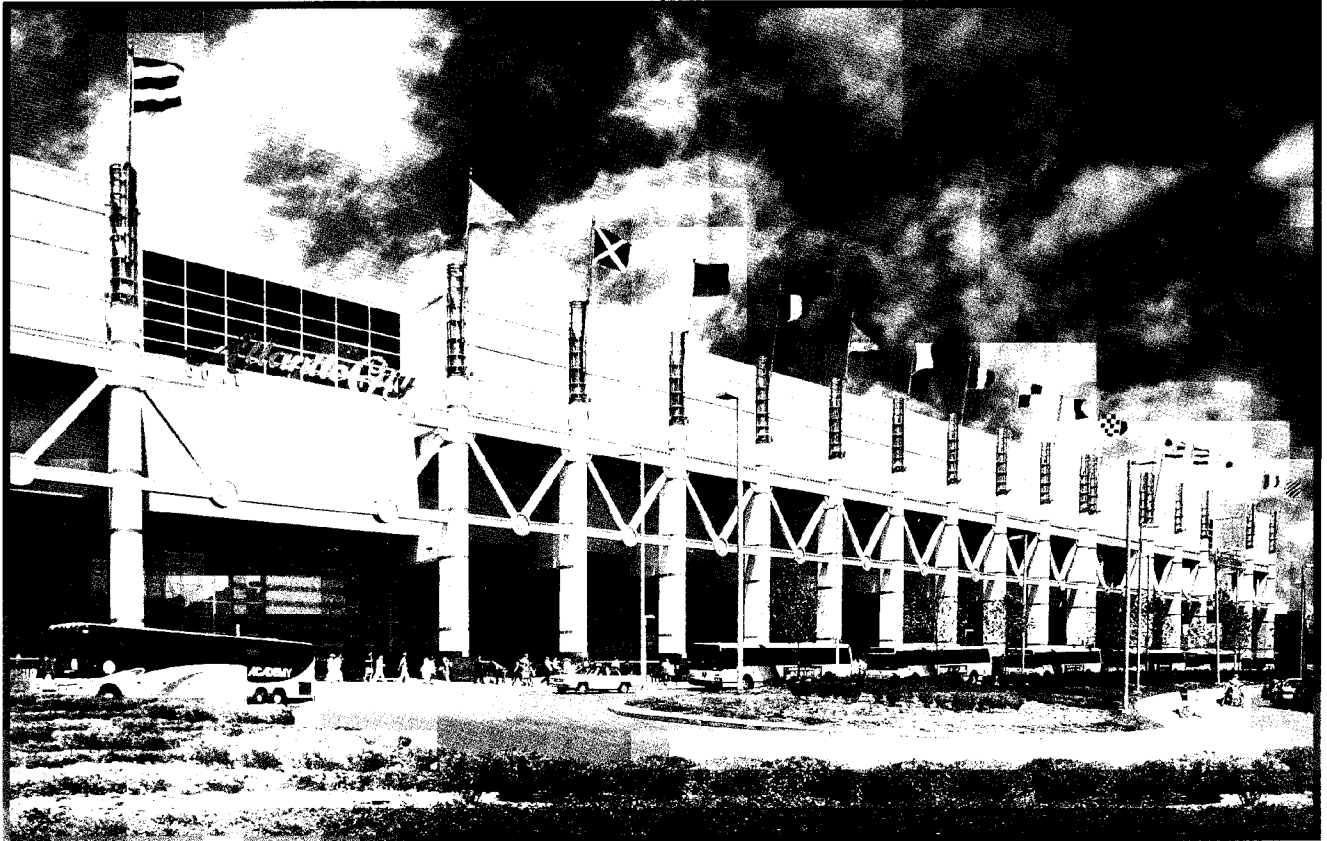


Source: *Manual of the Legislature of New Jersey*, Skinder-Strauss Associates, 1981 -1997.

New Atlantic City Convention Center

Atlantic City, known as "America's Favorite Playground" is undergoing an unparalleled multi-billion redevelopment renaissance that is transforming the resort into a major meeting destination.

The \$7 billion renaissance is creating a second wave of growth for the city. The \$268 million state-of-the-art New Atlantic City Convention Center officially opened for business in May, 1997, and is considered the cornerstone of the redevelopment. The facility contains more than 500,000 contiguous square feet of exhibit space -- more exhibit space on one floor than any other convention center from Atlanta to Boston. It is equipped with state-of-the-art voice, video and data communications technology.



The New Atlantic City Convention Center boasts more contiguous exhibit space on one floor than any other convention facility between Atlanta and Boston.

The \$79 million Sheraton Atlantic City Convention Center Hotel is linked to the New Convention Center via a pedestrian airbridge. The 15-story hotel encompasses a total of 400,000 square feet with 502 rooms, including 37 suites. The hotel also has ballrooms, meeting rooms, restaurants and other guest amenities. The Sheraton Atlantic City Convention Center Hotel will also serve as home of the Miss America Organization's national headquarters.

Atlantic City's \$84 million Grand Boulevard welcomes visitors to the resort. Improvements include a spectacular landscaped park area, with cascading waterfalls, fountains and a 90-foot-tall lighthouse, which produces a laser light display.

Millions of dollars are being invested to substantially enhance Atlantic City's infrastructure and transportation capabilities. Atlantic City International Airport completed an expansion in May, 1996 that includes a new air terminal.

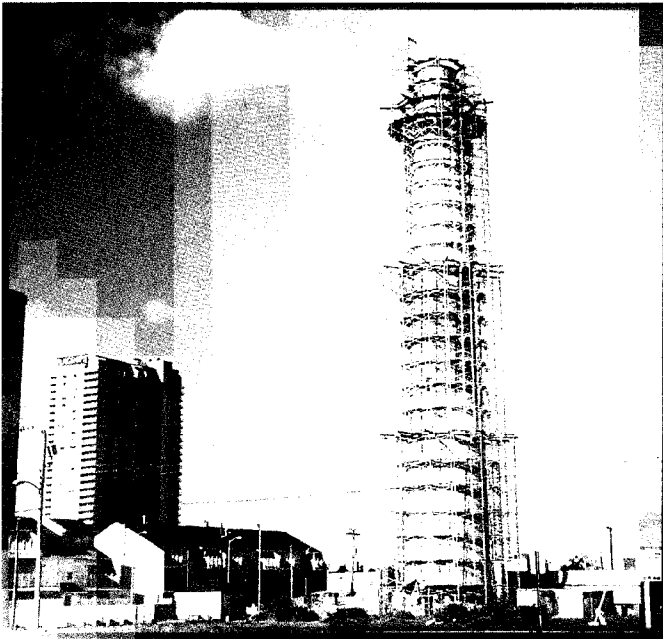
The new Atlantic City Bus Terminal opened in

February, 1997, at a cost of \$7.3 million and is within walking distance of the new convention center.

Other exciting changes include:

- ◆ A new, \$14 million shopping center, the Renaissance Plaza, which opened in 1996 with 70,000 square feet of retail space;
- ◆ A \$50 million renovation to Atlantic City's original convention center. Sporting events, concerts and family shows will be offered to residents and visitors alike;
- ◆ A new \$1.5 million Visitor Welcome Center on the Atlantic City Expressway, due to open in Spring, 1998;
- ◆ The \$14.5 million Sandcastle, a 75,000 square foot minor league baseball stadium on a 25 acre site at Bader Field, will be home to the "Atlantic City Surf", a member of the Atlantic League of Professional Baseball Clubs, Inc.;

- ◆ The historic Gardner's Basin Maritime Park is being developed into a major marine-themed educational attraction with a Marine Life Education Center, offering sea life exhibits, deep tanks and touch tanks featuring local marine species;
- ◆ The historic Absecon Lighthouse is undergoing a \$3 million restoration and will open for visitors in 1998.



Absecon Lighthouse undergoes a \$3 million restoration.

◆ Atlantic City Fund

In 1995, the Atlantic City Fund was established to fund projects of a revenue-producing nature that foster the economic development of Atlantic City, but excluding the construction and renovation of casino hotels.

This revenue source is derived from the regulatory savings of the Casino Control Commission and the Division of Gaming Enforcement.

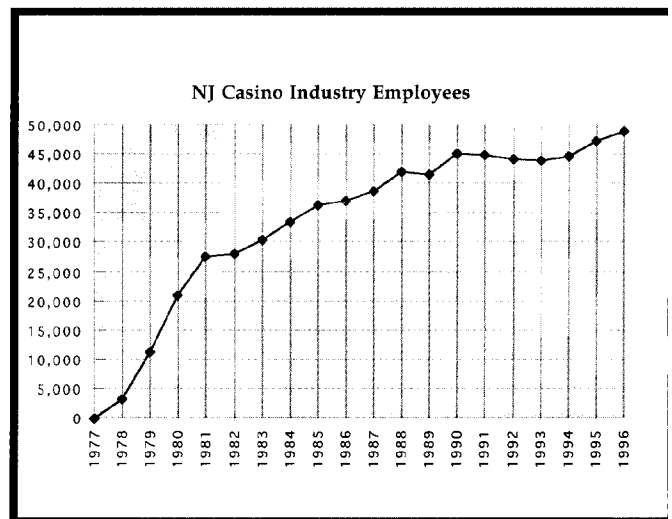
The fund resulted from 1995 statutory revisions and will continue through fiscal year 2003. Total allocations to the fund have been \$16.6 million to date. This money has been committed to construction of a minor-league baseball stadium and a marine life education center in Atlantic City. All funds are administered through the Casino Reinvestment Development Authority.

Casino Employment -- Jobs

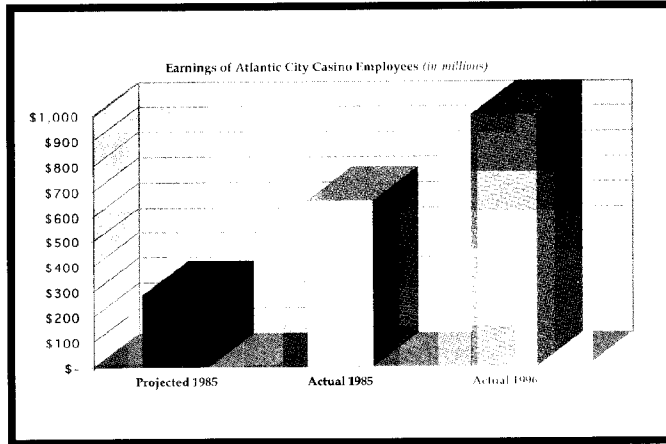
In 1976, a study prepared for the Atlantic City Housing Authority and Redevelopment Agency by Economic Research Associates⁴³ estimated that by 1985 casinos would create at least 21,825 direct jobs. They actually created 40,000 by 1985.

Today, the number of casino jobs has increased to include almost 50,000 full and part-time employees.

With the additional casino development expected in the next three to five years, this should increase to approximately 75,000 full-time and part-time jobs.



Source: NJ Casino Control Commission



Source: New Jersey Casino Control Commission

This study also projected casino employees would earn up to \$287.7 million by 1985. They actually earned \$629.6 million in 1985.

Today, the casino employee payroll is over \$1 billion before fringe benefits.

About 79 percent of casino employees live in Atlantic County, with the remainder commuting from surrounding communities in Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean Counties, and other NJ counties (See Appendix 5.)

Casinos employ over 11,000 of Atlantic City's 38,000 residents.

In addition to the direct jobs, casino gaming has created thousands of secondary jobs.

A 1995 study by Rowan University's Center for Economic Data Analysis estimated that for every job in the casino industry, another 1.09 jobs were created elsewhere in the economy. Based on a total of 43,900 full-time casino jobs, it was estimated that

another 47,700 jobs were created and that those employees were paid nearly \$1 billion in 1994.⁴⁴

Casinos Purchase Billions of Dollars of Goods and Services Annually

In 1977, there were 4,236 businesses in Atlantic County. By 1994, the number of Atlantic County businesses had increased to 6,014 -- an increase of 42 percent.⁴⁵ This reflects an increase in the demand for services by the casino industry and Atlantic County's ever growing population.

The economic impact of New Jersey's casino industry is far reaching. Businesses in surrounding states prospered from New Jersey's casino development.

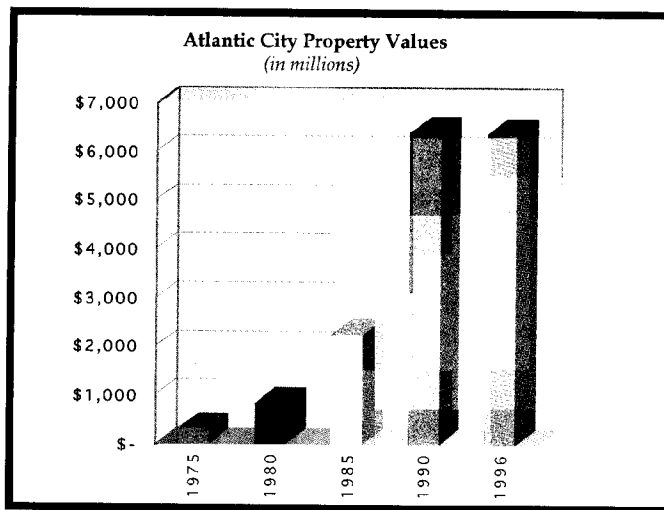
In 1996, casinos spent almost \$2.5 billion with over 8,000 companies across the United States. Of that amount, 3,402 New Jersey companies sold \$1.54 billion in goods and services to casinos.

In Atlantic County, 1,441 businesses sold \$965.8 in goods and services to casinos. (See Appendices 6 & 7.)

Property Values/Revenues Increase

Increased population and development has resulted in an increase in property values and taxes collected for Atlantic City and the surrounding Atlantic County area.

Casino gaming has resulted in capital investment of approximately \$6 billion in casino hotel facilities with the prospect of an additional \$5 billion or more in the next several years.



Source: City of Atlantic City Tax Assessor's Office

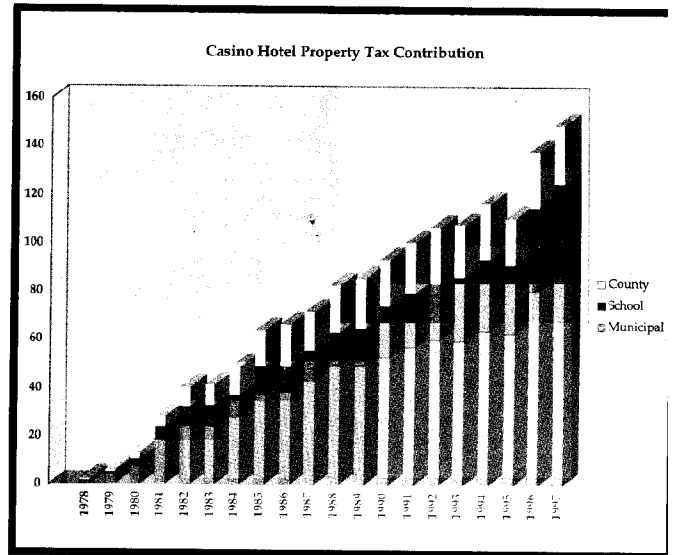
As the above chart indicates, Atlantic City's property values increased from \$319 million in 1975 to about \$6.38 billion in 1996. Much of that increase reflects the value of casino properties. But there has been a dramatic impact on non-casino property as well. Non-casino properties were valued at only \$281.2 million in 1977. That value increased to \$1.3 billion by 1997. A property that was worth \$20,000 in 1977 more than quadrupled in value to \$92,000 by 1997. Atlantic County's net property values rose from \$1.9 billion in 1976 to \$17.5 billion in 1996.

Today, casino hotel properties represent almost 80 percent of Atlantic City's tax base.

Tax Rates Decline

The Atlantic City tax rate per \$100 assessed value was \$7.955 in 1977. By 1997, the tax rate dropped dramatically to \$2.949 per \$100 assessed value.⁴⁶ The equalized total tax rate fell from \$5.67 in 1977 to \$3.13 in 1996. The equalized municipal tax rate fell from \$3.93 per \$100 of assessed value in 1977 to \$1.83 in 1996.⁴⁷

This represents a reduction of over 50 percent in the equalized municipal tax rate since 1977.



Source: City of Atlantic City Tax Assessor's Office

Real Estate Taxes

In 1977, Atlantic City collected a total of \$24.5 million in real estate taxes, including \$2.1 million from properties owned by casino companies. In 1997, the city collected \$187.5 million in real estate taxes. Casinos paid \$149.1 million of the total amount.

Casinos' city property tax contribution towards total collections rose from 9 percent in 1978 to 79 percent in 1997.

The real estate tax has three main components: local purpose tax, school tax and county tax. In 1997, casinos paid \$87 million of the \$109.8 million needed to run city government and another \$38.3 million of the \$48.3 million needed to run the school system. Casinos also paid \$23.7 million in taxes to Atlantic County in 1997 out of a total of \$86.3 million.

One major benefit from the expanded tax base has been the construction of the \$83 million Atlantic City High School. The complex includes modern computer laboratories, an expansive library, professional quality basketball courts, Olympic pool, theater, TV and radio studios, football stadium, tennis courts, boat house, green house and much more.

**Almost 80 percent of this facility
is paid for with property
tax revenues from casinos.**



*The new \$83 million Atlantic City High School
is fully equipped to meet student needs.*

SOCIAL IMPACTS

New Jersey's gaming industry has contributed to development throughout the Atlantic County region. This contribution comes through direct property tax payments and indirectly due to the demands for goods and services by a growing population that is the result of expanded employment opportunities.

Population

	Atlantic City	Atlantic County	Statewide
1977	42,655	189,012	
1980	40,199*	194,119*	8,214,609
1990	37,986*	224,327*	7,730,188
1996	38,361	235,447	7,987,933**

*Census Figures - Source: US Bureau of the Census, Population Estimates Branch.

**Estimated

NOTE: The 4/1/90 census counts include question resolution corrections processed through March 1994, and do not include adjustments for census coverage errors. Estimates shown on the table have not been rounded. However, it should not be presumed that they have the degree of accuracy that such precise numbers might imply.

Atlantic City's population peaked in the 1930's with more than 66,000 people. Because of a variety of social factors, population declined slowly through the 1940's and 1950's and then plunged precipitously in the 1960's and 1970's. Between 1960 and 1980, the population declined by nearly 33 percent from approximately 60,000 to 41,200. As the convention and tourism businesses withered, job opportunities declined and Atlantic City suffered from many of the same problems that other urban areas in the Northeast faced as middle class families moved to suburban areas.

Between 1980 and 1990, the exodus from Atlantic City slowed dramatically but did not end. Population declined by another 5 percent in that decade to 37,986. Some of the decline since the passage of casino gaming was the result of intense land speculation. Other factors included the acquisition of property for casino development and the use of eminent domain. Since 1990, however, the population base appears to have stabilized. Population estimates for 1996 indicate there are now 38,361 city residents.

Meanwhile, the population in Atlantic County increased from 189,012 in 1977 to 235,447 in 1996, an increase of over 24 percent. Residents appear to be migrating to other more suburban areas in Atlantic County where a large amount of new housing has been built since the introduction of casino gaming. In recent years, construction of 1,100 CRDA-financed housing units, including 700 owner-occupied and 400 rental units, in the Northeast Inlet section of Atlantic City has helped to create attractive and affordable housing alternatives within the city. This is allowing more people to live within Atlantic City.

Equal Employment Opportunity (EEO)

The New Jersey Casino Control Commission's regulations and policies support and enforce a diverse work force among all 12 Atlantic City casinos. As of December 31, 1996, Atlantic City casinos had 41,434 full-time employees. Casino Control Commission regulations set goals for employment of women and minorities in the casino workforce in nine categories: Officials and Managers, Professionals, Technicians, Salesworkers, Office and Clerical, Craftspersons, Operatives, Laborers and Service Workers. All 12 casinos met or exceeded regulatory goals for minorities in eight of the nine EEO categories.

Source: New Jersey Casino Control Commission

CASINO INDUSTRY WORK FORCE COMPOSITION AS OF DECEMBER 31, 1995

EEO CATEGORY	TOTAL	FEMALES	MINORITIES	WHITE MALES
Officials & Managers	7,438	40.5	27.2	45.5
Professionals	5,087	44.3	42.8	33.6
Technicians	961	17.1	21.1	66.9
Sales Workers	4,284	65.5	61.0	13.1
Office & Clerical	3,183	80.3	43.7	10.6
Craftspersons	986	6.9	16.8	78.3
Operatives	1,430	24.4	49.9	39.0
Laborers	1,154	21.7	73.7	22.1
Service Workers	16,820	45.1	58.7	22.1

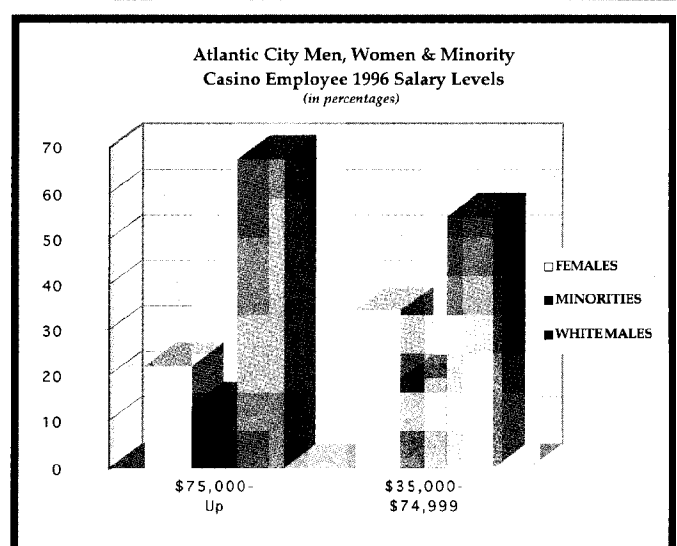
Source: New Jersey Casino Control Commission

CASINO INDUSTRY WORK FORCE COMPOSITION AS OF DECEMBER 31, 1996

EEO CATEGORY	TOTAL	FEMALES	MINORITIES	WHITE MALES
Officials & Managers	7,585	40.1	25.8	46.5
Professionals	5,087	44.8	40.1	34.9
Technicians	988	16.3	20.1	68.0
Sales Workers	4,267	64.8	59.3	14.0
Office & Clerical	3,268	80.6	40.2	10.8
Craftspersons	1,045	6.3	16.8	78.6
Operatives	1,394	23.3	49.4	39.7
Laborers	1,095	21.6	72.6	23.4
Service Workers	16,034	44.3	56.5	23.5

For females, Atlantic City casinos met or exceeded regulatory goals in four EEO categories. During 1996, female representation in four of the five deficient categories increased above 1995 levels.

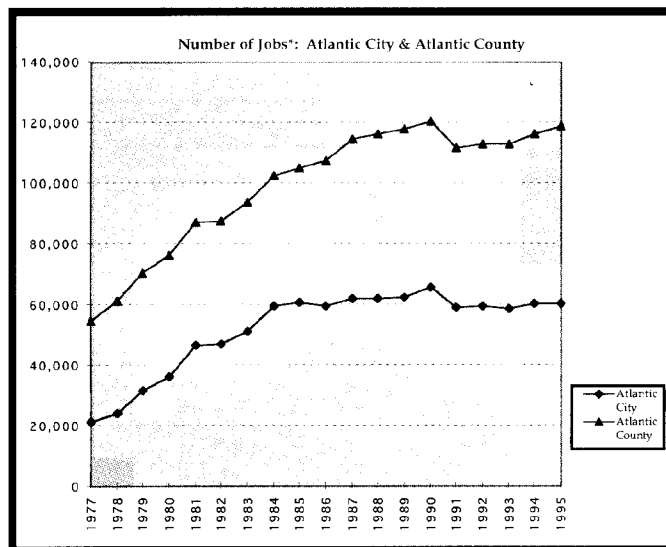
Although a majority of the casino work force earns a healthy salary, it is apparent that white males disproportionately earn more than women and minorities, as 67.5 percent of those making \$75,000 and above are white males. This is an area where the commission and the casino industry need to focus for improvement.



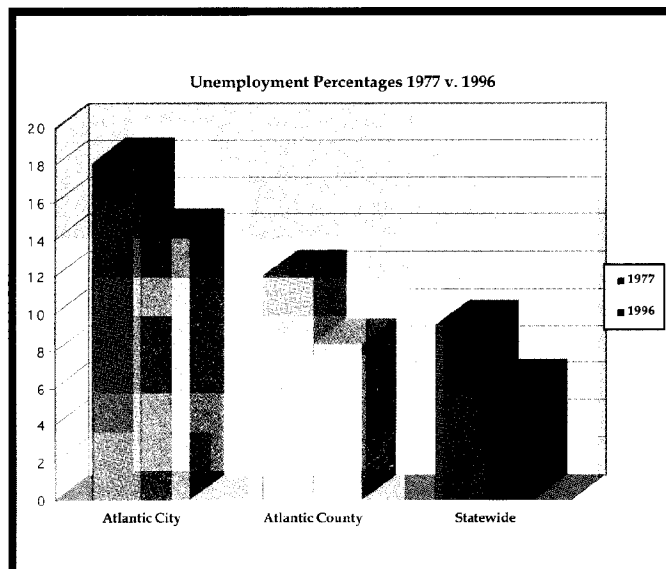
Source: New Jersey Casino Control Commission

Unemployment Declines

The casino industry's need for employees and services has greatly increased the number of jobs in the city and county and has reduced the unemployment rate. Although the unemployment rate is lower today than before casinos arrived in Atlantic City, it remains high due, in part, to the fact that the large number of casino jobs has made Atlantic City a magnet for people seeking employment, particularly from Asian, Central American and South American countries. Strict licensing requirements also limit the number of people who can qualify for casino-related jobs.



*Average number of private sector jobs within the region during the third quarter of the year.
Source: NJ Department of Labor



Source: New Jersey Department of Labor

From 1977 to 1995, employment rose by over 182 percent in Atlantic City and over 118 percent in Atlantic County by 1996.

Unemployment dropped from 18.1 percent in Atlantic City and 12.1 percent in Atlantic County in 1977 to 14.3 percent in Atlantic City and 8.4 percent in Atlantic County in 1996.

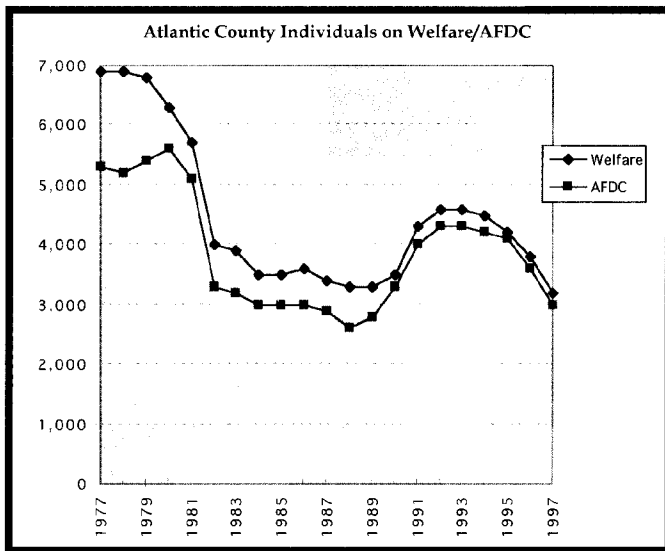
In an effort to help reduce the unemployment rate in Atlantic City, Marina Associates, operators of Harrah's Casino Hotel, and Mirage Resorts, Inc., are initiating a training partnership with Atlantic Community College, the City of Atlantic City and the State of New Jersey. The *Atlantic City First* program will include preparation for specific jobs, as well as training in life skills, basic skills and literacy and, if necessary, treatment to overcome substance abuse. This will help Mirage Resorts meet its commitment to provide training and jobs for up to 2,000 unemployed and under-employed residents of Atlantic City.

Social Assistance: Welfare and AFDC Decrease

Development of the casino industry has made a significant impact upon individual's dependence on governmental assistance. As the chart reflects, in 1977, 6,900 Atlantic County residents were receiving welfare assistance and 5,300 were receiving Aid to Families with Dependent Children (AFDC). By 1997, only 3,200 received welfare and 3,000 received AFDC.

While Atlantic County's population was increasing, it witnessed a remarkable 54 percent decrease in those receiving welfare and a 44 percent reduction of AFDC recipients.

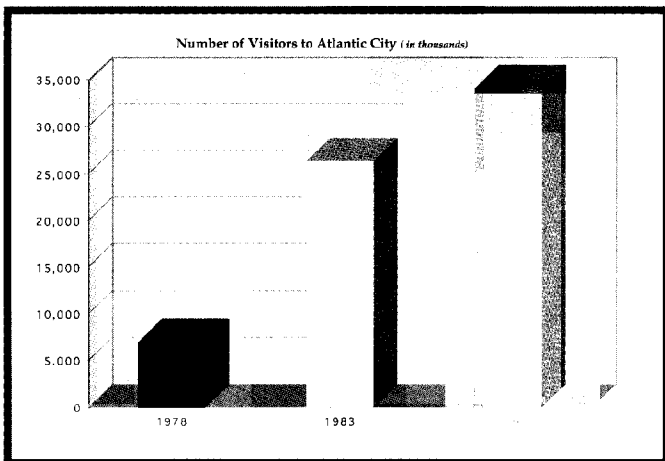
It is apparent that the increase of employment opportunities has contributed significantly to this decline.



Source: Atlantic County Department of Social Services

Tourism

As mentioned earlier, New Jersey's casino gaming industry was instituted to increase jobs, spark economic development and bring Atlantic City's tourism industry back to life after many dormant years. In 1976, there were only 7,900 hotel rooms in Atlantic City, ranging from first class to substandard. Only nine hotels with 3,239 rooms were first class. Between 1966 and 1976, almost 6,000 hotel rooms closed. As a result, the number of conventions and visitors declined. Today, there are over 11,600 casino hotel rooms with almost 13,000 additional casino hotel rooms projected to be built in the next five years. Construction of these much needed hotel rooms will not only accommodate visitors for gaming, but will help accommodate Atlantic City's new \$268 million Convention Center.



Source: South Jersey Transportation Authority

In 1978, Atlantic City had a little over 7 million visitors. As casino properties increased and added hotel rooms, visitors began to return to Atlantic City. In 1983, over 26 million people visited Atlantic City.

By 1996, the number soared to over 34 million visitors per year.

Casino Bus Traffic

Many visitors to Atlantic City arrive via automobile and bus, given Atlantic City's geographic location in relation to the Philadelphia and New York metropolitan areas. Of the 34 million annual visitors to Atlantic City, 31 percent arrive by bus. In 1996, 26,778 buses arrived carrying over 10.5 million passengers.⁴⁹ (See Appendix 8.

Atlantic City Restaurant Industry

The non-casino restaurant industry in Atlantic City has experienced tough competition since the onset of casino gaming. This partially resulted from the former statutory requirement that casino hotels provide restaurants located within their properties. Another reason is that casinos can offer low priced meals due to the large volume of guests they accommodate on a daily basis. Meals are often given complimentary to valued gaming customers. Popular restaurant attractions, such as Planet Hollywood and the Hard Rock Cafe located in casino hotels also increase the competition. Consequently, many visitors to Atlantic City stay within the casino properties and do not frequent local restaurants. Although the number of eating and drinking establishments has increased in Atlantic County from 418 in 1977 to 569 in 1994⁵⁰, restauranteurs claim the number of non-casino restaurants in Atlantic City has declined significantly. However, new non-casino restaurants have opened in recent years.

Today's primary market and hope for the future for Atlantic City's non-casino restaurants is catering to conventioners visiting the new Atlantic City Convention Center. The Atlantic City Convention

and Visitor's Authority (ACCVA) has recognized the concerns and has been working to develop a marketing partnership in an attempt to aid these restaurant establishments.

The ACCVA staffs a reservation booth at each convention and books thousands of lunch and dinner reservations for local non-casino restaurants.

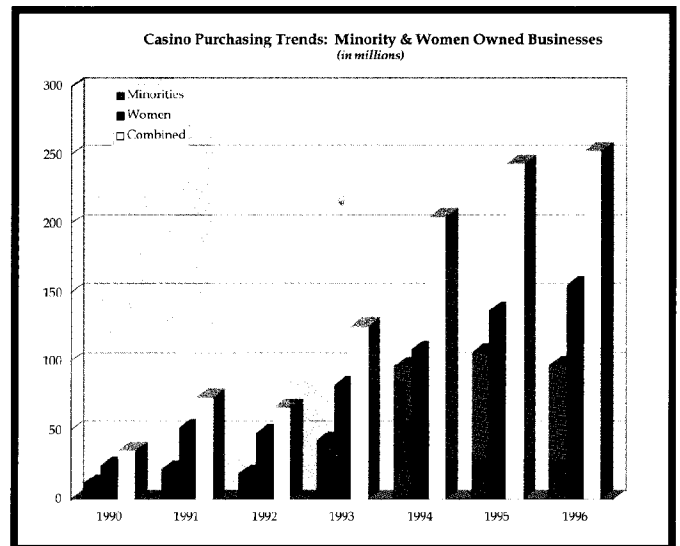
It has developed a restaurant guide that includes local non-casino restaurants. In addition to the help provided by the ACCVA, casinos have made arrangements to give their customers complimentary meals at some non-casino restaurants. Other non-casino restaurants have taken advantage of the large number of casino customers on the Boardwalk by marketing directly to them. Good food and good marketing are, as always, essential ingredients for success.

Minority & Women Owned Businesses

It has long been the public policy of the State of New Jersey to promote equal employment and business opportunity by prohibiting discrimination and by encouraging businesses to achieve a balanced representation of employees at all levels of the work force.

Casino licensees are encouraged to contract with and purchase goods and services from women and minority owned businesses.

Consistent with this public policy, the commission monitors and evaluates the good faith efforts of all licensees and applicants to achieve these goals. The effectiveness and the resolve of the commission and the responsiveness of the casino industry itself to afford equal opportunity to women and minority entrepreneurs are constantly monitored.



Source: New Jersey Casino Control Commission

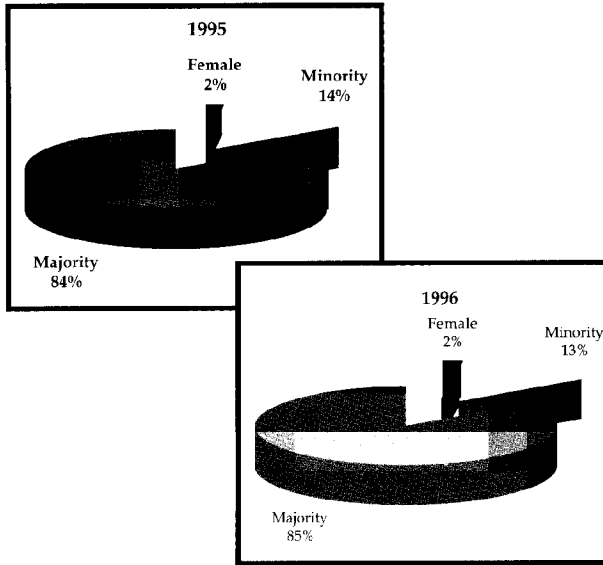
Atlantic City casinos have increased their combined purchasing from businesses owned by minorities and women from a low in 1990 of 2.86 percent (\$35.1 million) to 24 percent (\$252.3 million) in 1996.

This is particularly significant because the regulatory goal is only 15 percent. The fact that the casino industry exceeds the regulatory goal by 9 percent is indicative of a growing pool of qualified women and minority entrepreneurs who can provide quality products and services at competitive prices. The achievement of the commission's intended results reflects a growing awareness on the part of the casino industry that doing business with women and minorities makes good business sense.

Construction Contracts

Commission regulations do not set specific goals for the award of construction contracts to women and minority firms. However, the commission's regulations do set goals for all licensees, their contractors and subcontractors, to make good faith efforts to employ 5 percent females and 14 percent minorities in their construction trade workforce. Casino licensees are also encouraged to award

construction contracts to women and minority contractors as part of their program to purchase goods and services from women and minority entrepreneurs.



Source: New Jersey Casino Control Commission

Construction trade workforce compliance is measured by the total number of minority and women worker-hours as a percentage of the total of all worker-hours. Compliance is calculated not by individual trades, but rather by the sum of all worker hours combined across all trades. While Atlantic City casino licensees have consistently come close to achieving the regulatory goal for minorities, female participation, although showing slight improvement, remains low. With the continued expansion of casino activity in Atlantic City, it is believed that the increased opportunities for construction jobs will result in greater female participation.

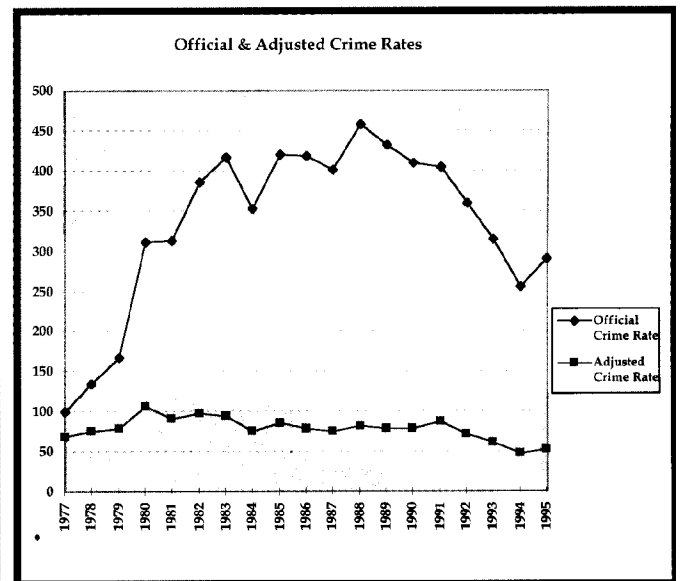
Crime Rates: Safer Today Than Before Casinos

As with any tourist destination, an increase in the number of visitors results in an increase in crime. When looking at crime rates based upon the population of Atlantic City there were 4,391 crimes committed and some 42,655 residents in 1977. In 1996, there were 13,510 crimes committed and approximately 38,000 residents. Therefore, it would appear that the total crimes in Atlantic City tripled from 1977 to 1996.

This statistic, however, is misleading due to the number of visitors. The number of visitors increased from 7 million in 1977 to 34 million in 1996, an increase of almost 400 percent. In order to make a proper analysis, one must look at the visitor adjusted crime rate that actually reveals a decrease of the crime rate since the onset of casino gaming. The adjusted crime rate in 1977 was 69.9 per 1,000 visitors. That number rose very quickly, and by 1980 the rate was 108. But as the number of visitors to Atlantic City rose through the 1980's, the rate declined. In 1996, the adjusted crime rate was 52.6.

A person in Atlantic City is less likely to be the victim of a crime today than in 1977. Atlantic City is clearly safer today than it was in 1977.

The reduction in crime may be directly associated with the increase of employment opportunities and implementation of a number of programs to improve police effectiveness, including the appointment of a public safety director and the establishment of community policing programs, such as bike patrols, that have significantly increased the visibility of police on the streets. (See Appendix 9.)



Source: Uniform Crime Report and the South Jersey Transportation Authority

Compulsive Gambling

For most people, gambling is a harmless and entertaining diversion from everyday life. For some, however, gambling is an addiction. The New Jersey Casino Control Commission recognizes that compulsive gambling is a problem that must be addressed not only by the gaming industry but by the state as well.

One measure of the seriousness of the problem is the number of calls received by the Council on Compulsive Gambling of New Jersey on its 1-800-GAMBLER hotline. For 1996, the Council reported:

- ◆ 26,080 were from New Jersey residents, up from 24,270 one year earlier;
- ◆ the average family income was \$42,474, up 27 percent from \$33,410 in 1995;
- ◆ the average gambling debt was \$31,012 in 1996 and \$28,315 in 1995;
- ◆ gambling debts ranged from \$700 from a high school student to several hundreds of thousands of dollars from a business owner;
- ◆ Over 76 percent of those calling the helpline were men - 24 percent women;
- ◆ 72 percent of the calls came from compulsive gamblers themselves and 28 percent from a family member of a gambler;
- ◆ 9 percent were less than 21 years of age;
- ◆ 13 percent were 55 years of age and above (many said that they had depleted their retirement savings in order to continue their gambling);
- ◆ nearly 70 percent of those calling the help line, said their compulsive gambling problems had some relation to casino gambling. However, many had multiple gambling addictions.

For those with multiple gambling addictions:

- ◆ 47 percent named lotteries as a compulsion;
- ◆ 41 percent cited sports betting and 28 percent bet on horses;
- ◆ 9 percent gambled at high stakes bingo;
- ◆ 2 percent named stocks and commodities.

(Since a number of persons named several types of gambling as "problem areas", these figures add up to more than 100 percent).

Legislative Initiatives to Address Compulsive Gambling

The State Legislature, conscious of the issue of compulsive gambling, incorporated statutory provisions to address this important concern. The Casino Control Act includes advertising parameters and the allocation of revenues to compulsive gambling programs collected via fines and penalties.

Any on-site advertising of casino or casino simulcasting operations, must include the phrase ***Bet With Your Head Not Over It*** or some comparable language approved by the commission. All advertising that appears in print, or on a billboard or sign must contain the words, *If you or someone you know has a gambling problem and wants help, call 1-800-GAMBLER* or some comparable language approved by the commission.⁵¹

In addition, the first \$600,000 in fines collected by the commission each fiscal year are forwarded to the Department of Health. Of this amount, \$500,000 is provided to the Council on Compulsive Gambling of New Jersey and \$100,000 is allocated to compulsive gambling treatment programs in the state. In the event that less than \$600,000 in fines is collected, the Department of Health determines the allocation of funds between the council and the treatment programs eligible under criteria established by law.⁵² Funding problems have arisen when the amount of fines did not meet the \$600,000 mark. In the past, casinos have voluntarily helped make up the difference.

Governor Whitman has recognized and addressed this serious problem by allocating \$600,000 from the general treasury to be reimbursed as fines are collected. This has provided a stable source of funding for compulsive gambling programs.

Juvenile Gambling

The Casino Control Act provides that:

No person under the age at which a person is authorized to purchase and consume alcoholic beverages shall enter or wager in a licensed casino or simulcasting facility; provided, however, that such a person may enter a casino or simulcasting facility by way of passage to another room . . .⁵³

Juveniles are allowed to cross the gaming floor provided that the casinos have in place a security plan to address the issue of underage gaming.

Personnel who work on the floor in casinos have been trained in the identification of juveniles. Thousands of employees are now sensitive to this problem in addition to those security guards who roam the floor with juvenile identification as their sole function.

In recent years, there has been an increase in the amount of resources dedicated to this area by the law enforcement agencies and a greater likelihood that a juvenile identified gambling will be taken into custody. Previously, the majority of juveniles found in the gaming areas were evicted from the premises but were not formally taken into custody. Today, with increases in the number of state police assigned to fighting this problem, it is much more likely that a juvenile caught gambling will be held by the casino's security department until a state law enforcement representative arrives and formally takes the juvenile into custody.

The following provides a breakdown of juvenile arrests and evictions in 1996:

- ◆ 53,388 juveniles were prevented from entering casinos
- ◆ 36,701 were escorted from the casino floor
- ◆ 146 were found gambling at tables
- ◆ 348 were found using slot machines
- ◆ 437 were taken into custody
- ◆ 3 were found consuming alcohol
- ◆ **Total: 91,023⁵⁴**

Industry Initiatives

In recognition of the seriousness of underage and compulsive gambling, the industry has developed various programs to address these problems. Trump Hotels & Casino Resorts (THCR) has recently developed a comprehensive responsible gaming policy to address the issues of underage and compulsive gambling. THCR has developed a Responsible Gaming Committee, with representatives from all of its properties in the areas of casino operations, legal, marketing, finance, training and credit.

Highlights of this policy include a patron's ability to have him or herself voluntarily barred from the casino and asking to be removed from all marketing mailing lists. A unique feature of THCR's policy is its commitment to fund outpatient services necessary to treat a gambling problem.

Project 21 is another program, which was created eight years ago by Harrah's. The program has been supported by seven of Atlantic City's casinos and is a public information campaign aimed at battling underage gambling. Since its creation, Project 21 has awarded \$120,000 in scholarships, as a result of poster and essay entries from high school, vocational school and college students.

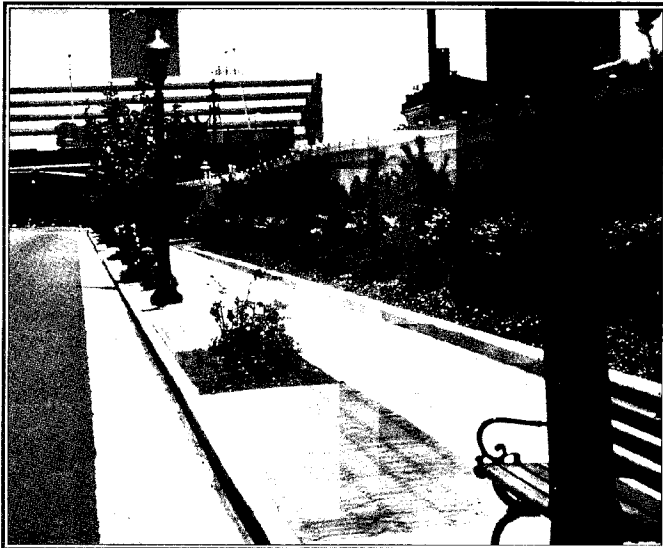
Atlantic City Special Improvement District

In order to improve the business environment, Atlantic City created a Special Improvement District (SID) in 1992. The district includes all of the Boardwalk casinos and encompasses much of the city's main business zone.

Projects include installation of faux gas lamps and decorative banners along the Boardwalk and various other streets, the use of ornamental pavers at intersections and along sidewalks and even the landscaping of vacant lots. It purchased new trash and recycling receptacles, benches and made various other improvements. SID supplements the city's efforts picking up litter, using mechanical sweepers on the sidewalks and Boardwalk daily and even steam cleaning sidewalks. SID also staffs four kiosks on the Boardwalk as part of a courtesy campaign. Visitors can obtain information on hotels, restaurants, casinos

and other attractions at those facilities.

Most of the SID's \$2.6 million annual operating budget comes from assessments on casinos. In addition, various capital projects are funded through grants from the Casino Reinvestment Development Authority.



Streetscape improvements enhance the aesthetics of Atlantic City.

Relationship Between Residents And Casino Operators

Although there are no hard data to identify the relationship between Atlantic City residents and the casino industry, one can simply open a newspaper on any given day in order to get a flavor of this association. Some residents have a negative attitude toward the industry. They believe government and industry are forcing residents out of town by exercising the power of eminent domain to expand or build new casino hotels or to create tourist attractions and amenities. They believe that many of the jobs created by the casino industry are not given to residents and generally look upon the casino industry as "greedy" and not to be trusted.

In an attempt to address these concerns, casino operators have made many contributions to Atlantic City causes. Some have developed school mentoring programs; others have made monetary contributions to schools, community groups and non-profit organizations.

A Case in Point: Atlantic City Rescue Mission

The Atlantic City Rescue Mission has seen an increase in the city's homeless population as the amount of tourist population increases. Today, an average of 300 people are residing in the Atlantic City Rescue Mission.

In 1996, the average stay at the mission was 16 days. The mission served 3,495 people, which included 545 women, 127 mothers, 258 children and 2,565 men.

The rescue mission estimates that 10 percent of those staying at the mission are compulsive gamblers and 55 percent have some chronic addiction, such as drugs and alcohol. A breakdown of Atlantic City's homeless population staying at the mission in 1996 is as follows:

- ◆ 55 percent were New Jersey residents;
- ◆ 34.6 percent were from Atlantic County;
- ◆ 28.4 percent were from Atlantic City;
- ◆ 9.6 percent were from Pennsylvania;
- ◆ 4.8 percent were from New York;
- ◆ the remaining came from Florida and other areas.

A major milestone was achieved at the mission in 1996. After six years of operating with a \$2 million mortgage, the community responded to its need. The Casino Reinvestment Development Authority allowed Bally's Park Place Casino Hotel to give an \$866,000 donation as part of its CRDA obligation. This reduced the mission's mortgage obligation to \$545,000. Caesars Hotel Casino also gave a challenge to the community by offering to match gifts of up to \$40,000. As a result, contributions totaled \$47,000.

In 1996, local supermarkets, bakeries and casinos provided over \$320,000 worth of food in serving 200,000 meals.⁵⁵

CONCLUSION

Redevelopment of Atlantic City, jobs, tax revenues, programs for senior citizens and the disabled, conventions, tourism, promoting women and minority business and employment and billions of dollars of indirect business through the purchase of goods and services – all are Atlantic City casino gaming success stories. New Jersey has proven that criminal elements can be kept out of casino operations, the games can be properly controlled, the revenues wholly accounted for, crime in the city kept in check and compulsive and underage gambling problems properly addressed.

Yes, more can, should and will be done to rejuvenate Atlantic City. More could have been done faster. But the Atlantic City of today is light years away from the crumbling decay that preceded the casino era.

With continued development spurred by an expanding casino industry, the future of Atlantic City, the region and those who live and work here is assured.

ENDNOTES

- ¹New Jersey Constitution, Article IV, Section II, Paragraph 2(d). New Jersey Statutes Annotated 5:12-1 et seq. (P.L. 1977, chapter 110), the "Casino Control Act".
- ² Fiscal Year 1998 Budget Request, New Jersey Casino Control Commission, p.10.
- ³N.J.S.A. 5:12-1 et seq.
- ⁴N.J.S.A. 5:12-58.
- ⁵N.J.S.A. 5:12-60.
- ⁶N.J.S.A. 5:12-59; N.J.S.A. 52:13D-17.2.
- ⁷N.J.S.A. 5:12-58.
- ⁸N.J.S.A. 5:12-59.
- ⁹N.J.S.A. 5:12-59.
- ¹⁰N.J.S.A. 5:12-59.
- ¹¹N.J.S.A. 52:13d-23(e)(g); New Jersey Casino Control Commission Code of Ethics.
- ¹²N.J.S.A. 5:12-80 et seq.; New Jersey Administrative Code (N.J.A.C.) 19:43-1.1 et seq; N.J.A.C. 19:51 et seq.
- ¹³N.J.S.A. 5:12-80 et seq.;
- ¹⁴N.J.S.A. 5:12-86.
- ¹⁵N.J.S.A. 5:12-89, 90, 91; N.J.A.C. 19:41-1.1 et seq.
- ¹⁶N.J.S.A. 5:12-102; N.J.A.C. 19:49-1.1 et seq.
- ¹⁷New Jersey Casino Control Commission.
- ¹⁸N.J.S.A. 5:12-92; N.J.A.C. 19:51-1.1 et seq.
- ¹⁹N.J.A.C. 19:51-1.2A (e).
- ²⁰N.J.S.A. 5:12-102; N.J.A.C. 19:49-1.1 et seq.
- ²¹New Jersey Casino Control Commission.
- ²²N.J.S.A. 5:12-138.
- ²³N.J.S.A. 5:12-100n.
- ²⁴N.J.S.A. 5:12-101b; N.J.A.C. 19:45-1.25.
- ²⁵N.J.S.A. 5:12-101c.
- ²⁶N.J.A.C. 19:45-1.25(k).
- ²⁷N.J.A.C. 19:45-1.27.
- ²⁸N.J.A.C. 19:45-1.27(a).
- ²⁹N.J.S.A. 5:12-101; N.J.A.C. 19:45-1.25.
- ³⁰N.J.S.A. 5:12-101e.
- ³¹N.J.S.A. 5:12-101f.
- ³²N.J.A.C. 19:45-1.27.
- ³³N.J.S.A. 5:12-101k.
- ³⁴N.J.S.A. 5:12-100k; N.J.A.C. 19:45-1.18A,
- ³⁵N.J.S.A. 5:12-101; N.J.A.C. 19:45-1.25.
- ³⁶N.J.S.A. 5:12-143.
- ³⁷N.J.A.C. 19:45-1.11; N.J.A.C. 19:45-1.11A; N.J.A.C. 19:45-1.12
- ³⁸N.J.S.A. 5:12-1; N.J.S.A. 5:12-144.
- ³⁹N.J.A.C. 19:45-1.11; N.J.A.C. 19:45-1.3.
- ⁴⁰N.J.A.C. 19:45-1.32; N.J.A.C. 19:45-1.36; N.J.A.C. 19:45-1.42; N.J.A.C. 19:45-1.43.
- ⁴¹N.J.A.C. 19:45-1.32; N.J.A.C. 19:45-1.33; N.J.A.C. 19:45-1.36.
- ⁴²N.J.S.A. 5:12-83.
- ⁴³Economic Research Associates, *Impact of Casino Gambling on the Redevelopment Potential of the Uptown Urban Renewal Site & on the Economy of Atlantic City*, June, 1976.
- ⁴⁴Thomas P. Hamer, *Economic Impact of the New Jersey Casino Industry*, September, 1995.
- ⁴⁵County Business Patterns, 1977 & 1994, United States Bureau of the Census.
- ⁴⁶City of Atlantic City Tax Assessor's Office.
- ⁴⁷New Jersey Department of Community Affairs.
- ⁴⁸City of Atlantic City Tax Assessor's Office.
- ⁴⁹South Jersey Transportation Authority.
- ⁵⁰County Business Patterns, 1977 & 1994, United States Bureau of the Census.
- ⁵¹N.J.A.C. 19:43-14.2.
- ⁵²N.J.S.A. 5:12-145.
- ⁵³N.J.S.A. 5:12-119.
- ⁵⁴New Jersey Casino Control Commission.
- ⁵⁵Atlantic City Rescue Mission, *1996 Annual Report*.

ACKNOWLEDGEMENT

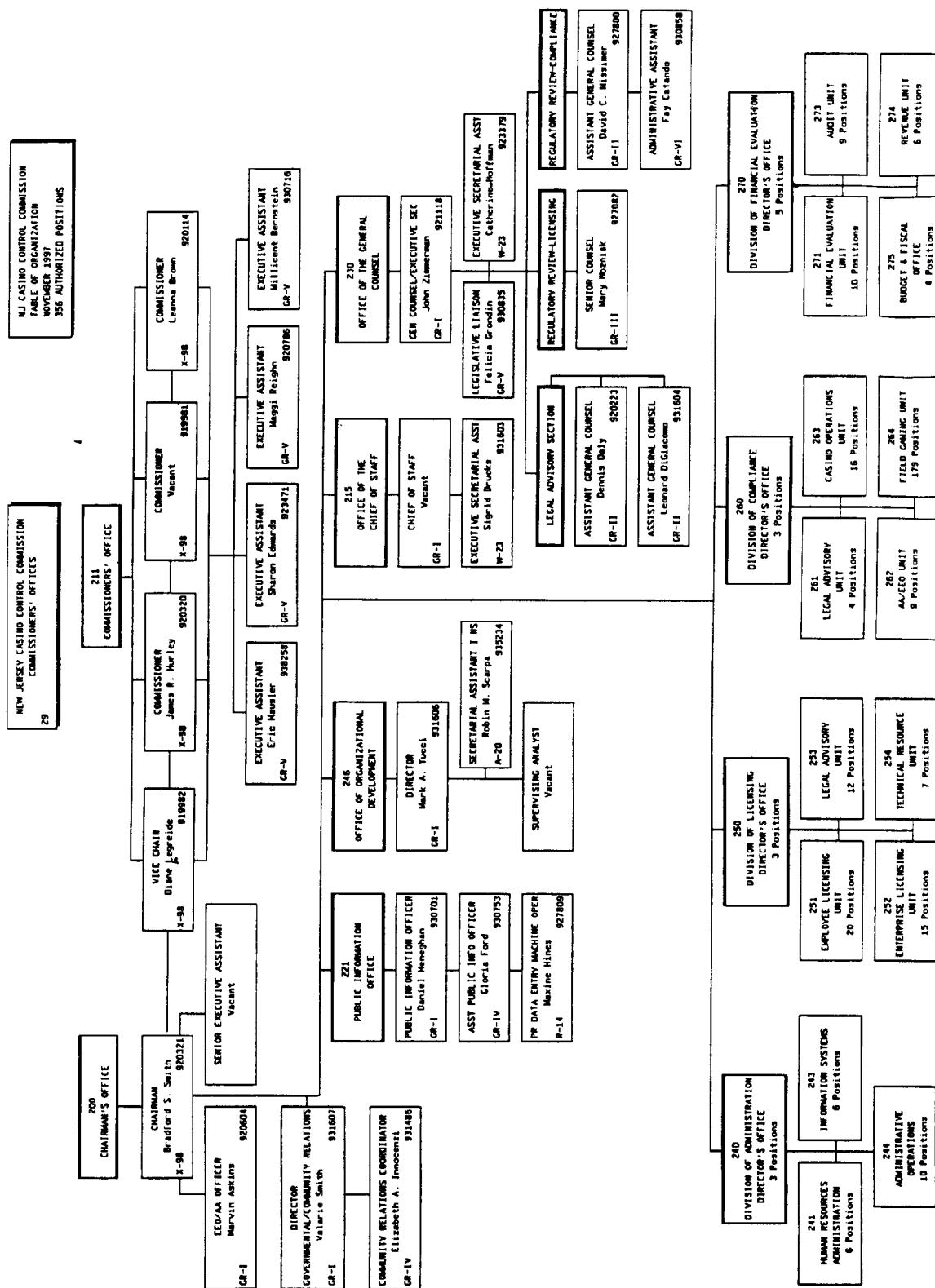
The New Jersey Casino Control Commission gratefully acknowledges the following employees for their special contributions to this report:

*Felicia Grondin: Project coordination, research and writing;
Daniel Heneghan: Research and editing;
Pamela Mahr: Graphic design and layout;
Gloria Ford: Cover design and appendix;*

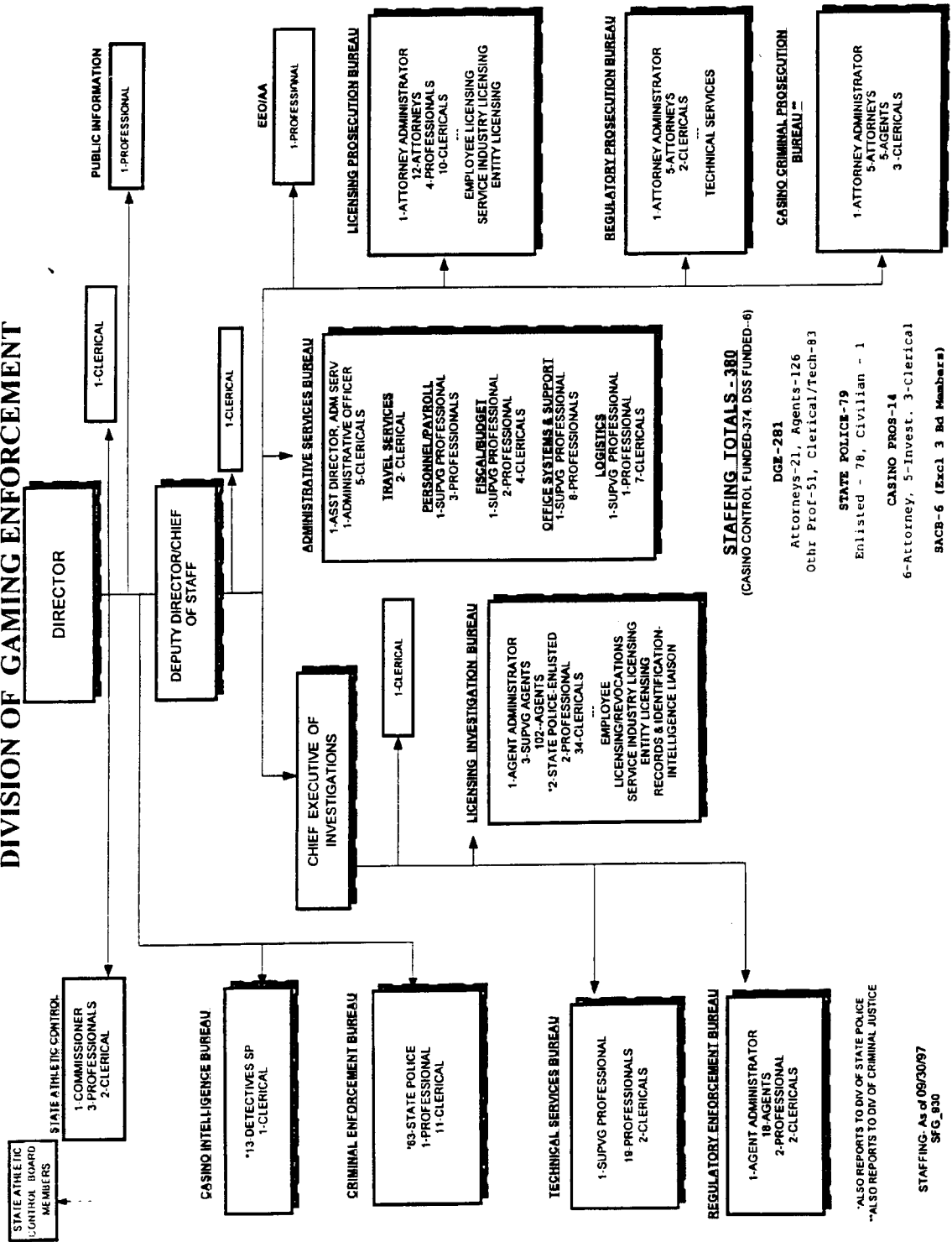
All other employees and agencies who gave of their valuable time and effort.

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DIVISION OF GAMING ENFORCEMENT



FINANCIAL DISCLOSURE STATEMENT FOR PUBLIC EMPLOYEES

Pursuant to Executive Order #2

Signed January 18, 1994

To: The Honorable Christine Todd Whitman, Governor of the State of New Jersey
The Executive Commission on Ethical Standards of the State of New Jersey

INSTRUCTIONS: Public employees must complete this form in full. Public officers, including members of certain State boards, commissions, authorities and public corporations, are not required to complete this form, but must complete and file form FDS — 94/2.

If additional space is necessary in completing this form, please use addendum pages and identify the question being answered. One copy of this completed form must be forwarded to the Governor's Counsel (CN-001, Trenton, NJ 08625-0001) and one copy forwarded to the Executive Commission on Ethical Standards. Each copy must contain an **original signature** and an **original notarization**.

Questions should be directed to the Director of the Executive Commission on Ethical Standards, CN-082, Trenton, NJ 08625-0082. Telephone (609) 292-1892.

Date of Statement:			
a. General Information:			
Name of Public Employee:			
Home Address:			
Title:			
Department:		Office Telephone Number:	
Name of Spouse:			
Occupation of Spouse:			
Name(s) of Dependent Children:			
Other governmental positions presently held by you or your spouse, whether compensated or uncompensated:			

b. Please list below any occupation, trade, business or profession presently engaged in by you, your spouse, or your dependent children that is subject to licensing or regulation by a State agency.

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FINANCIAL DISCLOSURE STATEMENT FOR PUBLIC EMPLOYEES

- c. Assets:** List all assets, both tangible and intangible, in which you, your spouse or your dependent children hold an interest, valued as of the date of this statement; provided, however, that when the value cannot be determined as of that date, a separate valuation date shall be specified for the particular asset. Public employees and their spouses must indicate the value of the asset in accordance with the value classifications listed below. Assets held by dependent children must be identified but need not be valued. If public employees or their spouses jointly hold assets with a third party, the assets must be disclosed as an asset of the public employee or the spouse. If public employees hold an asset jointly with their spouses, the asset must be disclosed as an asset of the public employee.

ASSETS (Valued at more than \$1,000)	Public Employee: Indicate Value Class	Spouse: Indicate Value Class	Dependent Children: Check if Asset is Held
CASH ON HAND IN BANK			
NOTES RECEIVABLE—Secured by Mortgage or Other Collateral. Indicate Nature of Note on Item 1.5 on page 3.			
NOTES RECEIVABLE — Unsecured			
ACCOUNTS RECEIVABLE — Indicate Nature of Account on Item 1.5 on page 3.			
GOVERNMENT BONDS Itemize on Schedule A			
(a) United States Government			
(b) New Jersey State Government			
(c) New Jersey Local Government			
(d) Out of State and Foreign Government			
STOCKS & CORPORATE BONDS (Include Mutual Funds) — Itemize on Schedule A			
INTEREST IN CONTRACTS WITH GOVERNMENT INSTRUMENTALITIES — Itemize on Schedule B			
(a) United States Government			

ASSETS (Valued at more than \$1,000)	Public Employee: Indicate Value Class	Spouse: Indicate Value Class	Dependent Children: Check if Asset is Held
(b) New Jersey State Government			
(c) New Jersey Local Government			
(d) Interstate Government Entity			
(e) Non-New Jersey Government			
REAL ESTATE INTERESTS— Itemize on Schedule C			
ACCUMULATED CASH VALUE OF LIFE INSURANCE			
TOTAL VALUE OF PENSION FUND (Include IRA, Keough, Annuities, etc.)			
HOUSEHOLD EFFECTS			
VEHICLES			
(a) Motor Vehicles — Autos, Motorcycles			
(b) Recreation Vehicles— Boats, Airplanes, etc.			
OTHER ASSETS (Itemize below):			

VALUE CLASS

- A = greater than \$1,000 but not more than \$5,000
 B = greater than \$5,000 but not more than \$25,000
 C = greater than \$25,000 but not more than \$50,000
 D = greater than \$50,000 but not more than \$100,000
 E = greater than \$100,000 but not more than \$250,000
 F = greater than \$250,000

- d.** Are you, your spouse, or your dependent children a party to a blind trust agreement? Yes _____ No _____
 If yes, please provide the name and address of the Trustee.

Name: _____

Address: _____

- e.** Do you or your spouse have any interest in any closely held corporation, partnership, sole proprietorship, or similar business entity? Yes _____ No _____
 If yes, itemize on Schedule B

APPENDIX 2

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FINANCIAL DISCLOSURE STATEMENT FOR PUBLIC EMPLOYEES

- f. Income:** Public employees and their spouses must indicate the source and the amount of their income in accordance with the value classification table. The sources of income of dependent children must be identified, but the amount of income need not be disclosed. Public employees filing before July 1 of any year must provide this information for the preceding tax year. Public employees filing after July 1 of any year must provide this information for the 12-month period prior to filing. Income from any source totaling less than \$1000 need not be disclosed. The following gifts need not be reported: (1) cash gifts of less than \$100 in the aggregate received from a person, (2) non-cash gifts with fair market value of less than \$200 in the aggregate received from a person, and (3) gifts of less than \$3000 in the aggregate received from a relative.

VALUE CLASS A = greater than \$1,000 but not more than \$5,000 B = greater than \$5,000 but not more than \$25,000 C = greater than \$25,000 but not more than \$50,000 D = greater than \$50,000 but not more than \$100,000 E = greater than \$100,000 but not more than \$250,000 F = greater than \$250,000		Public Employee: Indicate Value Class	Spouse: Indicate Value Class	Dependent Children: Check to Designate Source
1. All compensated employment of whatever nature, including current State or other employment. Please list commencement and, if applicable, termination date. Be sure to include the name of the employer(s).				
2. All directorships and other fiduciary positions for which compensation has or will be received:				
3. All contractual arrangements producing or expected to produce income:				
4. All capital gains: (Itemize on Schedule D)				
5. All honoraria, lecture fees, gifts and other miscellaneous sources of income, including but not limited to interest, dividends, royalties, rents and accounts and notes receivable:				

- g.** List any offices, trusteeships, directorships or positions of any nature, whether compensated or uncompensated, held by you, your spouse, or dependent children, with any firm, corporation, association, partnership or business. If such firm, corporation, association, partnership or business does business with a casino or does business with the State, or is regulated, licensed or inspected by any State agency, please identify the State agency or casino.

Position Held	Firm, Corporation, Association, Partnership or Business	State Agency	Casino	Indicate whether held by public employee, spouse, or dependent children

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Page :-

c. Liabilities: List all your liabilities and those of your spouse or your dependent children. Identify the creditor and value by category. Include all liabilities that have been forgiven by any creditor within the last twelve months, stating the name of the creditor to whom the liability was owed. Liabilities include, but are not limited to, notes, accounts payable, taxes, mortgages or liens, and loans on life insurance.

The following liabilities need not be reported: less than \$10,000 owed to a relative; less than \$1000 owed to any other person; loans secured by a personal motor vehicle, household furniture or appliances where the loan did not exceed the purchase price of the item and the outstanding balance did not exceed \$10,000 as of the close of the preceding calendar year; and revolving charge accounts where the outstanding liability did not exceed \$10,000 as of the close of the preceding calendar year.

[illegible]**VALUE CLASS**

- A = greater than \$1,000 but not more than \$5,000
B = greater than \$5,000 but not more than \$25,000
C = greater than \$25,000 but not more than \$50,000
D = greater than \$50,000 but not more than \$100,000
E = greater than \$100,000 but not more than \$250,000
F = greater than \$250,000

SCHEDULE A — STOCKS AND BONDS HELD

List the type and value class of stocks and bonds owned by you, your spouse, or your dependent children; list the name of the company, mutual fund, holding company or government agency issuing the stocks and bonds. If your ownership interest exists through a mutual fund or holding company, you need not list the individual stocks so owned; you must, however, list the mutual fund or holding company. If your ownership interest exists through a beneficial interest in a trust, list the stocks and bonds so owned if you have such knowledge; otherwise list the name of the trustee.

[illegible]

*Individuals who own more than 10% of the stock of any company must disclose the percentage of ownership.

VALUE CLASS

- A = greater than \$1,000 but not more than \$5,000
B = greater than \$5,000 but not more than \$25,000
C = greater than \$25,000 but not more than \$50,000
D = greater than \$50,000 but not more than \$100,000
E = greater than \$100,000 but not more than \$250,000
F = greater than \$250,000

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FINANCIAL DISCLOSURE STATEMENT FOR PUBLIC EMPLOYEES

SCHEDULE B — INTEREST IN CLOSELY HELD CORPORATIONS OR SIMILAR BUSINESS ENTITIES / PURCHASES, SALES CONTRACTS OR AGREEMENTS WITH GOVERNMENT INSTRUMENTALITIES

If you or your spouse have any interest in any closely held corporation, partnership, sole proprietorship, or similar business entity, please provide the requested information for each business entity. "Interest" means ANY ownership or control or ANY profits or assets of such business entity.

Interest held by: ☐ Public Employee ☐ Spouse

BUSINESS NAME: _____

ADDRESS: _____

CITY: _____ STATE: _____

(Use a separate sheet to list additional business entities.)

General description of business activity of entity: _____

Duties and responsibilities of State position: _____

GOVERNMENT INSTRUMENTALITIES

Does entity or entities identified above do business with any of the following? "Doing Business" means business or commercial transactions involving the sale, conveyance, or rental of any goods or services, and does not include such activities as compliance with regulatory procedures.

In addition, if you indicated on page 2, **Assets**, that you, your spouse or dependent children have an interest in a contract with a government instrumentality, please check the appropriate instrumentality.

	YES*	NO
United States Government	_____	_____
State of New Jersey	_____	_____
New Jersey Local Government Entity	_____	_____
Interstate Entity	_____	_____
Non-New Jersey State or Local Government Entity	_____	_____

*If you checked "yes" for any of the above, please attach documentation regarding such business activities.

Is the purchase, sale, contract, or agreement with the governmental entity subject to public notice and competitive bidding?

Yes _____ No _____

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FINANCIAL DISCLOSURE STATEMENT FOR PUBLIC EMPLOYEES

SCHEDULE C — REAL ESTATE INTERESTS

1. List all your real estate holdings and those of your spouse and dependent children. New Jersey real estate holdings must include the location, municipality, size, and current use of any real property in which any direct, indirect, vested or contingent interest is held by you, your spouse or dependent children, along with the names of all individuals or entities who share a direct or indirect interest therein.

Location, Street & Municipality	Size	Individuals or Entities Sharing Interest	Current Use*	Acquisition Date	Held by: (check)			Indicate Value Class if Held by		Valuation Date**
					Public Employee	Spouse	Dependent Children	Public Employee	Spouse	

* Specify if commercial, industrial, residential, farm or vacant.

** Specify a valuation date if the value cannot be determined as of the date of this statement.

A = greater than \$1,000 but not more than \$5,000
 B = greater than \$5,000 but not more than \$25,000
 C = greater than \$25,000 but not more than \$50,000
 D = greater than \$50,000 but not more than \$100,000
 E = greater than \$100,000 but not more than \$250,000
 F = greater than \$250,000

2. Do any of the individuals who are listed above as sharing a real estate interest with the public employee, the spouse or dependent children of the public employee work for the same State agency as the public employee? If so, identify the individuals and indicate if there is a supervisor/subordinate relationship between the public employee and the individual.

Supervisor/Subordinate Relationship? Yes _____ No _____

Names: _____

3. List the name of any government instrumentality that is a tenant in 1. above and any government instrumentality that has before it an application, complaint or proceeding directly affecting any real property listed above.

Location, Street & Municipality	Government Instrumentality Tenant	Government Instrumentality with Proceeding Pending

4. Do you receive any subsidy, grant or rental assistance (e.g., federal section 8 housing assistance) on behalf of any non-government tenant(s)?

Yes _____ No _____

SCHEDULE D — CAPITAL GAINS[illegible]

APPENDIX 2

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FINANCIAL DISCLOSURE STATEMENT FOR PUBLIC EMPLOYEES

ATTESTATION

I hereby certify that I have read the foregoing statement and any addendum pages attached thereto and to the best of my knowledge and belief, they are true, correct and complete and that I have not and will not transfer any asset, interest or property for the purpose of concealing it from disclosure while retaining an equitable interest therein.

(Signature)

Sworn and subscribed to before me

this _____ day of _____ 199 _____

(Title of Officer Administering Oath)

This Financial Disclosure Statement was prepared by (check one):

- ☐ Public Employee
☐ Spouse
☐ Other (Please identify) _____

**ORIGINALS OF SIGNATURE AND NOTARIZATION
MUST BE SUBMITTED.**

DO NOT SUBMIT PHOTOCOPIES.

APPENDIX 3

Casino Revenue Fund

Twenty years ago New Jersey voters approved casino gaming and directed that the 8 percent tax on casino gross revenues go exclusively to benefit senior citizens and disabled persons.

Today, hundreds of thousands of senior citizens and disabled persons receive assistance from programs funded by casino revenues.

Pharmaceutical Assistance to the aged and disabled (PAAD) and utility assistance (Lifeline Program) are two of the most popular programs.

Approximately, 185,100 senior citizens and 25,800 disabled persons received PAAD assistance last year and 240,500 New Jersey households benefited from Lifeline energy payments.

From May 1978 through June 1996 \$3.46 billion was deposited into the Casino Revenue Fund.

REVENUES

Beginning Balance, July 1, 1995	\$ 39,365,989
Total Revenues	\$ 340,286,449
Transfer from other funds	\$ 1,500,000
Total Resources	\$ 381,152,438

EXPENDITURES

Physical & Mental Health	
Pharmaceutical	\$ 173,317,119
Community Care Programs	\$ 30,534,072
General Medical Services	\$ 9,091,798
Respite Care for the Elderly	\$ 4,588,000
Epidemiology & Disease Control	\$ 1,494,156
Total	\$ 219,025,145

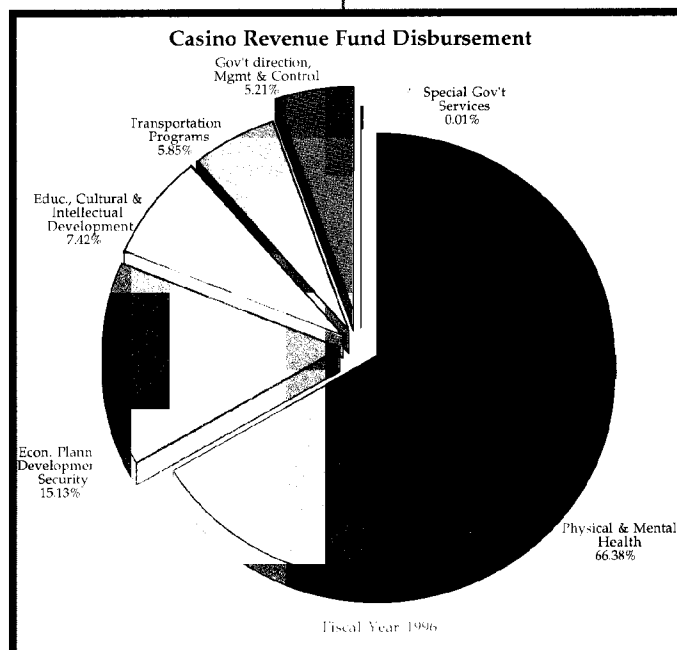
Educational, Cultural & Intellectual Development	
Purchased Residential Care	\$ 17,095,763
Adult Activities	\$ 7,392,358
Total	\$ 24,488,121

Economic Planning	
Development & Security	
Lifeline Credit	\$ 37,349,900
Congregate Housing Support	\$ 7,253,064
Personal Attendant Program	\$ 3,590,138
Other Miscellaneous	\$ 1,740,000
Total	\$ 49,933,102

Transportation Programs	\$ 19,296,117
Gov't Direction, Mgmt & Control;	
Tax Reimb. Exempt	\$ 17,180,000
Special Government Services	\$ 41,807

Total Expenditures	\$ 329,964,292
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End Balance, June 30, 1996	\$ 51,188,146
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APPENDIX 4

The Casino Reinvestment Development Authority (CRDA) Projects 10/16/97

Projects

CRDA Financial Commitments

Atlantic City Housing Project

3-2-1 Police Officer Neighborhood Stabilization Program	\$ 5,000,000
Bally's Hope Loan Program	\$ 1,000,000
Citywide Housing Rehabilitation Program	\$ 3,500,000
Gardners Landing	\$ 1,389,400
Grammercy Park	\$ 2,200,000
Habitat for Humanity	\$ 300,000
Home Buyers Loan Program	\$ 1,500,000
Jacobs Family Terrace	\$ 12,464,843
Landmark Group Rental Housing Rehabilitation	\$ 880,000
NJIT Housing Demonstration Park	\$ 1,925,540
Harbour Pointe	\$ 53,352,591
The Cove at Gardners Basin	\$ 28,231,091
Madison Landing	\$ 3,712,100
Northwest Inlet Rehabilitation	\$ 3,307,100
One North Boston Avenue	\$ 2,680,000
Regency & Victorian Court I & II	\$ 39,665,124
South Jersey Aids Alliance Transitional Home	\$ 250,000
Vermont Plaza	\$ 21,000,000
Vision 2000	\$ 2,677,720
Subtotal	\$ 185,035,509

*Atlantic City Corridor Project Total Cost (listed projects)

\$280,000,000

*Grand Boulevard Development
*Sheraton Convention Center HQ Hotel
*NJT Bus Terminal
*Miss America Rose Walk
*Seaskate Pavilion
*Convention Hall Renovations
*Visitor's Welcome Center
Subtotal

\$280,000,000

Atlantic City Non-Housing Projects

Absecon Lighthouse	\$ 970,000
A.C. Jitney Minority Loan Program	\$ 1,400,000
A.C. Medical Center Trauma Center	\$ 1,787,503
A.C. Minor League Baseball Stadium	\$ 11,550,000
A.C. Rescue Mission	\$ 866,000
Albany Avenue Beautification	\$ 510,000
Beron Jewish Older Adult Services Pavilion	\$ 1,350,000
Brigantine Homes Playground	\$ 25,000
Bungalow Park Community Center	\$ 2,500
Carnegie Library Plaza	\$ 2,034,000
Citywide Demolition	\$ 6,000,000
Delaware Avenue Widening	\$ 8,000,000
Dr. Martin Luther King Blvd. Beautification	\$ 2,500,000
Ducktown Corridor Beautification	\$ 1,273,569
Fifth Ward Beautification	\$ 2,700,000
Forest City Ratner Entertainment Complex	\$ 5,000,000
Subtotal	\$ 45,968,572

APPENDIX 4

Projects

CRDA Financial Commitments

Non-Housing Projects Cont'd

Historic Gardners Basin Marine Education Center	\$ 3,175,000
Kentucky Avenue Arts	\$ 75,000
Marina District Corridor Beautification	\$ 5,475,000
Massachusetts Avenue Plan	\$ 1,819,800
New Life Development Center Day Care	\$ 59,800
Pop Lloyd Stadium	\$ 297,000
Renaissance Plaza Supermarket & Retail Complex	\$ 8,100,000
Second Ward Community Development &	\$ 6,500,000
Showboat Parking Lot	\$ 1,201,000
Special Improvement District Streetscaping	\$ 3,025,000
Youth Build Program	\$ 1,768,000
Subtotal	\$ 31,495,600

Atlantic City Casino Hotel Expansions

A.C. Hilton	\$ 12,474,000
Bally's Park Place	\$ 2,794,500
Caesars Atlantic City	\$ 30,025,061
Harrah's Casino Hotel	\$ 43,200,083
Resorts/Sun International Casino Hotel	\$ 27,305,893
Sands Casino Hotel	\$ 9,101,964
Showboat Casino Hotel	\$ 11,502,000
Tropicana Casino & Resort	\$ 24,462,000
Trump Plaza Hotel & Casino	\$ 14,134,500
Subtotal	\$ 175,000,001

South Jersey Housing Projects

Burlington County Housing Rehabilitation	\$ 96,738
Lumberton Independent Living Center	\$ 1,860,067
Subtotal	\$ 1,956,805

South Jersey Non-Housing Projects

ARC Training Facility - Lakewood	\$ 516,000
Day Care Center - Lakewood	\$ 525,000
GE Aerospace Facility - Camden	\$ 1,932,496
Kemi Manufacturing Plant - Camden	\$ 5,000,000
Mercer County Waterfront Park - Trenton	\$ 2,000,000
Roebling Complex - Trenton	\$ 3,293,900
Serendipity Supermarket - Willingboro	\$ 625,000
Sony Pace Waterfront Amphitheater - Camden	\$ 3,000,000
South Jersey Agricultural Loan Program	\$ 3,000,000
Tuckerton Seaport	\$ 330,000
Woodbury Child Development Center	\$ 880,000
YMCA - Hamilton	\$ 700,000
Subtotal	\$ 21,802,396

North Jersey Housing Projects

CRDA Financial Commitments

Clifton Grove Hill Estates	\$ 2,987,291
North Oraton Homes - East Orange	\$ 1,393,693
Subtotal	\$ 4,380,984

APPENDIX 4

North Jersey Non-housing Projects

Catholic Community Facility Headquarters - Newark	\$ 2,500,000
Children's Day Nursery - Passiac	\$ 502,500
Marcia Extraction Facility - Elmwood Park	\$ 25,500,000
- Mi Bandera Market - Union City	\$ 724,419
Morristown Theater	\$ 1,750,000
NEDC Parking Garage - Newark	\$ 900,000
New Jersey Performing Arts Center - Newark	\$ 5,000,000
YMCA of Passiac NJ	\$ 50,000
NJ Vietnam Veterans Memorial & Educational Center - Holmdel	\$ 3,750,000
West NY Recreation	\$ 478,727
Subtotal	\$ 41,155,646
Grand Total	<u>\$ 786,795,513</u>

Source: Casino Reinvestment Development Authority

APPENDIX 5

Casino Control Commission - License Division

Hotel Casino Employment by Zip Code

AS of November 17, 1997

County	Key	Casino	CSE	Hotel	Total
ATLANTIC	1,337	16,427	6,440	14,007	38,211
BERGEN	1	3	0	7	11
BURLINGTON	20	240	78	107	445
CAMDEN	95	1,162	325	596	2,178
CAPE MAY	115	979	375	735	2,204
CUMBERLAND	41	939	328	642	1,950
ESSEX	1	7	1	8	17
GLOUCESTER	60	612	200	322	1,194
HUDSON	0	2	3	3	8
HUNTERDON	0	0	0	2	2
MERCER	0	17	5	11	33
MIDDLESEX	0	13	3	5	21
MONMOUTH	10	41	19	15	85
MORRIS	3	0	2	4	9
OCEAN	84	1,056	453	681	2,274
PASSAIC	0	4	0	6	10
SALEM	4	49	15	26	94
SOMERSET	0	5	3	3	11
SUSSEX	1	0	1	2	4
UNION	0	3	1	5	9
WARREN	0	1	0	4	5
Grand Total:	1,772	21,560	8,252	17,191	48,775

APPENDIX 6

Casino Service Industry Total Volume of Business - Calendar Year 1996

	Total Companies	Percent of Total Companies		Dollar Volume of Business*		Percent of Total Business
Total Number of Vendors Receiving Payments	8,193	100.00%	\$	2,471,781,297.00	**	100%
New Jersey Enterprises	3,402	41.52%	\$	1,544,324,764.00		62.48%
Pennsylvania Enterprises	1,082	13.21%	\$	149,679,029.00		6.06%
New York Enterprises	1,064	12.99%	\$	146,679,620.00		5.95%
Delaware Enterprises	43	0.05%	\$	11,680,118.00		0.47
All other States	2,449	28.89%	\$	606,500,927.00		24.54%
Foreign Enterprises	153	1.87%	\$	12,648,840.00		0.51%

APPENDIX 7

TOTAL VOLUME OF BUSINESS - NEW JERSEY COMPANIES

	Total Companies	Percent of Total Companies	Dollar Volume of Business	Percent of Total Business
New Jersey Enterprises	3,402	100.00%	\$ 1,544,324,764	100.00%
Atlantic	1,441	42.36%	\$ 965,801,668	62.54%
Bergen	189	5.56%	\$ 26,598,391	1.72%
Burlington	200	5.88%	\$ 38,271,539	2.48%
Camden	366	10.76%	\$ 86,615,506	5.61%
Cape May	109	3.20%	\$ 14,377,828	0.93%
Cumberland	92	2.70%	\$ 17,894,580	1.16%
Essex	118	3.47%	\$ 138,524,435	8.97%
Gloucester	118	3.47%	\$ 11,490,270	0.74%
Hudson	59	1.73%	\$ 11,743,141	0.76%
Hunterdon	8	0.24%	\$ 876,411	0.06%
Mercer	88	2.59%	\$ 9,122,962	0.59%
Middlesex	106	3.12%	\$ 138,051,104	8.94%
Monmouth	109	3.20%	\$ 12,629,330	0.82%
Morris	71	2.09%	\$ 4,678,222	0.30%
Ocean	118	3.47%	\$ 7,368,575	0.48%
Passaic	68	2.00%	\$ 13,498,892	0.87%
Salem	7	0.21%	\$ 137,389	0.01%
Somerset	34	1.00%	\$ 23,573,688	1.53%
Sussex	4	0.12%	\$ 39,314	<0.01%
Union	94	2.76%	\$ 23,027,443	1.49%
Warren	3	0.09%	\$ 4,076	<0.01%

APPENDIX 8

ANNUAL VISITORS TO ATLANTIC CITY BY TRAVEL MODE (In Thousands)

<u>MODE</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
AUTOMOBILE	6,445	7,909	9,891	11,475	13,086	14,347	15,448	15,702	16,360	17,218
CHARTERBUS	200	1,000	3,298	6,770	9,051	11,036	12,041	12,589	12,453	13,495
FRANCHISEBUS	353	536	613	658	595	643	720	758	748	754
AIR*	10	20	20	181	223	335	257	277	371	378
TOTALS	7,008	9,465	13,822	19,084	22,955	26,361	28,466	29,326	29,932	31,845

<u>MODE</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
AUTOMOBILE	18,257	19,310	19,281	19,734	20,303	21,803	23,162	23,023
CHARTERBUS	12,447	11,201	10,286	9,768	8,728	8,352	9,079	10,011
FRANCHISEBUS	685	528	494	512	513	518	517	515
AIR*	523	544	483	462	462	433	386	395
RAIL	90	230	244	195	219	215	128	98
TOTALS	32,002	31,813	30,788	30,705	30,225	31,321	33,272	34,042

*No private plane passengers were estimated in the air mode figures to 1981.
1981 was also the first year for casino air charters.

Source: South Jersey Transportation Authority

Prepared by the Public Information Office, State of New Jersey Casino Control Commission

APPENDIX 9

ATLANTIC CITY CRIME INDEX DATA: 1977 - 1986

Source: Uniform Crime Report

Type of Crime	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
Murder	10	10	9	11	15	20	3	16	8	7
Rape	27	36	63	51	63	57	49	54	38	49
Robbery	257	342	438	646	789	680	593	591	574	559
Assault	157	258	265	331	421	450	382	333	400	485
Burglary	1,457	1,742	1,499	1,622	1,256	1,837	2,251	1,729	1,667	1,701
Larceny	2,027	2,746	3,869	8,039	9,046	10,949	11,499	10,000	12,007	12,118
Auto Theft	456	604	867	1199	1035	796	703	666	734	602
TOTAL	4,391	5,738	7,010	11,899	12,625	14,789	15,480	13,389	15,428	15,521
Official Crime Rate Per 1000 Year Round Population	100.6	134.3	167.8	311.2	313.3	386.4	416.8	353.7	420.4	417.9
Official Violent Crime Rate Per 1000 Population	10.3	15	18.6	27.2	32	31.5	27.7	26.3	27.8	29.6
Visitor Adjusted Crime Rate Per 1000	69.6	76.9	79.9	108	92.2	96.7	94.8	76.3	85.8	80
Visitor Adjusted Violent Crime Rate Per 1000	7.1	8.7	8.8	9.4	9.4	8.1	6.3	5.7	5.7	6

APPENDIX 9

ATLANTIC CITY CRIME INDEX DATA: 1987 - 1996

Source: Uniform Crime Report

Type of Crime	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Murder	16	4	15	14	15	8	11	9	15	1
Rape	51	53	67	70	82	53	46	27	42	4
Robbery	527	576	558	691	657	593	658	581	565	45
Assault	489	472	563	671	690	642	630	446	346	37
Burglary	1,441	1,478	1,440	1,408	1,751	1,505	1,274	828	1,258	86
Larceny	11,459	13,139	11,936	12,223	11,623	10,308	8,913	7,483	8,032	11,43
Auto Theft	553	552	552	524	557	555	411	335	356	32
TOTAL	14,536	16,274	15,131	15,601	15,375	13,664	11,943	9,709	10,614	13,510
Official Crime Rate Per 1000 Year Round Population	401.3	459.3	432.3	410.7	404.8	359.7	314.4	255.6	290.3	287.0
Official Violent Crime Rate Per 1000 Population	29.9	31.2	34.5	38.1	38	34.1	35.4	28	26.5	24.1
Visitor Adjusted Crime Rate Per 1000	75.9	83.3	79.5	80.1	80.9	72.1	62.6	48.8	53.8	52.6
Visitor Adjusted Violent Crime Rate Per 1000	5.7	5.7	6.3	7.4	7.6	6.8	7	5.3	4.9	4.5

NOTE: The official crime rate is from the Uniform Crime Report and is based only on the permanent population of Atlantic City. Thus, visitors and commuters are excluded from the population at risk of being a crime victim. The adjusted rates in the bottom panel are calculated by Anthony Marino of the South Jersey Transportation Authority and are based only on city population PLUS visitor and nonresidential worker populations. The "crime rate" covers all 7 types of crimes. The "violent crime rate" includes only murder, rape, robbery and assault.